Advancing Asia
2017

REVENUE  RM24.4 billion
PAT  RM1.2 billion
MARKET CAP  RM49.7 billion
CUSTOMERS  ~350 million
EMPLOYEES  ~27,000
COUNTRIES  11

Infrastructure
Digital Telco
Digital Businesses
Infrastructure
Malaysia - Kebaya Songket
A traditional Malay silk woven fabric, with interwoven gold or silver threads in an intricate pattern, the Kebaya Songket was customarily the choice fabric for royal families. Its use has evolved over time, and these days, it is widely used by brides and grooms during their wedding ceremonies.

India - Sherwani
In India, the Sherwani is primarily worn during traditional family functions such as weddings. Its origins can be traced back to Central Asia, to the times of the Turkish and Persian Nobles in the Delhi Sultanate and Mughal Empire, as their choice of dress code.

Bangladesh - Salwar Kameez
Worn by Bangladeshi men, the Salwar Kameez is characterised by a unique pattern of finely woven, quilted or embroidered patchwork. The Salwar Kameez is donned as formal ceremonial wear.

Cambodia - Sampot Tep Apsara
The Sampot Tep Apsara, the style of dress worn by the Khmer women since ancient times; it is a famous type of Sampot from the Khmer empire era.

Pakistan - Salwar Kameez
The women of Pakistan proudly wear the Salwar Kameez in different styles, colors and designs, decorated with different embroidery styles and designs. The Kameez can be of varying sleeve length, shirt length and necklines according to taste and occasion.

Nepal - Gunyo Cholo
The Nepalese celebrate the coming of age of their daughters with a ceremony during which she will be gifted with the traditional outfit of Gunyo Cholo, which is also the name of the ceremony. The ceremonial gifting signifies the girls' transition from childhood to womanhood.

Indonesia - Linto Baro
Aceh's traditional clothing for men, known as the Linto Baro comprises a set of a Meukasah shirt, a pair of Siluweu pants, an Ijo Krong sarong cloth, complemented by headgear known as Meuketop. When worn, it is usually accompanied by a traditional weapon known as a Siwah or Rencong.

Pakistan - Daura Suruwal
The Daura Suruwal, is the traditional Nepalese male outfit. It consists of a knee-length shirt that ties closed at the side, pants and shoes called a Docha.

Thailand - Chut Thai Chakkri
Finished with a full-length wrap-around skirt, the Chut Thai Chakkri often has a touch of gold or silver coloured threads to give it a more elegant and formal look. Fashioned with a weaving technique called Yok, the outfit has added thickness without adding supplementary threads.

Myanmar - Taikpon Eingyi
Popularised during the colonial era, the traditional costume for Burmese men consists of pants called the Longyi, combined with a shirt or jacket called the Taikpon Eingyi, along with a turban known as Gaung Baung and is usually worn for formal functions.

Singapore - Kebaya
In Singapore, the Kebaya is traditionally associated with the Chinese Peranakan community. Its versatility has resulted in its incorporation into the designs of many international clothing brands.
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Our Business
Our Business

The Axiata Group

Axiata is one of the leading telecommunications groups in Asia with approximately 350 million customers in 11 countries in ASEAN and South Asia. The Group is listed on the Main Board of Bursa Malaysia Securities Berhad and ranks as the sixth largest company on the bourse as of 31 December 2017.

In pursuit of our vision to be a New Generation Digital Champion by 2021, the Group has transformed itself from a holding entity with a portfolio of pure-play mobile assets into a Triple Core Strategy driven business focus to include Digital Telco, Digital Businesses and Infrastructure.

With a broader goal of Advancing Asia, Axiata pieces together the best in the region in terms of innovation, connectivity and talent. As a long-term investor in all our markets, Axiata remains committed to its role as a responsible corporate citizen, to make a difference in people’s lives and help transform the countries in which it operates.

Our Purpose

Advancing Asia
by piecing together the best in Innovation, Connectivity and Talent

Our Vision

New Generation Digital Champion by 2021

Our Values

Uncompromising Integrity, Exceptional Performance

Our Goals

The 4Ps that define our success

Performance
To be one of Asia’s largest telecoms and tech groups on all financial metrics as we grow in market capitalisation and generate strong Return on Invested Capital (ROIC)

People
To be recognised as a Top Talent Brand and a Digital Talent Factory in ASEAN and South Asia

Partnership
To be the number one choice for customers and partners by offering superior customer experience while continuing to build trust with all our stakeholders

Planet & Society
To be recognised as a responsible Digital Champion creating a Digitally Inclusive Society
Our Business

Embracing on Axiata 3.0 with a Triple Core Strategy

Axiata has completed two distinct phases of growth since our inception as an independent company in 2008. With the conclusion of Phase 2 in 2015, we have established Axiata as a Regional Champion providing digital and mobile services to approximately 350 million customers across ASEAN and South Asia, as well as being recognised as a responsible corporate citizen and committed long-term investor.

In Phase 3, ‘Axiata 3.0’ is the playbook guiding the Group’s key strategic decisions on Axiata’s journey to become a New Generation Digital Champion by 2021. Axiata 3.0 has evolved into a clearer heading of the core composition and priority growth pillars. Aligned with our core business pillars of Digital Telco, Digital Businesses and Infrastructure, Axiata 3.0 has further refined the strategy of the business moving forward.
Our Business

Triple Core Strategy at Centre Stage

While building a leading regional mobile operations, Axiata also made its move into adjacent businesses in 2013. First, in carving out its tower assets into a regional independent tower company. Second, by building a digital business unit with a portfolio of investments to explore market opportunities in the area.

Today, Axiata’s business has been reimagined and redefined into a triple core growth engine with the operational businesses of Digital Telco, Digital Businesses and Infrastructure.

Axiata 3.0 has been strategised based on long-term external factors of macroeconomic conditions, regulatory environment, digital shift and a competitive landscape.
Core 1 ▶ Transforming Mobile Operators to Digital Telcos with Digitisation and Convergence

**Digital Telco**

Axiata has grown to become a leading regional mobile network operator since its inception in 2008. Axiata today connects and provides telecommunications services to approximately 350 million customers in ASEAN and South Asia, compared to 40 million when we began.

In becoming a true Digital Telco, we have been reshaping the industry landscape in our markets. Focused on network and IT superiority and digitisation, we are reimagining our business systems to provide innovative, digitised offerings and experience for our customers. In selected key markets, through modest investments, the Group is also capturing opportunities in convergence to ensure long-term growth.

At end 2017, Axiata is one of the largest telecom operators in ASEAN and South Asia with approximately 350 million customers.

**Ranked No. 2**

in customer base

* Axiata’s customer base is benchmarked against regional peers with similar footprint within the ASEAN and South Asia regions.

---

**India**

- Founded in 1995
- 203.0 million customers*
- Revenue approximately USD5 billion*
- Market Capitalisation USD6.1 billion

* Visitor Location Register (VLR) customers
* On annualised basis

---

**Indonesia**

- Founded in 1989
- 53.5 million customers
- Revenue USD1.7 billion
- Market Capitalisation USD2.3 billion

---

**Bangladesh**

- Founded in 1995
- 42.9 million customers
- Revenue USD0.8 billion

---

**Singapore**

- Founded in 1992
- 2.2 million customers
- Revenue USD0.8 billion
- Market Capitalisation USD1.3 billion

---

**Cambodia**

- Founded in 2008
- 7.3 million customers
- Revenue USD0.3 billion

---

**Malaysia**

- Founded in 1988
- 9.5 million customers
- Revenue USD1.5 billion

---

**Nepal**

- Founded in 2001
- 16.4 million customers
- Revenue USD0.6 billion

---

**Sri Lanka**

- Founded in 1993
- 12.8 million customers
- Revenue USD0.6 billion
- Market Capitalisation USD0.7 billion

---

**Singapore**

- Founded in 1992
- 2.2 million customers
- Revenue USD0.8 billion
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**India**

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- 203.0 million customers*
- Revenue approximately USD5 billion*
- Market Capitalisation USD6.1 billion

* Visitor Location Register (VLR) customers
* On annualised basis
Core 2  Pivoting into Four Lines of Operational Digital Businesses

**Digital Businesses**

Axiata’s Digital Businesses today spread across two distinct digital operating companies, Axiata Digital Services or Axiata Digital, and Axiata Business Services, which operates under the brand Xpand. Together, these digital businesses are involved in key verticals of Digital Financial Services, Digital Advertising, Enterprise Solutions/Internet of Things (IoT), and Digital Platforms. Under these verticals, our digital portfolio pivots into four lines of operational businesses to capitalise in the multi-billion dollar digital market opportunities.

Through these digital businesses, the Group is creating new sources of revenue stream as part of our New Generation Digital Champion ambitions. The Group targets to create valuations of USD1 billion for each of these lines of digital businesses.

---

### Digital Financial Services

- Building one of the largest Digital Financial Services companies in Asia to provide 5 microservices – payments, remittance, lending, saving and insurance
- Digital and e-wallet services in 4 markets

### Digital Advertising

- Focused on data driven digital marketing
- Leverage Axiata’s telco channels and data synergies
- Operates in 8 countries across ASEAN and South Asia

### Enterprise Solutions/IoT

- Multi-billion dollar addressable market within the Axiata footprint in the underserved Business to Business (B2B) and Business to Business to Consumer (B2B2C) solutions across multiple industries
- Aims to achieve double-digit growth

### Digital Platforms

- GSMA Award-winning platform service
- Highly-secure, plug-and-play enablement platform that connects developers and businesses to global consumers
- apigate serves 1.3 billion users and connects >50 Mobile Network Operators (MNO) across Asia, Africa, Europe and South America

---

### Digital Ventures

- BIMA
- Wow.lk
- UNLOCKD
- FreedomPop
- Guru.lk
Our Business

Core 3  Fast-growing Regional Independent Tower Company to Global Scale

Infrastructure

Axiata’s infrastructure and services company, edotco, is the first regional and integrated telecommunications infrastructure services company in Asia. Over the last five years, edotco has seen significant portfolio expansion through both organic and inorganic growth to become the 12th largest independent tower company globally.

The Group is determined to make edotco a world-class business and one of the world’s largest independent tower companies by 2020. edotco’s core innovation focus is in green solutions.

~27,500
Towers owned, managed & operated

696
Green Sites
Comprising of renewable energy and alternative material sites

All time high Group tenancy ratio at 1.57x

Pakistan
- 700 Towers owned
- 1,075 Tenancies
- 1.54x Tenancy ratio

Sri Lanka
- 3,375 Towers managed

Bangladesh
- 8,242 Towers owned
- 1,482 Towers managed
- 11,162 Tenancies
- 1.41x Tenancy ratio

Malaysia
- 4,000 Towers owned
- 5,070 Towers managed
- 6,772 Tenancies
- 1.69x Tenancy ratio

Myanmar
- 1,400 Towers owned
- 3,210 Tenancies
- 2.24x Tenancy ratio

Cambodia
- 2,170 Towers owned
- 1,000 Towers managed
- 3,400 Tenancies
- 1.57x Tenancy ratio

~27,500
Towers owned, managed & operated

696
Green Sites
Comprising of renewable energy and alternative material sites

All time high Group tenancy ratio at 1.57x
Our Business

Core Values Embraced Across the Group

Code of Conduct

Axiata is committed to conduct its business fairly, impartially and in full compliance with all applicable laws and regulations in Malaysia and in countries where the Group operates.

The Group’s professionalism, honesty and integrity must at all times be upheld in all of the Company’s business dealings by all employees.

Axiata has a Code of Conduct that serves as our commitment in ensuring our business dealings are conducted in a manner that is efficient, effective and fair. Axiata ensures that it is the responsibility of every employee to act in accordance with the policies detailed in the Group’s Code of Conduct.

Full Axiata’s Code of Conduct is available at https://axiata.com/corporate/corporate-governance/

Uncompromising Integrity

Always doing the right thing and fulfilling promises made to earn the trust of our stakeholders

We are committed to upholding the highest standards of lawful and ethical conduct, and in demonstrating honesty, fairness and accountability in all our dealings

Exceptional Performance

Always pushing ourselves to deliver benchmarked outstanding performance

We are determined to be the winner, leader and best-in-class in what we do. Whilst we are tough with performance standards, we are compassionate with people – we call it Performance with a Heart

These two values are incorporated into the existing values of the individual Operating Companies (OpCos) which include amongst others service excellence, teamwork, creativity and customer centricity.
Our Business

Shareholding Structure and Portfolio of Investments

As an emerging leader in Asia's telecommunications landscape, Axiata made an impressive debut on the Main Board of Bursa Malaysia on 28 April 2008. As of 31 December 2017, Axiata is the sixth largest listed entity on the FTSE Bursa Malaysia KLCI (FBM KLCI). With Khazanah Nasional Berhad as its largest shareholder, Axiata's shareholding breakdown constitutes a diverse and balanced mix of both local and foreign institutional investors, a testament to its strong business fundamentals, long-term growth prospects and investor proposition.

As a leading telecommunications group in Asia and with majority stakes in Mobile Operators, Digital Businesses and Infrastructure assets, the Group continuously reviews various strategic portfolio options to ensure long-term value enhancement, and optimal deployment of capital and funding for our growth strategies.

Over the last two years, Axiata has attracted high-quality equity partners in some of its best performing companies.

Equity partnerships:
- November 2016: Bharti Airtel Limited at Robi Axiata Limited
- January 2017: Innovation Network Corporation of Japan at edotco Group Sdn Bhd
- April 2017: Kumpulan Wang Persaraan (Diperbadankan) at edotco Group Sdn Bhd
- May 2017: Mitsui Co., Ltd at Smart Axiata Co., Ltd

For complete details of Shareholding Statistics, please refer to page 166.

* Comprise of total shareholdings held by trust funds managed by Permodalan Nasional Berhad
Our Business

4P Sustainability Framework

Our mission of Advancing Asia is to help our customers connect by piecing together the best in innovation, connectivity and talent. With our presence across 11 diverse and fast emerging countries in ASEAN and South Asia, we have an opportunity to improve the quality of life for our customers and communities through the provision of digital connectivity.

Our 4P Sustainability Framework was developed aligned to Bursa Malaysia’s Sustainability Framework. The Framework covers our material impact in environment, social and marketplace, aligns with our New Generation Digital Champion ambition by 2021, and stakeholders’ demand for greater transparency and disclosure.

Axiata is a member of the Advisory Council of the United Nations Global Compact (UNGC) Network Malaysia. We are committed to embed the 10 principles of the UNGC and support the 17 United Nation’s Sustainable Development Goals in our operations.

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The Group Chief Corporate Affairs Officer is responsible for the governance of the Group Sustainability Framework. The Group Sustainability team, helmed by the Head of Group Communications & Sustainability, is responsible for the day-to-day operations. The sustainability team ensures compliance of the Group Sustainability policy, conduct stakeholder engagement, as well as update material issues, standardise data collection and management systems, and provide advisory support and capacity building to operating companies (OpCos).

Sustainability teams at OpCos report indirectly to Group Sustainability. They align and localise the Group’s Sustainability Framework to their national context. They are responsible for daily operations, and implement programmes and data collection to support the Group’s Sustainability Framework. OpCos are encouraged to produce their own Sustainability Report in compliance with the most current Global Reporting Initiative standard.
Materiality

Axiata's Sustainability Framework addresses key material issues that have been identified as important to our business and meeting stakeholders expectations. We use a comprehensive methodology to identify material issues which are subsequently addressed by our sustainability initiatives and disclosed in this report.

The material issues identified and disclosed in the Sustainability Report applies to Axiata Group. Each operating company will align and prioritise these issues according to their local context. We review our materiality matrix biennially. As we move towards Integrated Annual Report, we will review our materiality matrix in 2018 to ensure future disclosure of sustainable business issues are aligned and integrated in our business.

Material Issue | Description
--- | ---
1 | Network Quality & Coverage - The availability and reliability of our mobile service within the markets in which we operate
2 | Digital Inclusion - Our product offerings and special initiatives undertaken to ensure people at all socioeconomic levels can afford digital connectivity
3 | Employee Development & Welfare - Our initiatives to promote employee development and welfare such as training and remuneration policies
4 | Local Hiring - The way we emphasise the hiring of local talent in our operating countries to help invest in the local economy
5 | Privacy & Data Protection - The level of protection we offer our stakeholders in terms of their private data and other confidential information
6 | Customer Service - The quality of service we provide our customers
7 | Tax & Licensing - Ensuring that we effectively navigate all taxation and licensing requirements in our various operating countries
8 | Supply Chain Management - The way in which we manage and interact with our suppliers to ensure that they observe best practices
9 | Governance & Transparency - The way that Axiata governs our overall organisation and the transparency of our reporting to our stakeholders
10 | Energy & Climate Change - Our initiatives to mitigate the impact of our business on the environment
11 | Community Impact/Development - The way our social programmes impact and create value in the communities we serve
12 | Disaster Management & Response - Our preparation for disaster management in our operating markets
13 | Business Performance - Our level of profitability and returns on investments to our shareholders

Industry Perception | We perform regular studies on the sustainability performance of top global telecommunication companies as well as publicly available peer information to create benchmarks for our own performance.
Regulatory Perception | We review the feedback from our regulators and address specific areas based on their requests. We also consider the views of regulators not directly related to the telecommunications industry.
Stakeholder Perception | We hold regular discussions with our internal staff who engage directly with our key stakeholders. Their perceptions on sustainability are collected and used in designing our sustainability framework.

Group KPI | We review the Group’s Key Performance Indicators (KPIs) and their relevance to sustainability issues.
Group Policy | We review the coverage of the Group’s policies in relation to sustainability.
Top Management Perception | We consider the frequency of each sustainability issue or topic taken up in Senior Management Group meetings and their correlation to Axiata’s short- and long-term strategies.
Risk Management Matrix | We assess the Group’s Risk Management Matrix and the relationship of key risks across the Group to sustainability matters.
How We Engage
- Net Promoter Score
- Brand Equity Score
- Social Reputation Score

Subjects Raised
- Customer experience
- Product affordability
- Network availability

Axiata’s Response & Results
- Continuously enhancing customer experience
- Digitising processes
- Digital self-care apps
- New digital products and services

Stakeholder Management

Guided by the AA1000 Stakeholder Engagement Standard, our Stakeholder Engagement Framework sets out our approach to identify and prioritise stakeholders, the mechanisms we use to ensure meaningful engagement as well as how we communicate our progress in relation to concerns.

The following diagram contains the key mechanisms for engagement in 2017. The Framework is designed to help us gain a good understanding of the views and expectations of our stakeholders, and the current risks and future opportunities these create. The information from our stakeholder engagement provides essential input to our biennial materiality assessment which guides our focus for reporting and informs our strategic approach. This is outlined in the following section and includes a summary of the concerns and interests of various stakeholder groups. More detailed information on our stakeholder engagement can be found on Page 69 to 70 of this report.
Dear Stakeholders,

Over the last 10 years, we have witnessed a convergence of new digital technology and innovation which is rapidly transforming the world. The mobile device is becoming embedded in all aspects of our personal and professional lives, powerfully indicative of the digital disruption taking place across all industries, particularly in telecommunications. While this digital transformation is bound to create waves within the geopolitical and socioeconomic sphere, it also opens doors to exciting opportunities for governments and organisations to capitalize on this new digital landscape to create a more inclusive society.

Our growing presence in ASEAN and South Asia puts us in a strategic position to leverage on the digital platform to fulfil our mission of ‘Advancing Asia’ through connectivity, innovation and talent. We stand by our ambition to become a New Generation Digital Champion by 2021 and in achieving that realisation, sustainability remains a key focus area in all that we do.

Beyond the Malaysian shore, we have launched similar funds in Sri Lanka through the Dialog Axiata Digital Innovation Fund (DADIF) and in Cambodia through the Smart Axiata Digital Innovation Fund (SADIF), with fund sizes of USD15 million and USD5 million respectively.

**Connecting the underserved through Digital Inclusion**

Our digital services portfolio has contributed significantly to enhance the creation of a digital ecosystem built around the idea of digital inclusion. Our OpCos have worked tirelessly to understand local challenges, and explore the potential that digital services can bring. The ‘Govi Mithuru’ service in Sri Lanka reaches over 400,000 farmers with digital services to improve agricultural practices. Robi’s 10 Minute School provides free online education to over 200,000 students every day in Bangladesh. Celcom’s partnership in ‘Desamall’ targets to bring 1,000 rural SMEs to the online marketplace.

One of the challenges evident was the lack of access to financial services by certain segments of society. We capitalised on the rise in mobile connectivity to provide customers with access to financial services, particularly targeting micro-enterprises that are typically excluded from traditional financial services and transact only on a cash basis.

In early 2017 we launched Boost as an e-wallet app in Malaysia which has since seen a take-up of approximately 2.2 million users and more than 11,000 payment touchpoints, 50% of which comprise of cash-only merchants. Aptly named, this is a much needed ‘boost’ for the lower income business owners who can leverage on e-wallet for business transactions. As we expand our digital financial portfolio, the micro business communities can leverage on tools to better access markets, improve efficiencies, increase income levels and contribute to building the economy.
GCEO’s Statement

COMMITMENT TO NURTURING PEOPLE

Building Future Leaders

As digital services rapidly transforms and disrupts industries, the challenge to attract, train and retain new pools of skilled digital talent and build digital capacities and skillsets become an imperative in the modern workforce.

We believe the long-term sustainability of the Group requires investment towards developing our talent, encouraging innovation, and identifying future leaders developed and immersed in the Modern, Agile and Digital (M.A.D) ways of thinking and working. Over the next three years we will invest USD6 million to scale up employees’ digital expertise across all levels.

In 2017, we rolled out a digital transformation programme on adopting a digital first mind-set in all our efforts. At every level of the organisation, we engaged, listened and challenged our employees to adopt new ways of thinking and working.

We organised our first ‘Digital Jam’, Asia’s largest employee online activation, to demonstrate our conviction of building a M.A.D. organisation. The Jam was an online activation and engagement event with over 9,000 employees in six countries simultaneously engaged in understanding the future of digitisation, and involved in a range of exploratory activities. We invested in Lynda.com to allow our employees to have access to learning online anytime, anywhere. We launched the “Workplace” platform, enabling employees to engage each other across the Group and share best practices.

Now in its seventh year, the Axiata Young Talent Programme (AYTP) continues in its momentum to nurture young leaders of the future, with 1,400 students involved in the programme since inception. With a commitment of RM100 million over 10 years in Malaysia, AYTP is anchored on a holistic framework and aimed at building socially responsible and competent young adults, instilled with values, attitudes and leadership skills of a future CEO. The XL Future Leaders continues to be one of the leading youth leadership programmes in Indonesia. In 2018, we hope to roll out the programme in one more country.

COMMITMENT TO PROCESS EXCELLENCE & GOVERNANCE

Best Practice in our Value Chain

We regard our suppliers as an integral part of all our business operations to help shape innovative products and ensure customer satisfaction. In 2017, we reviewed and revised our Supplier Code of Conduct as part of our continued efforts to improve governance and to adopt best practices of responsible business. The revised Supplier Code of Conduct increases governance of data privacy, cybersecurity, digitalisation, anti-money laundering and conflict of interests.

We are committed to develop local vendors and partners as part of our nation building initiative. In Malaysia, over 50% of our procurement are sourced from local vendors. Following the success of Celcom’s Local Partner Development Programme to build capacity among Bumiputera business partners, we created the Axiata Partner Development Programme (APDP) which will further support Malaysian companies to become regional and global champions. We target to support and cultivate four National champions, two Regional Champions and one Global Champion by 2020.

Transparency and Accountability

At Axiata we continue to strongly uphold the principles of transparency and accountability in all aspects of our governance practices. We constantly strive to enhance our business processes through open and transparent internal processes, engaging with third parties to encourage them to adopt processes that are transparent, ethical, and fair. In 2017, we updated our governance structure to align with our New Generation Digital Champion ambition. We received further recognition once again at the annual Malaysia-ASEAN Corporate Governance Index 2017 Awards recognising our governance structure.

Digitisation and Modernisation

The Group continues with its comprehensive digitisation programme focused on ensuring our core processes and interaction with our customers to be fully digitised. We have developed a framework mapping eight core digitisation initiatives across our operations, and have made significant progress in the areas of analytics and IT modernisation.

Reducing our Carbon Emissions

As a regional champion with presence in 11 markets and an expanding footprint of users across global digital platforms, we are committed to reducing the environmental impact of our operations. In 2017, we utilised 279.9 million GJ of energy, and emitted 6.1 million tonnes of CO2e. We aim to cut our carbon emissions by 40% per site by 2018, from 2013 levels, and as such, will review our performance at the end of 2018 and engage with stakeholders before announcing a new reduction commitment in line with our peers.

Over the years, we have rolled out various initiatives to increase energy efficiency and reduce our carbon emissions. In 2017, edotco Group constructed four bamboo telecommunication towers in Bangladesh to demonstrate innovation in the use of natural resources, which is both cost and carbon efficient. We continue to make headway in our ‘Get Out Of Diesel’ programme which saw the installation of an additional 210 green energy sites. It is estimated to reduce our emissions by 24% per green energy site.

Disaster Preparedness

In 2017, many communities in countries where we operate were badly affected by floods. As founding signatory partners to the GSMA Humanitarian Connectivity Charter, we stand ever ready to support all stakeholders by harnessing the reach and resilience of our mobile network before, during, and after a disaster.
GCEO’s Statement

Our OpCos in Nepal and Sri Lanka provided vital support to local government agencies by broadcasting over eight million SMS alerts to warn communities of impending floods, potentially saving many lives and livestock. They also enhanced their services post disaster by providing free SMS, relaying messages to families and friends, and increasing limits on credit top-ups. As part of our three-year RM300,000 in total partnership with Mercy Malaysia, we dispatched humanitarian missions to areas that were badly affected by Cyclone Mona in Bangladesh and Sri Lanka.

Raise Living Standards

We see ourselves as integral to the fabric of the communities where we operate. We recognise our responsibilities and expectations of communities to support issues that are above and beyond our core business. In each of our operating companies, we champion sustainable development initiatives based on identified needs.

We cannot do it all alone. We need partners who share our values and determination to bring about change and impact to communities. From sharing electricity powering our base stations to funding scholarships for the brightest of the nation’s next generation, we do our part to help meet the ultimate aim of the United Nations Sustainable Development Goals, which is to leave no one behind.

MOVING FORWARD

Axiata is committed to enhancing its sustainability programmes to deliver long-term value to its customers and stakeholders in pursuit of our vision of Advancing Asia.

In 2018, we will focus our efforts to roll out the Axiata Sustainability Roadmap 2.0, which will guide us to enhance sustainability governance and integrate sustainability strategy within our core business. The roadmap will be linked to relevant targets and indicators of the UN Sustainable Development Goals to demonstrate our commitment in being not just a national champion, but a major contributor to the economic and social development of the region.

Last but not least, I would like to thank our partners for their spirit of collaboration. It is through our diverse partnerships where we work to understand the needs of our stakeholders and leverage on technology to bring about innovative solutions, and drive towards building a sustainable and digitally advanced Asia.

TAN SRI JAMALUDIN IBRAHIM
Managing Director/President & Group Chief Executive Officer
Beyond Short-Term Profit
Commitment Beyond Short-Term Profit
Investing Long-Term in All our Markets

We have been partners of nation building in ASEAN and South Asia for more than 15 years. Through our capital expenditure in building a world-class network, procurement from local suppliers, and nurturing the development of our local employees, we have demonstrated our commitment to long-term value creation for the region.

We are the largest foreign direct investor in a number of markets where we are present. In 2017 we contributed over USD15.9 billion to the Gross Domestic Product (GDP) of eight countries where we have a telco presence. For every USD1 spent on capital expenditure, we generated between USD4.6 and USD8.0 to the country’s GDP. Our contributions to national GDPs can be found in our National Contribution Report on page 47.

We believe in enabling a strong digital ecosystem to support a long-term sustainable business. We go beyond commercial motivation through the creation of corporate venture capital funds, ensuring digital access for rural communities, and developing inclusive products and services.

We support the United Nations Sustainable Development Goals to leave no one behind. By working with national and international partners, we are a strategic technology enabler which allows partners to rapidly scale innovative digital inclusion programmes and services to bring tangible impact to the daily lives of people.
Commitment Beyond Short-Term Profit
Investing Long-Term in All our Markets

Supporting the Bumiputera Empowerment Agenda in Malaysia

~RM2.32 billion to USP fund from 2004 - 2017

RM590 million physical distribution by Bumiputera distributors, and 3,886 Bumiputera dealers

RM1.37 billion spent on Malaysian companies with 69% or RM951 million spent on Bumiputera companies

RM12.84 million in employee training and development

130,981 registered users at Pusat Internet 1Malaysia across the country

Axiata Partner Development Programme
aims to nurture the development of Bumiputera entrepreneurs. Target to develop four National Champions, two Regional Champions and one Global Champion by 2020

Local Partner Development Programme
• Supports capacity building of 50 Bumiputera vendors, business, and strategic partners
• Provides additional support and training in partnership with government agencies (MITI, MARA, SME Bank, CEDAR, JCORP, MDEC, MIDF, PUNB, TERAJU)

Celcom’s Contributions
• Capex since 2008: RM57 billion (Capex and Opex)
• Contributed 0.5% to M’sia’s GDP in 2017
• Over RM9.6 billion contributed to Govt in the form of taxes, regulatory fees since 2008
• 43,800 direct and indirect jobs supported in 2017

Non-KPI Contribution
• Badminton Association Malaysia (BAM) – RM34 million until 2020
• Axiata Arena – RM55 million over a 10-year term

1,971 SL1M participants since 2014
Commitment Beyond Short-Term Profit
Driving the New Digital Ecosystem

The Axiata Digital Innovation Fund (ADIF) launched in 2015 is Malaysia’s largest corporate venture capital fund to date. We have committed to raise half of the RM100 million fund, with the objective of developing Malaysian digital startups, and increasing Bumiputera equity and participation in the digital economy.

Since its launch, ADIF has invested RM43 million in 14 Malaysian companies, of which over 60% are in Bumiputera held technopreneur companies. With investment of up to RM10 million per company, ADIF presents startups with a unique and competitive advantage to reach approximately 350 million customers across our markets.

In 2017, we launched the USD5 million Smart Axiata Digital Innovation Fund (SADIF) in Cambodia and the USD15 million Dialog Axiata Digital Innovation Fund (DADIF) in Sri Lanka. As the first corporate venture capital fund in both countries, the launch of the respective innovation funds triggered great interest with hundreds of local startups applying to the fund. SADIF and DADIF have already each invested in three digital entrepreneurs since its launch. Both funds aim to invest in at least 12 companies in respective markets over the next five years.

- **Axiata Digital Innovation Fund (ADIF)**
  - Gross Revenue Generated (FY2017): RM67.2 million
  - Direct Jobs Supported: 4,473
  - Investment Value Committed: RM43.9 million
  - Deal Flow Total Deal Flow: 457

- **Bumiputera**
  - Share: 27%

- **Non-Bumiputera**
  - Share: 15%

- **Foreign**
  - Share: 58%

**ADIF Portfolio Companies**
- fave
- easyumi
- KATSANA
- Aerodyne
- supahands
- tripflez
- maideasy
- SERNAi

**Digital Ecosystem**

**Long-Term Investments**

**Digital Inclusion**

**GSMA Partnership**
Commitment Beyond Short-Term Profit

Connecting the Underserved through Digital Financial Inclusion

An estimated 1.6 billion individuals in the developing world transact almost entirely in cash. They are mostly low-income wage earners living in rural and urban poor communities with little or no access to traditional financial services.

The growing smartphone penetration in our markets has made digital financial inclusion a game changer. With mobile connectivity, more people are able to access digital and e-wallet services which improves their quality of life. The disruption that digital financial services inclusion brings allow millions of low-income earners to have for the first time, access to non-formal credit assessments, micro credit loans, insurance and money remittance.

As more people have access to digital financial services, they contribute to the local economy and the overall national development. Micro businesses can access loans to expand their operations. Families are financially protected in times of need. Communities are empowered through international remittance from family members.

Digital and e-wallet services in four markets, namely Malaysia, Indonesia, Sri Lanka and Cambodia

200% year-on-year increase in Gross Value Transaction

Over 3.8 million customers in Cambodia, Bangladesh and Sri Lanka subscribe to m-micro insurance through our investment in BIMA

Dialog’s m-insurance is subscribed by 11% of Sri Lanka’s population

Paid-out insurance claims to over 27,542 customers in 2017

Over 10% of Smart’s customers subscribe to an insurance plan, making it the largest provider of life insurance in Cambodia

Long-Term Investments

Digital Ecosystem

Digital Inclusion

GSMA Partnership
Commitment Beyond Short-Term Profit
Leveraging Digital Access to Increase Productivity

The agricultural sector is one of the primary economic contributors for countries where we operate. Though small-scale farmers produce nearly 70% of food consumed worldwide, they are often one of the most disadvantaged communities, with little opportunity for higher formal education and access to traditional financial services.

Advancement in digital services is an information and financial bridge to rural communities. It can deliver critical information such as good agricultural practices, online agricultural extension services and updates on market prices that help farmers make informed decisions to boost productivity and profits.

Innovation in digital financial services also allows unbanked smallholders to access financial products and services to grow their business enterprises. Through partnerships with governments and the local supply chain, digitisation of the agriculture ecosystem increases production efficiency and reduces crop waste. As the capabilities of IoT continue to advance, digital services and sensors can help improve labour efficiency and contribute to better production yield.

**Dialog**
- Over 400,000 farmers registered on Dialog’s ‘Govi Mithuru’ service in Sri Lanka
- Digital library of good agriculture practices on 17 crops
- Gold Award for Inclusion and Empowerment in the e-Swabhimani 2017 Digital Social Impact Awards

**Celcom**
- Celcom’s partnership with ‘Desamall’ in Malaysia. The online marketplace gives rural SMEs access to 11street’s platform of over 80 million customers
- Target to register 1,000 rural SME entrepreneurs
- Aims to increase sales revenue of rural entrepreneurs by 30%

**XL**
- Over 1,800 fishermen registered on XL’s Nyelan Pintar services in Indonesia
- 12 features providing information on market prices, weather updates, fuel calculations and to record their catch
- Plans to connect another 1,200 fishermen and develop real-time features in the app
**Commitment Beyond Short-Term Profit**

**Accessing Quality Education through Digital Connectivity**

Education is the bedrock to improving lives of individuals and sustainable development. Major progress has been made in the region towards increasing access to education at all levels and enrolment rates in schools, especially for women and girls. Though basic literacy skills have improved, greater efforts are needed to ensure there is progress towards achieving education for all.

Mobile internet amplifies the impact of technology in learning. Online mobile education makes quality education accessible for all children, especially for those who are poor and living in remote areas. It allows access to the latest information and content to improve the quality of learning. By integrating mobile technologies into classrooms, students have the opportunity to engage and participate, empowering the youth of today for the future.

### Dialog’s Nanesa Smart School

- **Over 7 million** students registered
- Over **200,000** students log on daily

Dialog’s Nanesa Smart School has commenced the transformation of **100** schools, with the target of reaching **250** schools by 2020.

### Robi’s 10 Minute School

Robi’s 10 Minute School is Bangladesh’s largest free online education platform.

### Smart’s digital literacy partnership in Cambodia

Smart’s digital literacy partnership in Cambodia creates ‘Library Resource Centre’ installed with iPads in **9** Mobile Libraries, reaching over **100,000** children and young adults.

### SmartStart

SmartStart is a young innovator programme to enable and empower young Cambodian university talents to launch their own tech startups. The programme includes a unique learning platform, mentorship and financial support.

- **Over 500** university students participated
- **17** students successfully developed a digital platform for their startup

### Celcom’s ‘Siswapreneur’

Celcom’s ‘Siswapreneur’ entrepreneurship training endorsed by the Ministry of Higher Education. Over **400** university students trained on building an entrepreneurship mindset and skills.
Commitment Beyond Short-Term Profit
Narrowing the Digital Gender Divide

When women thrive, so do families, societies, businesses and the economy. However, all indications point towards women being left behind in our increasingly connected world, particularly in the rural communities. There are an estimated 184 million fewer women owning a mobile phone compared to men in emerging and developing countries.

Closing the gender gap in mobile internet and mobile money services is critically important to deliver significant socioeconomic benefits to underserved women. Mobile technology and services offer opportunities to access education content, employment, finance and health services. Women have also reported that access to mobile phones give them a sense of empowerment and security.

A number of our OpCos have committed to the GSMA Connected Women Initiative (CWI) which aims to increase women subscribers and close the gender digital divide. Working with local partners, they are developing programmes and services that are relevant to their local context to empower women.

Robi’s Digital Bus Project is a three-year government partnership to reach women in districts and villages in Bangladesh on digital literacy and entrepreneurship. In 2017, the project reached 17,755 women across the country.

Over 15,000 registered users on XL online platform, Sisternet. The platform empowers, enriches and inspires women all over Indonesia with stories and information on self development, education and career advice. XL is developing partnerships with three national ministries to empower rural women in the coming year with on-the-ground activities through Sisternet.

In partnership with Maya Apa, Robi provides “Maya Apa Plus” to its customers. A premium SMS service, customers can anonymously access Maya’s on-demand information on health, psycho-social, legal issues.

Dialog has partnered the Ministry of Women and Child Affairs to scale its Connected Women Initiative. Through a Train-the-Trainer programme, women in villages are taught how to use smartphones and access life enhancing services by trained development officers.

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| Long-Term Investments | 64 districts and villages in Bangladesh on digital literacy and entrepreneurship.
| Digital Ecosystem | Over 15,000 registered users on XL online platform, Sisternet.
| Digital Inclusion | In partnership with Maya Apa, Robi provides “Maya Apa Plus” to its customers.
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**Commitment Beyond Short-Term Profit**

**Partnership with the GSMA**

Axiata is a Board Member of the GSMA Foundation. The Foundation aims to demonstrate the positive social impact of mobile technology. The Foundation engages industry partners to develop and pilot projects that utilise mobile communications to relieve the poor, distressed and underprivileged. Axiata Group is committed to the following:

### Humanitarian Connectivity Charter

The Humanitarian Connectivity Charter supports Mobile Network Operators in improving preparedness and resilience during times of disaster. Three shared principles commit operators to support improved access to communication and information for those affected by crisis in order to reduce the loss of life and positively contribute to humanitarian response.

#### Axiata's Business Continuity Management Policy

- **BCM Policy & Plans**
- **Emergency Response**
- **IT & Network Recovery**
- **Annual Simulation Exercise**

**Over 8 million** SMS sent by Dialog and Ncell in partnership with local authorities to evacuate danger areas

**RM 300,000** over three years. Axiata Group’s sponsorship of Mercy Malaysia’s humanitarian missions to countries where we have a presence

### Connected Women Initiative

The Connected Women Initiative is aimed at accelerating digital and financial inclusion for women. Targeting low- and middle-income countries, the programme aims to unlock commercial and socioeconomic opportunities through mobile internet education, promote purpose-for-use, and mobile money services.

#### Dialog

- **49** Regional Women Developmental Officers from the Ministry of Women and Child Affairs and Dialog staff trained as trainers
- **675** women in villages empowered to use digital services related to education, health, entrepreneurship and internet safety

#### Robi

- **17,755** women in districts and villages trained on digital literacy and entrepreneurship
- **400,000** monthly users access ‘Maya Apa Plus’ on-demand information service on health, psycho-social and legal issues
Nurturing People
Nurturing People

Nurturing Future Digital Leadership

Group Talent Management Framework

Group & OpCo Talent Councils
- Oversee talent development aligned to our organisational transformation and aspiration
- Data driven analytics for insights and talent development
- Identify, assess and develop talents for future senior management and managerial roles
- Regular performance review and assessment of talents

Group Accelerated Development Programme
- Structured leadership development
- Mentoring and coaching
- Leadership readiness assessments
- Cross-functional and cross-country assignments

OpCo Accelerated Development Programme

60% Top Management positions filled internally

7 CEOs appointed internally

145 Top Talents, 660 Middle Level Talents

 Truly A ‘Talent Factory’

Leadership
- 60% Local
- 24% Footprint
- 16% External

Leadership
- 88% Male
- 12% Female

1st Female CFO in 2009
CEO in 2015
CTO in 2015

External: Internal Hiring from 78:22 to 40:60

RM169* million Spent on Talent Development since 2009
* ~USD43 million
The development of digital talent is central in driving our digital transformation towards being a Modern, Agile and Digital (M.A.D) organisation. We are focused on transforming the culture and mindset at every level of our organisation. We encourage employees to apply agility and adaptability in problem solving, serving our customers and working with our vendors.

As our industry evolves in the era of digital disruption, our employees need to understand the risk of not adopting new skills and be quick to seize opportunities. We conducted focus groups and engaged with all employees to understand their aspirations and provided experiential experiences to kick-start the cultural shift. We are committed to investing USD6 million over the next three years to scale up employees’ digital expertise through certification, training and development.

### Digital Mindset Leadership

Transformation of an organisation begins at the highest level of management. Adoption of new leadership mentality, building partnerships across different business cores, capitalising on internal synergies to bring innovation for our customers are crucial to successful transformation. Chief Executives Officers from across the Group attended a three-day customised programme at the IMD Business School. The programme provided an in-depth analysis of successful large-scale transformation, and inspired them to kick-start this process in their respective OpCos.

We launched a Pathbuilders programme for all Senior Leadership Teams (SLT) to help them build confidence in their digital knowledge and abilities. The three-day hands-on programme took the SLTs through an innovation design thinking process to create digital products and solutions.

### Getting Everyone On-board

We organised our first ‘Digital Jam’ to immerse employees in a digital environment, and to offer employees a glimpse of Axiata’s future as a digital champion. Orchestrated by a chatbot, employees worked on tasks and assignments to discover their digital skills several weeks prior to the actual day. On the day of the ‘Digital Jam’, engagement sessions with leadership teams were organised to gain insights into the Group’s digital ambition. Employees also had hands on experience in building digital solutions to enhance productivity and solve business problems.

<table>
<thead>
<tr>
<th>Metric</th>
<th>Result</th>
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<tbody>
<tr>
<td>More than 9,000 jammers</td>
<td>Formed 1,076 teams</td>
</tr>
<tr>
<td>More than 9,000 jammers actively participated</td>
<td>Formed 1,076 teams</td>
</tr>
<tr>
<td>Over 500% increase in engagement over Workplace</td>
<td>Over 800,000 messages sent by the chatbot</td>
</tr>
<tr>
<td>Over 800,000 messages sent by the chatbot</td>
<td>Close to 3,000 online conversations</td>
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</tbody>
</table>

### Recognising Performance

All employees have an annual development plan. This involves a conversation with managers twice a year to understand their performance against agreed targets, and progress towards career goals. Employees are also measured on how they have demonstrated UIEP values in their job role.

In 2018, we will streamline the performance management process to align with our business transformation agenda. The new performance management process will focus on the performance of the Group and teams, and how well we have developed our employees. All senior leaders will have a KPI to demonstrate how they drive a modern, agile and digital team.

The annual Axiata Champion Programme recognises the top 0.5% employees across the Group. These high performing employees are rewarded annually with a trip to a destination and an experience of a lifetime.

### Keep Getting Better

Empowering employees with access to Lynda.com.

<table>
<thead>
<tr>
<th>Metric</th>
<th>Result</th>
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<tbody>
<tr>
<td>Access to thousands of courses for customised learning</td>
<td>35% growth in active users over the first six months</td>
</tr>
<tr>
<td>Time spent per employee was higher than the benchmark average</td>
<td>Over 8,000 courses completed</td>
</tr>
<tr>
<td>Topics on “Agile Teams” ranked among four of the top 10 videos watched</td>
<td></td>
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Nurturing People
Creating Future CEOs

Nurturing Future Leaders

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The AYTP is anchored on a holistic framework centred on emotional intelligence at its foundation, supported by three critical competencies of leadership. Tailored and delivered for youth in each market, the programme has reached over 50,000 students in Malaysia and Indonesia. Our ambition is to replicate the AYTP model in all our markets.

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**Nurturing People**

**Creating Future CEOs**

**XL Future Leaders**

The XL Future Leaders (XLFL) Programme is one of Indonesia’s most comprehensive and longest running youth leadership programme. Modelled on the fundamental principles of the AYTP, the programme is localised to the Indonesian context and delivered through three channels. XLFL has reached university students spanning from Aceh in the east to Papua in the west. Since its launch in 2012, the programme has reached over 50,000 students.

- **XLFL Global Leaders**
  - The XLFL Global Leaders programme is a two-year development programme targeted at top university talents. With an annual acceptance rate of less than 2%, 150 second-year university students are selected. Students travel and gather in six cities over ten weekends to be part of an enriching programme.

- **XLFL Scholarship**
  - The XLFL Scholarship focuses on bright and talented final year university students from disadvantaged families. The scholarship for 100 students provides a monthly stipend, and covers the travel cost of attending two workshops.

- **XLFL E-Learning Portal**
  - We ensure everyone has the opportunity to learn leadership skills by making the entire XLFL programme available online. Since its launch, the open platform has had over 20,000 users, with a completion rate of 95%.

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**Key Statistics**

- **50,000** students impacted
- **500** scholarships awarded
- **90** student-led social innovation projects in education, women empowerment, technology and the environment
- **550** alumni of the XLFL Global Leaders Programme:
  - 46.5% working in the private sector
  - 19% studying in universities
  - 11.9% working as entrepreneurs/in a startup
  - 8.7% working in government
  - 8.7% enrolled in post-graduate studies
- **850** students accepted in the XLFL Global Leaders Programme
- **30** provinces from Aceh to Papua reached
- **71** public and private universities represented
Nurturing People

Driving a Culture of Integrity & Performance

**UNCOMPROMISING INTEGRITY**

Always doing the right thing and fulfilling promises made to earn the trust of our stakeholders

We are committed to upholding the highest standards of lawful and ethical conduct, and in demonstrating honesty, fairness and accountability in all our dealings

1. **Governance**
   - The Group Board Audit Committee ensures the independence and robust processes

2. **Policy**
   - Whistle-Blowing Policy
   - Multiple reporting channels for anyone to report

3. **Action**
   - The Group Internal Auditor leads the investigation team

4. **Employees**
   - Sign Code of Conduct
   - Annual UI training
   - Part of overall annual performance

**EXCEPTIONAL PERFORMANCE**

Always pushing ourselves to deliver benchmarked outstanding performance

We are determined to be the winner, leader and best-in-class in what we do. Whilst we are tough with performance standards, we are compassionate with people – we call it Performance with a Heart

1. **Hire the best**
   - Hire the best people in the market for the right opportunity
   - People that fit our shared values and culture

2. **Deliver exceptional results**
   - Set stretch targets for all
   - Efficient work systems allow focus on delivering results

3. **Pay & Rewards**
   - Benchmark salaries of top talent
   - Exceptional performers are incentivised significantly higher

4. **Learning & Development**
   - Identify and fast track talents to leadership roles
   - Online learning platforms for everyone to learn at their pace

Always doing the right thing and fulfilling promises made to earn the trust of our stakeholders

We are committed to upholding the highest standards of lawful and ethical conduct, and in demonstrating honesty, fairness and accountability in all our dealings

**Culture of Integrity & Performance**

**Nurturing Future Leaders**

**Diversity & Inclusivity**

**Conducive Workplace**
Nurturing People

Celebrating Diversity & Inclusiveness

We celebrate the diversity that 27,000 employees from across 11 countries brings to our organisation. Being diverse and inclusive drives a sustainable business. It allows us to better connect and understand our customers, vendors and stakeholders. As we drive towards being a Modern, Agile and Digital organisation, our talent pool will be even more diverse as we bring in expertise from different industries for new insights into our transforming business.

We believe in investing in the local talent of countries where we are present. Our 7:2:1 principle ensures a balance of local leadership with an infusion of external talents to drive innovation and creativity. We endeavour to create a work environment in which all individuals are treated fairly and respectfully. All employees have equal access to opportunities and resources in which they can contribute to the success of the Group. We have a zero-tolerance policy towards unfair treatment and discrimination.

Composition of Employees

Equality Pay for Equal Work

- **Male**: 8,973
- **Female**: 3,660
- **Nationalities**: 43

7:2:1 Philosophy

(7 Local. 2 Foreign. 1 External)

- **Women in Senior Leadership Positions**: 12%

3 months maternity leave (Corporate Centre)

- **Equal Pay for Equal Work**

Culture of Integrity & Performance

Diversity & Inclusivity

Conducive Workplace

Nurturing Future Leaders
Ensuring a Safe and Engaging Workplace

We are committed to providing our employees with an engaging and safe working environment. We promote a culture that is open and welcoming of new ideas. Employees are proactively encouraged to give their views to continuously enhance the working conditions for all.

We respect and uphold international human rights, and the International Labour Organisation Core Labour Standards. We ensure compliance with national and local labour laws on age, working hours, social insurance and working conditions. These rights are reflected both in our Code of Conduct and the Supplier Code of Conduct. We will comply with the highest standards consistent with applicable laws when relevant laws are absent or there is a legal conflict.

**Freedom of association & collective bargaining**
We respect the rights of employees to associate and to collectively bargain in accordance with national representation. We currently recognise union representation in Ncell (82.9%) and Celcom (4.6%)

**No discrimination**
We have a zero-tolerance policy on unfair treatment and discrimination. Any discrimination based on race, religion, political opinion, membership in political group, gender, sexual orientation, marital status, national origin, disability or age is in non-compliance against our Code of Conduct

**No child or forced labour**
We do not tolerate child and forced labour in our direct operations and our supply chain

**Highly engaged employees**
Axiata’s annual Employee Engagement Survey (EES) allows us to obtain feedback from our employees. Conducted by an independent third-party, findings from the survey are shared with Management and all employees, and follow-up sessions are conducted with staff via focus groups

Key highlights from 2017 EES
- Overall score is higher than industry norm and within global high performing companies
- Sustainable Engagement Index 87%, a 1% YoY increase
- UIEP 90%, a 3% YoY increase
- Ethics 84%, a 4% YoY increase
- High Performance 74%, a 2% YoY increase

**Digital engagement platform**
We launched the “Workplace” platform to encourage employees to break organisational silos and to have visibility of the larger Group

- The platform connects employees over three time zones and six countries
- Share best practices, promote collaboration, and strengthens engagement
- An average monthly engagement of over 60% of employees
- In 2018, we will expand engagement by utilising online tools to enhance business productivity

**Health and Safety**
A Health and Safety Committee (HSC) is present across all our operations. Comprising management and employees, the HSC develops and reviews health and safety policies and procedures, improvement programmes are identified and rolled out. The HSC also organised and rolled out wellness programmes to improve the well-being of all employees
Process Excellence & Governance
Establishing Best Practice Across our Value Chain

Our mission of Advancing Asia in a sustainable way can only be achieved when all parts of our value chain work together. We aspire to create positive social, economic, and environmental impacts where we are present. Our robust procurement controls and practices ensure that our business partners uphold these ideals as set out in the Axiata Supplier Code of Conduct.

**The Axiata Supplier Code of Conduct**
- Ensures workers in our supply chain work under safe conditions and are treated with respect and dignity
- Adopts our values of uncompromising integrity and process excellence, transparency, and environmental responsibility
- In 2017, we updated and increased governance of data privacy, cybersecurity & digitalisation, anti-money laundering and conflict of interests

**Supplier Performance Management**
- Common and transparent assessment of supplier’s performance
- Compliance with commercial and contract terms, quality of performance and delivery, supports our corporate strategy and roadmap, and aligned to our ethical and sustainability values

**Supplier Engagement**
- Whistle-blowing policy and channels to report misconduct anonymously
- Annual Supplier Forum
- Biennial Axiata Supplier Awards

**The Axiata Procurement Centre**
- Handles all strategic network and IT-related procurement
- Conduct ongoing audits of processes and compliance to Axiata’s policies
- Engages with internal stakeholders to align expectations on requirements and refine our procurement process to be more agile

**Developing local vendors and partners to become regional champions as part of our commitment to nation building**

**Celcom Local Partner Development Programme**
Since 2014, the Celcom Local Partner Development Programme has supported the maturity of 50 Bumiputera-owned companies as part of the national Bumiputera Empowerment Agenda. The businesses are provided capacity-building programmes and networking opportunities to scale competitiveness of their business. Celcom has spent RM951 million with local vendors and maintained more than 50% spend to Bumiputera vendors.

**Axiata Partnership Development Programme**
KAT Group of Companies, a pioneer in Malaysia’s mobile prepaid distribution business was awarded a contract to implement its proprietary KATSys platform in Ncell, Nepal. KATSys will drive Ncell’s end-to-end sales and distribution management system.

**Target by 2020 to develop**
- National Champions: 4
- Regional Champions: 2
- Global Champion: 1
Promoting Safe Working Conditions for All

With a footprint of over 27,000 towers across six countries in ASEAN and South Asia, edotco Group is developing common health and safety regulations across the region as we recognise the need to raise safety standards for the contractors and workers constructing and maintaining our towers. The Group has adopted principles of best practice and international standards in its health and safety policy.

The edotco Group Safety officer oversees a team of safety officers across the region. Reporting to the Group Operations Director, health and safety concerns and incidents are raised to the Board Audit Committee of edotco Group.

15 HEALTH AND SAFETY INCIDENTS

12 Dangerous Incidents

7 Fires
4 Structural incidents
1 Breach of safety procedure

1 Injury

2 Fatalities

1 incident under tenant
1 incident under main contractor

Resulting in the following:

- Suspension and active corrective measures implemented
- Introduction of new on-site health verification

TARGET IMPROVEMENT

- Increase the number of accident free days
- Increase Health & Safety governance
- Mitigate repeated dangerous incidents
- Harmonise industry safety standards across Malaysian contractors through participation in the industry Telco Forum
We are determined to drive great customer experience through every stage of their journey on our network and services. We offer simple, transparent and best value products, delivered over a consistent and seamless network and device experience. Our multichannel touch points ensure a seamless customer convenience and experience.

We set mutually-agreed annual customer experience KPIs with our OpCos, and monitor performance quarterly. Each OpCo is scored and benchmarked against their market peers. The voices of our customers is captured at every engagement and measured across multiple metrics.

In 2017, in addition to our Net Promoter Score and Brand Equity Survey platforms, we added the Social Reputation Score (SRS) to enhance the robustness of our customer analytics. The SRS provides real-time measure of our brand perception across multiple social media platforms.

**Net Promoter Score**

Measures customer experience of our brand and provides a metric to anchor our customer experience management programme

**Results**

- No. 1 in four markets
- No. 2 in two markets

**Brand Equity Score**

Measures the value and recognition of our brand name. Higher brand value and recognition potentially translates to higher revenue

**Results**

- No. 1 in three markets
- No. 2 in two markets
- No. 3 in one market
- Strong to dominant on the Brand Equity Index in all markets

**Social Reputation Score**

Real-time business-facing metric that measures overall sentiment of our brands on all social media platforms. It tracks trends, share of discussion topics, and customer sentiments

**Results**

- Most talked about brand in three markets
- Strong brand presence in remaining markets
We are committed to digitising and modernising our core business functions to reach our ambition to be the New Generation Digital Champion by 2021. We have identified eight areas of our business where digitisation will bring about better customer journey experience, and allow us to deliver innovative digital services.

We are driving this initiative through a Cross-OpCo Expert Working Group comprising selected CXOs using a best practice framework approach. The progress of our digitisation initiative is assessed by a set of independent KPIs with clear targets to be achieved in the short- and medium-term.

<table>
<thead>
<tr>
<th>Programme Element</th>
<th>Processes</th>
<th>Platforms</th>
<th>People</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Experience</td>
<td></td>
<td></td>
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<tr>
<td>• Use of journey analytics to improve management of customers’ end-to-end experience</td>
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<tr>
<td>• Monitor customer satisfaction through NPS, Brand Equity Score and Social Reputation Score</td>
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<tr>
<td>Sales / Distribution</td>
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<td></td>
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<tr>
<td>• Manage distributors and dealers, using online solutions</td>
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<tr>
<td>• Drive customer on-boarding, sales, and top-ups through online channels</td>
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<tr>
<td>Enterprise Business</td>
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<tr>
<td>• Provide greater freedom for account holders to analyse their spend and manage their accounts</td>
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<tr>
<td>Marketing / Products</td>
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<tr>
<td>• Drive digitisation activities aligned to the various OpCos’ values and disciplines</td>
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<tr>
<td>• Increasing digital media spend with clear micro-segmentation so as to only provide relevant offers to our customers</td>
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<tr>
<td>• Develop new digital only products, such as Yoodo and Boost</td>
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<tr>
<td>Process Simplification and Digitisation</td>
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<td></td>
<td></td>
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<tr>
<td>• Use established industry framework and development of cross-functional teams to drive end-to-end process simplification</td>
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<td></td>
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<tr>
<td>IT Modernisation</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>• Develop and harmonise the digital IT stack across the Group to allow for faster innovation</td>
<td></td>
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<tr>
<td>Data Analytics and Intelligence</td>
<td></td>
<td></td>
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<tr>
<td>• Develop Axiata Analytics Centre to enhance capabilities in analytics and Robotics Process Automation</td>
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<tr>
<td>Network Modernisation</td>
<td></td>
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</tr>
<tr>
<td>• Rethink network architecture, with an aspiration towards hyper-broadband speeds</td>
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</tbody>
</table>

Focused on developing the necessary capabilities for a modern, agile and digitised workforce
Process Excellence & Governance

Establishing Transparency and Accountability

The long-term sustainability of Axiata and the execution of our business strategy in the region requires that we maintain an impeccable governance track record for both operational and reputational reasons.

Our commitment to governance has seen us go beyond compliance in many of our operating companies to safeguard the interests of all our stakeholders including minority shareholders and business partners. Our policy on governance requires that the Group and OpCos meet all local requirements, including tax, licensing and cybersecurity requirements.

In 2017, we enhanced our Group governance to align with our digital ambition. The updated governance structures in Boards, Committees and Councils will ensure relevant discussions and decisions on strategic and transformational priorities are given adequate weightage and monitored. Key enhancements were also made in the Digital Businesses, IT, Talent and Digitisation Council.

We are committed to the principles of transparency and accountability in our governance practices. Our corporate governance transparency has been acknowledged by independent external stakeholders. The Minority Shareholder Watchdog Group (MSWG) has recognised our transparency over the past few years with several awards including the Excellence Award for ESG Practices for the fifth consecutive year.
Commitment to our Planet and Society

Reducing our Carbon Emissions

edotco Group spearheads our efforts to reduce the Group's carbon footprint. The Group has committed to a carbon reduction of 40% by the end of 2018 against a baseline of 2013. Our efforts towards this commitment will be quantified, reviewed and reported at the end of 2018 before setting a new goal in line with industry peers.

Since 2016, the Group has conducted carbon life-cycle assessment of its towers and explored different options to reduce carbon emissions. We have explored site optimisation by building leaner and lighter structures, designed towers constructed from alternative materials, increased the use of renewable energy, and reduced diesel consumption.

### Traditional Design

- Four-legged tower
- Use of steel
- Gen sets/battery

### New Design

**Site Optimisation:**
- Leaner structure design
- Tower weight reduction
- Site layout optimisation

**25-29% CO2 emission reduction**

**Alternative materials:**
- Carbon Fibre: 20% emission reduction
- Bamboo Tower: *70% emission reduction*

**Renewables:**
- Solar: 24% reduction
- Wind turbines: 25% reduction

* The 70% carbon reduction is based on steel structure vs. bamboo structure

### Bamboo Truss Tower Prototype

- **Capacity to house up to 8 antennas**
- **Withstand wind gusts up to 210 km/h**
- **Lifespan of approximately 10 years**

In 2017, in collaboration with Bangladesh University of Engineering, we completed four six-metre tall bamboo truss tower prototypes in Bangladesh. Their research indicates that untreated bamboo has the ability to bear the weight of concrete while possessing the rigidity and flexibility to support its own weight. Bamboo towers have the added benefit of being cheaper and faster to construct, 70% less carbon emissions, and 88% lighter compared to a steel tower. The bamboo structure has the capacity to house up to eight antennas to enable co-location. Suited to the local context, bamboo towers can withstand wind gusts of up to 210km/h, with an expected lifespan of approximately 10 years.
Commitment to our Planet and Society

Reducing our Carbon Emissions

Digitalising Operations

Almost 90% of our sites are ECHORISED

- > 8,090 sites with Remote Monitoring System
- > 8,600 sites with smart lock
- > 9,400 sites with OSS feed

Remotely measures, analyses and optimises

- Energy load
- Battery performance
- Diesel generator performance
- Site performance
- Security monitoring

ECHO Centre at edotco Group

ECHO, our centralised monitoring system which ensures efficiency of passive infrastructure

Reducing Reliance on Fossil Fuel

Installed an additional

- 200 solar
- 10 light weight wind turbine

Deployed

- lithium ion batteries at poor grid and off-grid sites

Deployed free cooling systems to completely or partially switch off air-conditioners at indoor sites

Axiata Group’s Energy and Carbon Performance 2017

In 2017, our GHG emission was over 6 million tonnes CO2e. Our largest emission is from our Indonesian operations which accounts for over 90% of total emissions. We have seen a significant increase in our annual emissions due to expansion of our network and increase in data traffic through our servers. In 2018, we will review our GHG accounting disclosure that are aligned to industry’s best practices.

Direct energy consumption

- 766,291 GJ

Indirect energy consumption

- 27,169,204 GJ

Scope 1 - GHG from fuel

- 53,852 tonnes CO2e

Scope 2 - GHG from grid

- 6,079,552 tonnes CO2e
Commitment to our Planet and Society

Developing Effective Disaster Management and Response

Mobile networks are a vital lifeline during times of disasters and emergencies. Our network connects displaced communities, reconnect families, and provide vital situational updates for government agencies and non-government organisations.

We are signatory to the GSMA Humanitarian Connectivity Charter. The Charter aims to strengthen access to communication and information for people affected by disasters in order to reduce the loss of life and positively contribute to humanitarian response. We are committed to supporting the three principles of the Charter where we operate.

1. Disaster Response Readiness
   - BCM Policy & Plans
   - Emergency Response
   - IT & Network Recovery
   - Annual Simulation Exercise
   - Business Continuity Management (BCM) policy and plan in all OpCos

2. Early Warning System
   - Ncell and Dialog sent over 8 million early warning SMS to warn of impending floods in 2017
   - Over 1,000 weather alerts and updates on Dialog’s Disaster Early Warning System
   - Over 16.6 million free SMS sent by Ncell customers post-disaster
   - Ncell activated the 9008 emergency contact number to support customers by relaying messages to their loved ones during the disaster
   - Ncell increased the credit limit and opened free balance transfer for ‘Saapati’ customers to support emergency communications during disaster

3. Disaster Relief Partnerships
   - RM 300,000 over three years. Axiata Group’s sponsorship of Mercy Malaysia’s humanitarian missions to countries where we have a presence
   - Launched relief and medical missions to Bangladesh and Sri Lanka post Cyclone Mona
   - edotco Group’s humanitarian mission
     - Installed 69 hand-water pumps which supplied water to over 3,000 individuals living in Jamalpur and Nilphamari districts in Bangladesh
     - Ncell increased the credit limit and opened free balance transfer for ‘Saapati’ customers to support emergency communications during disaster
   - Dialog matched donations by customers to the Seneha Siyapatha Fund. The LKR 57.5 million collected was channeled towards construction of 37 homes
Commitment to our Planet and Society
Partnering for Sustainable Development

With our significant presence in ASEAN and South Asia, we recognise the responsibility we have to support local communities above and beyond our core services. In each of our operations, we support many causes and needs based on the national context. Our support drives a broader mission of being a partner to Advancing Asia to meet the United Nation Sustainable Development Goals. Below are highlights of some of our projects with partners.

**edotco Group’s “Tower to Community”**

“Tower to Community” is edotco Group’s commitment to improving the lives of communities living near our towers. In 2016, a pilot project was launched in Bangladesh to provide electricity to communities living near five of our towers.

- **Supplied electricity from 15 tower sites to local communities.**
- **Impacted 355 families, 13 mosques, 12 schools, and 30 water purification pumps installed for families.**
- **Commitment to connect 1,000 families by 2018.**

<table>
<thead>
<tr>
<th>Impact of Project Reported by GSMA</th>
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<tbody>
<tr>
<td><strong>44%</strong> increase in smartphone ownership</td>
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<tr>
<td><strong>32%</strong> increase in mobile internet usage</td>
</tr>
<tr>
<td><strong>32%</strong> increase in refrigerator ownership by small restaurants, leading to direct and indirect economic benefits</td>
</tr>
</tbody>
</table>

**Investment in Scholarship**

Dialog’s Merit Scholarship provides monthly bursaries to top-performing students in the General Certificate of Education Ordinary Level and Advanced Level Examinations, from all 25 districts. The annual SmartEdu Scholarship awards Cambodia’s 20 most talented students with a bursary of USD 15,000 per scholar to cover university and living allowances. Ten scholarships are awarded to students studying ICT. Since 2014, the Ncell Scholarship and the Ncell Excellence Awards recognise 16 top students studying Electronics, Electrical and Computer Engineering. Each scholarship awarded carries a purse of NPR 100,000.

**Ncell’s partnership with Gham Power Nepal Pvt. Ltd**

In 2016, Ncell undertook the anchor load of solar power generated by three micro-grids of Gham Power to power two base stations in two rural villages of Okhaldhunga and Khotang districts. Excess power from the micro-grids has been used for electrification of rural communities, creating new economic opportunities and social benefits for the people.

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<th>Impact of Project Reported by GSMA</th>
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**Dialog’s Dengue Reporting App**

Dialog partnered with Veta (Pvt) Ltd to launch an app in response to Sri Lanka’s worst dengue outbreak. The app provides real-time information for authorities and communities to mitigate and manage the spread of the dengue virus. Customers can use the app to report dengue breeding sites, suspected cases, or to confirm a case. There are over 12,000 registered users across Sri Lanka contributing to the platform.
As one of the leading telecommunications groups in Asia with a presence in 11 countries and a customer base of approximately 350 million, Axiata Group Berhad (Axiata) makes a substantial contribution to the countries in which the Group operates. Through its investments in its portfolio of operating companies across the region, Axiata is recognised as one of the largest Foreign Direct Investors, best employer, significant taxpayer and substantial purchaser of local services.

Axiata's business of providing telecommunications, network infrastructure and digital services have created significant economic value and opportunities, both directly and indirectly to close to two billion people across the ASEAN and South Asia region.

Additionally, as a committed long-term investor, Axiata has further supported and created non-economic value in areas identified as national priorities and agendas in the countries within its footprint.

To continue to make an economic difference in the countries and communities it serves, Axiata has been measuring its investment impact in its National Contribution Report annually over the past four years. In the 2017 report, a new multiplier (i.e. the Capex multiplier) was included to measure the economic return on Capex by taking into account the GDP contribution from Axiata’s operations and capital investments, as well as the productivity impact generated by the use of Axiata services through the increase in mobile penetration.

**2017 National Contribution Report: Key Report Findings**
- Contributed USD15.9 billion to the national GDPs of countries where we have a telecommunication presence.
- Collective direct operational and capital expenditures reached USD7.6 billion and USD2.8 billion respectively.
- Every USD1 spent by the Group translated to between USD4.6 and USD8.0 contribution to GDP in six key operating markets.
- Across the region, both directly and indirectly, one million jobs are supported by Axiata companies.

**2017 National Contribution Report: Report Scope and Information**
This report consists of an economic impact assessment at six of Axiata’s major operating companies. The report includes a two-part analysis comprising:

1. Economic and financial analysis of the Axiata operating companies’ contribution to the national economy, which includes an assessment of the following:
   a. economic contribution to the nation
   b. investment and innovation for the long-term
   c. contribution to public finance
   d. talent development
   e. labour productivity

2. Assessment on Axiata companies’ contribution and support to national priorities.
Celcom is Malaysia's leading data network provider, with 9.5 million customers. Established in 1988, it boasts the nation's widest 2G, 3G and 4G LTE networks, covering over 98% of the population. Currently the largest mobile broadband and corporate services provider, Celcom is moving towards integrated multi-access and multimedia services, in line with evolving technologies and consumer behaviour in Malaysia. A culture that places the customer FIRST™ is reflected in our award winning customer service, products, and other corporate accolades at a regional level.

In 2017, the Malaysia’s digital economy contributed 18.2% to the country’s GDP and is expected to exceed the projected target of 20% earlier than the 2020 target. As SMEs represent over 76% of Malaysian businesses, the government is focused on launching initiatives to empower local SMEs and micro business to unlock growth opportunities in the digital economy.

### National Contribution

<table>
<thead>
<tr>
<th>Contribution to Gross Domestic Product</th>
<th>Total Jobs Supported</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD 1,705 million (0.5% of the nation's GDP)</td>
<td>Total 49,588 jobs</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Direct Employees</th>
<th>Total 3,481 Staff</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operational Direct GVA</strong></td>
<td>USD 750 million</td>
</tr>
<tr>
<td><strong>Operational Indirect and Induced GVA</strong></td>
<td>USD 714 million</td>
</tr>
<tr>
<td><strong>Capital Investment</strong></td>
<td>USD 241 million</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Total Employees</th>
<th>Directly Employed 3,481</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Female</strong> 44%</td>
<td><strong>Malaysian Citizens</strong> 99.5%</td>
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<table>
<thead>
<tr>
<th>Capital and Operational Expenditure</th>
<th>Contributed</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD 1,273 million in 2017</td>
<td>USD 124 million in taxes in 2017 (0.2% of the total tax revenue of the Malaysian Government)</td>
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<table>
<thead>
<tr>
<th>Capital Expenditure</th>
<th>Operational Expenditure</th>
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<tbody>
<tr>
<td>USD 299 million</td>
<td>USD 974 million</td>
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</table>

Multiplier effect for every USD1 spent on Capex generated USD 5.7 GDP
Economic and Financial Contributions

With a total operating expenditure of USD974 million and capital investment of USD299 million, Celcom’s total GDP contribution to the Malaysian economy was estimated at USD1,705 million. This comprised contributions from Celcom’s direct operation of USD750 million, indirect contribution of USD714 million through procurement from local suppliers, and USD241 million generated by Celcom’s capital investment (see Figure 1). Every USD1 spent by Celcom through its capital investment contributed USD5.7 to the GDP.

Investing and Innovating for the Long-Term

Celcom invested a total of USD1,363 million between 2013 and 2017 towards improving its products and services, expanding its network coverage, introducing new technology and enhancing its infrastructure for the Malaysian market. Total investment of USD299 million in 2017 represented a 71% decrease compared to USD321 million in 2016 (see Figure 2). Overall, however, the significant investments over five years demonstrates its commitment trend towards long-term development and continuing contribution to the Malaysian economy.

Contributions to Public Finance

Total tax contributions for Celcom over the last five years totalled USD1,428 million. The drop in total annual tax contributions since 2014 is due to falling operating profits. In 2017, Celcom contributed USD124 million in taxes, accounting for 0.2% of the Malaysian Government’s total tax revenue (see Figure 3). Celcom’s tax commitments in Malaysia includes direct taxes such as corporate and withholding tax, as well as indirect taxes such as value-added tax and licensing fees.

Talent Development

Celcom provided 3,481 direct jobs in 2017 of which 99.5% were staffed by Malaysian citizens (see Figure 4). About 44% of Celcom employees were women, which is higher than the national average of 32%. Celcom’s operations also indirectly supported an additional 33,231 jobs through its engagement with suppliers, and a further 12,875 jobs through Celcom’s capital investments. As Celcom undergoes a business and culture transformation towards being a modern, agile and digital company, significant efforts will be spent on reskilling and upskilling employees in UI/UX, Analytics and Data Science.

Figure 1: GDP contribution to the Malaysian economy 2017

<table>
<thead>
<tr>
<th>Year</th>
<th>USD million</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>256</td>
</tr>
<tr>
<td>2014</td>
<td>258</td>
</tr>
<tr>
<td>2015</td>
<td>228</td>
</tr>
<tr>
<td>2016</td>
<td>321</td>
</tr>
<tr>
<td>2017</td>
<td>299</td>
</tr>
</tbody>
</table>

Figure 2: Total capital investment: 2013-2017

<table>
<thead>
<tr>
<th>Year</th>
<th>USD million</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>256</td>
</tr>
<tr>
<td>2014</td>
<td>258</td>
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<tr>
<td>2015</td>
<td>228</td>
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<tr>
<td>2016</td>
<td>321</td>
</tr>
<tr>
<td>2017</td>
<td>299</td>
</tr>
</tbody>
</table>

Figure 3: Total tax contributions to public finance, 2013-2017

<table>
<thead>
<tr>
<th>Year</th>
<th>USD million</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>376</td>
</tr>
<tr>
<td>2014</td>
<td>441</td>
</tr>
<tr>
<td>2015</td>
<td>288</td>
</tr>
<tr>
<td>2016</td>
<td>200</td>
</tr>
<tr>
<td>2017</td>
<td>124</td>
</tr>
</tbody>
</table>

Note: Total tax revenue for the Federal Government. (Source: 2013-2017 budget, Ministry of Finance)

Figure 4: Total employment impact 2017

- 49,588 Jobs supported
- 12,875 Supported by capital investment
- 3,481 Directly employed
- 33,231 Operations - indirectly supported
National Contribution Report

Malaysia

Celcom’s Labour Productivity

Celcom’s productivity, measured as Gross Value Added (GVA) per employee, reached USD215,379 in 2017. This represents a decrease from USD344,008 in 2013, mainly due to a fall in Celcom’s direct GVA contribution.

Figure 5: Celcom’s labour productivity, 2013-2017

<table>
<thead>
<tr>
<th>Year</th>
<th>USD million</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>344,008</td>
</tr>
<tr>
<td>2014</td>
<td>279,488</td>
</tr>
<tr>
<td>2015</td>
<td>243,099</td>
</tr>
<tr>
<td>2016</td>
<td>208,819</td>
</tr>
<tr>
<td>2017</td>
<td>215,379</td>
</tr>
</tbody>
</table>

Supporting our Local Business Partners and SMEs

Axiata and Celcom are committed to advancing the national agenda of developing the capacities and capabilities of local Bumiputera SMEs. In 2017, Celcom spent RM951 million on local Bumiputera companies and maintained more than 50% spend on Bumiputera vendors.

Celcom’s Local Partner Development Programme supports 50 Bumiputera vendors, business, and strategic partners by providing capacity-building programmes and networking opportunities to scale competitiveness of their business. We provide additional support to our local partners by working with government agencies to provide technical advise such as from the Ministry of International Trade and Industry, as well as MARA, SME Bank, CEDAR, JCORP, MDEC, MIDF, PUNB and TERAJU. In 2017, 15 of our local partners enrolled in training and development programmes with these agencies.

E-commerce

E-commerce is an essential component within the digital economy. It is expected to accelerate cross-border business and boost the overall economy by contributing 18.2% of national GDP by 2020. Several initiatives have been established to drive this government agenda. The Malaysian Digital Economy Corporation has been allocated RM162 million to develop an e-commerce ecosystem. Other national programmes include the Mydigitalmaker movement and the Malaysia Digital Hub.

Celcom has invested in partnerships to build e-commerce portals to support the emerging e-commerce ecosystem. In 2017, in partnership with World of Gifts, Celcom developed a digital platform, ‘OleOle’. It allows customers to instantly send and receive e-voucher from a variety of brands. Once redeemed, the e-vouchers can be used to purchase items on exclusive partners’ online stores or mobile applications.

In Support of the National Agenda

Malaysia’s National e-Commerce Strategic Roadmap aims for e-commerce to contribute 20.8% to the nation’s GDP by 2020. The advancement of digital services and investment in infrastructure will be key enablers to drive this national commitment to build a digital economy.

Infrastructure

Enhancing connectivity is critical to rolling out a digital economy. Malaysia aims to improve the coverage, quality and affordability of its digital infrastructure under the Eleventh Malaysia Plan 2016-2020, with a focus on infrastructure investment to support economic growth. The Malaysian Communications and Multimedia Commission aims to provide access to 95% of populated areas with broadband at higher speeds and lower prices by 2020. Over RM1 billion has been allocated towards this initiative.

Celcom’s investments and efforts to improve the digital infrastructure will strengthen the productivity and efficiency of the Malaysian economy. Together with Ericsson, Celcom performed South East Asia’s first 5G trial on the 28GHz band. Celcom also launched two high-speed fiber internet connection services in Sabah; the Celcom Home Fiber and Celcom Business Fiber. Both plans provide 10x faster unlimited internet download speeds of up to 100 Mbps, the most advanced broadband services for homes and businesses in the state.
PT XL Tbk is one of Indonesia’s leading telecommunications service providers. XL offers an array of innovative products and services ranging from voice, SMS, and Value Added Services (VAS) to mobile data covering more than 90% of the population throughout Indonesia. XL continues to innovate and transform itself into a leading mobile data provider, serving the burgeoning demand for mobile data amongst Indonesians.

Indonesia aspires to be the largest digital economy in the region, targeting USD130 billion online transactions by 2020. In 2017, Indonesia launched its “2020 Go Digital Vision” which has set targets for growing the digital economic contribution in agriculture, SMEs, connectivity and tech startups. Indonesia’s 57 million SMEs account for more than 60% of the country’s GDP. The government’s plan includes supporting eight million SMEs to be “digitally empowered” by 2020 to continue this growth path. The plan also targets to get one million local farmers and fishermen to sell and promote their produce online.

### National Contribution

**Contribution to Gross Domestic Product**

- **USD 4,287 million** (0.4% of the nation’s GDP)

**Direct Employees**

- **Total 1,652 Staff**

**Total Jobs Supported**

- **Total 215,227 jobs**

**Operational Direct GVA**

- **USD 725 million**

**Operational Indirect and Induced GVA**

- **USD 663 million**

**Capital Investment**

- **USD 485 million**

**Productivity GVA**

- **USD 2,414 million**

### Capital and Operational Expenditure

**USD 1,625 million** in 2017

**Contributed USD 197 million in taxes in 2017** (0.2% of the total tax revenue of the Indonesian Government)

**Capital Expenditure**

- **USD 537 million**

**Operational Expenditure**

- **USD 1,088 million**

### Multiplier effect for every USD 1 spent on Capex generated USD 8.0 GDP

**Total Employees**

- **31% Female**

- **98% Indonesian Citizens**

**Directly Employed**

- **1,652**

**Supported Indirectly - Operations**

- **79,478**

**Outsourced**

- **794**

**Supported Indirectly - Capital Investment**

- **133,302**
Economic and Financial Contributions

With a total operating expenditure of USD1,088 million and capital investment of USD537 million, XL’s total GDP contribution to the Indonesian economy was estimated at USD4,287 million. This comprised contribution from XL’s direct operation of USD725 million, indirect contribution of USD663 million through procurement from local suppliers, USD485 million generated by XL’s capital investment and productivity gains of USD2,414 million through the increase in mobile penetration rate of 16.2% in 2017 (see Figure 1). Every USD1 spent by XL through its capital investment contributed USD8.0 to the GDP.

Investing and Innovating for the Long-Term

XL invested a total of USD2,444 million between 2013 and 2017 to improve its network and in launching new innovative products and services (see Figure 2). The OpCo’s total investment of USD537 million in 2017 represented a 10% increase from USD487 million in 2016. XL continues to innovate on its VAS and quality of services to grow its presence in the country.

Contributions to Public Finance

XL contributed USD197 million in taxes to the Indonesian Government in 2017, accounting for 0.2% of the country’s total tax revenue (see figure 3). XL’s tax commitment in Indonesia includes direct taxes such as corporate and withholding tax, as well as indirect taxes such as value-added tax and licensing fees.

Talent Development

XL provided 1,652 direct jobs in 2017 of which 98% of positions were staffed by Indonesian citizens. About 31% of XL employees were women. During the year, XL engaged 69 new graduates, apprentices and interns as part of its goal to provide young people with specialist skills required in the digital economy. XL’s operations also indirectly supported an additional 79,478 jobs and outsourced a further 794 jobs. Its capital investments, meanwhile, supported 133,302 jobs (see Figure 4).
In Support of the National Agenda

With the region’s largest population, Indonesia is looking towards the use of smart solutions and education to ensure sustainable development of the country. Leveraging on the scalability of digital services, Indonesia is pushing the envelope to explore creative solutions to strengthen adoption and integration of ICT into the daily lives of its citizens.

Smart Solutions

Over 70% of Indonesia’s population is expected to live in cities by 2025. The development of smart city solutions will increasingly be important to improve urban mobility, increase operational efficiency, share information with the public, and improve both the quality of government services and citizen welfare.

Several Indonesian cities are already developing and adopting smart city solutions. Jakarta launched a Smart City programme and established a command center with co-working space for startups. In Denpasar, several mobile applications were developed to assist in the fishery sector and flood monitoring. In Surabaya, the local government implemented an e-government service to better connect and improve public services. Bandung established a command center integrating street lighting, and system to monitor traffic flow. Xmart City is XL’s digital platform to enable city administrations to connect and collect data from residents.

XL continues to expand 4G LTE services to underserved areas to support the government in closing the digital gap. XL’s network infrastructure under the Universal Service Obligation (USO) programme ensures that rural communities are not left behind. In cooperation with the Ministry of Marine Affairs and Fisheries (KKP) and the Ministry of Communication and Informatics, XL launched the programme “Fisherman Go Online” for fishermen across the region. The programme empowers fishermen to use digital technology to manage their operations, boost productivity, and improve fish catch.

Education

The improvement of education standards in Indonesia has been emphasised in the National Medium-term Development Plan 2015-2019. Indonesia launched the ‘Smart Indonesia’ programme to improve the country’s quality of education and training. The programme aims to improve enrolment, reduce drop-outs, promote gender equality in education, and prepare students for job market. The Ministry of Education and Culture highlighted the importance of ICT infrastructure to improve education and introduced “Smart School” programme for Indonesian schools.

XL introduced several initiatives to support and develop Indonesia’s education. It built and developed a free online learning platform incorporating the principles and programmes of XLFL Global Leaders, one of Indonesia’s most comprehensive and longest running youth leadership programme. This has allowed over 20,000 young adults across the country to learn leadership skills. XL also expanded internet coverage for students to further support education in Indonesia. Over 4,000 students in 100 schools in East Kalimantan are now connected to fast internet through XL’s initiative.
Dialog Axiata PLC operates Sri Lanka’s largest and fastest growing mobile telecommunications network. It is one of Sri Lanka’s largest listed companies by market capitalisation, and largest Foreign Direct Investor with investments totalling USD2.3 billion. Dialog, a winner of six GSMA Mobile World Awards has the distinction of being voted by Sri Lankan consumers as the Telecom Service Provider of the Year for the sixth successive year as well as the Internet Service Provider of the Year at the SLIM-Nielsen People’s Choice Awards for the fifth successive year. Dialog has topped Sri Lanka’s Corporate Accountability rankings for the past seven years in succession.

Sri Lanka is currently developing its digital economy strategy. This initiative will enable Sri Lanka to identify appropriate opportunities, key enablers, and initiate flagship programmes that will promote Sri Lanka’s Digital Economy strategy. The digital economy strategy will align with the economic development thrust sectors of agriculture, tourism and manufacturing. It is estimated that the digital economy for Sri Lanka could contribute 1%-3% to the nation’s GDP by 2019.
Economic and Financial Contributions

With a total operating expenditure of USD387 million and capital investment of USD201 million, Dialog’s total GDP contribution to the Sri Lankan economy was estimated at USD1,060 million. This comprised of contributions from Dialog’s direct operation of USD277 million, indirect contribution of USD284 million through procurement from local suppliers, USD189 million generated by Dialog’s capital investment and productivity gains of USD310 million through the increase in the mobile penetration rate of 4.8% in 2017 (see Figure 1). Every USD1 spent by Dialog through its capital investment contributed USD5.3 to the GDP.

Dialog’s total GDP contribution grew at a CAGR of 9.9% from USD727 million to USD1,060 million over the last five years (see Figure 2). The improving trend was due to increased operational profits and a surge in the number of customers. The total number of mobile customers in Sri Lanka expanded to 28 million from 22 million during the same time period translating to a mobile penetration rate of 122% in 2016 (95% in 2012).

Investing and Innovating for the Long-Term

Dialog invested a total of USD866 million between 2013 and 2017. Dialog’s total investment of USD201 million in 2017 represented a 11.3% increase from USD180 million in 2016 (see Figure 3). Dialog is committed to further invest in Sri Lanka so as to enhance its network coverage and service quality in an increasingly competitive market.

Contributions to Public Finance

Total tax contributions for Dialog from 2014 to 2017 totalled USD837 million, expanding to USD234 million in 2017 from USD217 million in the previous year. Annual tax contributions increased by 25% in 2017 (see Figure 4). Dialog’s tax contributions in 2017 accounted for 2.0% of the Sri Lankan Government’s total tax revenue. Dialog’s tax commitments includes direct taxes such as corporate and withholding tax, as well as indirect taxes such as value-added tax and licensing fees.

Sri Lanka

Talent Development

Dialog provided 3,370 direct jobs in 2017 of which 99.6% of the positions were staffed by Sri Lankan citizens (see Figure 5). About 22% of Dialog employees were women. During the year, Dialog engaged 11 new graduates, apprentices and interns as part of its goal to provide young people with specialist skills required in the digital economy. Dialog also indirectly supported an additional 28,673 jobs through its operations, and a further 51,733 jobs through its capital investments while a further 642 jobs were outsourced.

Figure 5: Total employment impact 2017

<table>
<thead>
<tr>
<th>Jobs supported</th>
<th>3,370 Directly employed</th>
<th>28,673 Operations - indirectly supported</th>
<th>51,733 Supported by capital investment</th>
<th>642 Outsourced</th>
</tr>
</thead>
</table>

Dialog’s Labour Productivity

Dialog’s productivity, measured as Gross Value Added (GVA) per employee, grew by 32.3% from USD52,211 in 2013 to USD69,062 in 2017 (see figure 6). Annual growth rate of Dialog’s productivity was estimated around 7.2% over the last five years. Expanding operational profits contributed to the growth of productivity.

In Support of the National Agenda

The Sri Lanka government recognises the potential disruptive technology and services have on the country’s productivity. The use of ICT plays an essential role in driving this national agenda of strengthening technology and digitalisation set out in the country’s Vision 2025 manifesto. Smart solutions and e-commerce are examples of how the government is facilitating the adoption of technology and digitalisation.

Smart Solutions

Sri Lanka’s ICT industry foresees the industry will generate USD5 billion in revenue, create 200,000 direct jobs and enable 1000 start-ups in its Vision 2022 report. The ICT Agency (ICTA) launched the SMART Society and Citizen Empowerment programme to build a digitally inclusive nation. Initiatives include establishing smart education (SMART Classrooms and Capacity Building program), health (integrated interoperable healthcare system), and public services (digital government and e-services).

E-commerce

Domestic B2C e-commerce in Sri Lanka is thriving, while B2B and cross-border e-commerce have yet to realise its full potential. The passage of the Electronic Transactions (Amendment) Act in 2017, provided a boost to Sri Lanka’s e-commerce agenda as it lifts a legislative roadblock and positions Sri Lanka in a more favourable position to carry out e-commerce trade over digital platforms around the world. An online e-commerce platform WEBXPAY was introduced and aimed to enable businesses, especially SMEs, to trade goods online with various multiple payment channels.

Integrating ICT into urban development is the focus of the Western Region Megapolis Project Masterplan. To be completed by 2030, the new megapolis in Sri Lanka’s western province employs the smart city concept to boost economic growth, promote social harmony and improve environmental sustainability.

Dialog has unveiled South Asia’s first narrowband Internet of Things (IoT) enabled network to revolutionise ‘Dialog Smartlife’ services. With the introduction of ‘Dialog Smartlife’, Dialog has established a leadership position on innovative digital service supporting IoT solutions to connect customers.

Dialog Smartlife has launched two services. ‘Car Connect’ is an advanced Vehicle On-Board Diagnostics device and smartphone application. It provides vehicle performance and driving telemetric data to the driver. ‘Connected Home’ allows home owners to manage a vast array of functionalities within their homes by using a mobile application connected to security, temperature and humidity sensors.
Bangladesh has made notable progress in growth and development since 1990 and reached middle-income status in 2014. Underpinning this progress is the sustained robust economic growth averaging 6% over the past decade, almost doubling the world average in the June 2015 fiscal year.

The Bangladesh government launched the Digital Bangladesh by 2021 initiative, which has allowed for the digital market to grow rapidly over a short period of time. This project gave the Bangladeshi population opportunities to experience the benefits of mobile services. Digital Bangladesh is expected to expedite the transition to smartphone and internet connectivity.

### National Contribution

<table>
<thead>
<tr>
<th>Contribution to Gross Domestic Product</th>
<th>Direct Employees</th>
<th>Total Jobs Supported</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD 1,679 million (0.6% of the nation’s GDP)</td>
<td>Total 1,569 Staff</td>
<td>Total 119,535 jobs</td>
</tr>
<tr>
<td>Operational Direct GVA USD 196 million</td>
<td>Total Employees 10% Female</td>
<td>Directly Employed 1,569</td>
</tr>
<tr>
<td>Operational Indirect and Induced GVA USD 183 million</td>
<td>99.9% Bangladesh Citizens</td>
<td>Supported Indirectly - Operations 44,922</td>
</tr>
<tr>
<td>Capital Investment USD 337 million</td>
<td></td>
<td>Supported Indirectly - Capital Investment 73,044</td>
</tr>
<tr>
<td>Productivity GVA USD 963 million</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Capital and Operational Expenditure

- **Contributed USD 356 million in taxes in 2017** (1.2% of the total tax revenue of the Bangladesh Government)
- **Capital and Operational Expenditure USD 980 million in 2017**
  - **Capital Expenditure USD 682 million**
  - **Operational Expenditure USD 298 million**

- **Multiplier effect for every USD 1 spent on Capex generated USD 5.6 GDP**
Economic and Financial Contributions

With a total operating expenditure of USD682 million and capital investment of USD298 million, Robi’s total GDP contribution to the Bangladeshi economy was estimated at USD1,679 million. This comprised of contributions from Robi’s direct operation of USD196 million, indirect contribution of USD183 million through procurement from local suppliers, USD337 million generated by Robi’s capital investment and productivity gains of USD963 million (see Figure 1). Every USD1 spent by Robi through its capital investment contributed USD5.6 to the GDP.

In 5 years (2013-2017), Robi contributed USD356 million in taxes to the Bangladesh Government, accounting for 1.2% of the country’s total tax revenue. Robi’s tax commitments in Bangladesh include direct taxes such as corporate and withholding tax, as well as indirect taxes such as value-added tax and licensing fees.

Investing and Innovating for the Long-Term

Robi invested a total of USD1,243 million between 2013 and 2017. The OpCo’s total investment of USD298 million in 2017 was significantly higher than the USD254 million invested in 2016 (see Figure 2). Robi’s capital investment increased by an average annual rate of 18.7% in 2017, as the company continued investing aggressively to ensure 4G readiness and fast-track its 3.5G network expansion with the aim to improve network quality and enable better customer experience both in voice and data services.

Talent Development

Robi provided 1,569 direct jobs in 2017 of which 99.9% of employees were Bangladeshi citizens (see Figure 3). About 10% of Robi’s employees were women. During the year, Robi engaged 61 new graduates, apprentices and interns as part of its goal to provide young people with specialist skills required in the digital economy. Robi’s operations also indirectly supported an additional 44,922 jobs. Its capital investments, meanwhile, supported 73,044 jobs.
Education

Based on Bangladesh’s human resource development plan in the 7FYP, the government plans to achieve 100% enrolment rate, reduce drop-out rate, reduce gender discrimination, and improve the quality of education. To meet these ambitious targets, approximately 12.6% of the 2017-2018 national budget has been allocated for education. The government plans to invest in ICT-based interactive classrooms in 503 model primary schools to prepare students for the modern world of ICT.

As the second largest mobile network operator of the country, Robi has made significant contributions to education and knowledge sharing in Bangladesh. Robi’s 10 Minute School, is the country’s largest online school and offers free digital university admission classes through their website’s admissions portal. It recently opened an art studio equipped with facilities to create animated, interactive, 360 degree VR and live video content. This will enable the school to increase its efficiency to create content by 220%.

E-commerce

E-commerce is one of the fastest-growing sectors in Bangladesh. In 2017, the market is estimated to be around USD110-115 million, with a growth rate of approximately 70%. The sector has larger growth potential with the penetration of internet and the policy of ‘No VAT’ on e-commerce. The e-Commerce Association of Bangladesh has recommended to keep the tax free policy until 2025.

As the country’s first telecommunications firm providing cloud solutions, Robi not only supports the national development of digital infrastructure but also promotes e-commerce by offering a new e-payment solution with the launch of “RobiCash App” in March 2017. Customers are now able to pay their utility bills, purchase Easyload and train tickets conveniently via the mobile application.

Re.Con is Robi’s digital advertising knowledge sharing platform. The digital platform is designed to promote and nurture discussions, talks, or idea sharing sessions related to digitalisation.
### National Contribution

**Smart Axiata Co., Ltd.** Cambodia’s leading mobile telecommunications operator, serves eight million subscribers. Smart is at the forefront of mobile technology advancement in Cambodia and was the first network to introduce 4G LTE in 2014, 4G+ in 2016 and 4G+ with HD Voice (VoLTE) in early 2017. Its extensive nationwide network coverage stretches to more than 98% of Cambodia’s population.

After two decades of strong economic growth rate averaging at 7.4% (1994-2015), Cambodia attained a lower middle income status in 2015. Its strong growth rate ranks 6th in the world and is expected to remain strong over the next year through recovering tourism activity and fiscal expansion policies.

Mobile subscribers in Cambodia expanded from 211 million to 29.2 million in the past five years, increasing the mobile penetration rate from 140% in 2013 to 182% in 2017. The Cambodian government is making every effort in developing the internet and mobile infrastructure in the country to ensure that digitisation reaches all segments of Cambodian society.

#### National Contribution

- **Contribution to Gross Domestic Product**
  - USD 339 million (1.5% of the nation’s GDP)

- **Direct Employees**
  - Total 842 Staff
  - 36% Female
  - 98% Cambodian Citizens

- **Total Jobs Supported**
  - Total 52,316 jobs

- **Capital and Operational Expenditure**

  - **Capital Expenditure**
    - USD 148 million
  - **Operational Expenditure**
    - USD 74 million

- **Productivity GVA**
  - USD 59 million

- **Operational Direct GVA**
  - USD 148 million

- **Operational Indirect and Induced GVA**
  - USD 74 million

- **Capital Investment**
  - USD 59 million

- **Operational Indirect and Induced GVA**
  - USD 59 million

- **Supported Indirectly - Capital Investment**
  - 28,559

- **Supported Indirectly - Operations**
  - 22,915

- **Total Jobs Supported**
  - 52,316

- **Multiplier effect for every USD 1 spent on Capex generated USD 4.6 GDP**

- **Contributed**
  - USD 214 million in 2017
  - USD 76 million in taxes in 2017 (3.9% of the total tax revenue of the Cambodian Government)
Economic and Financial Contributions

With a total operating expenditure of USD139 million and capital investment of USD74 million, Smart’s total GDP contribution to the Cambodian economy was estimated at USD339 million. This comprised of contributions from Smart’s direct operation of USD148 million, indirect contribution of USD74 million through procurement from local suppliers, USD59 million generated by Smart’s capital investment and productivity gains of USD59 million through the increase in the mobile penetration rate of 9% in 2017 (see Figure 1). Every USD1 spent by Smart through its capital investment contributed USD4.6 to the GDP.

Smart’s total GDP contribution increased to USD339 million in 2017 from USD157 million in 2013, translating to a CAGR of 21.3% (see Figure 2). The improving trend was due to higher operational profits and significantly increased number of mobile customers. Over the last five years, total operational profits grew to USD137 million from USD62 million. With a total number of mobile customers (as active declared SIM cards by the operators) in Cambodia at 29.2 million as reported to the Telecommunications Regulator of Cambodia, the mobile penetration rate stands at 182% in 2017.

Investing and Innovating for the Long-Term

Smart invested a total of USD313 million between 2013 and 2017 to improve its network infrastructure, including rolling out its 4G LTE network and expanding its range of products and services. The company’s total capital investment of USD74 million in 2017 represented a 7.1% increase compared to the USD69 million in 2016 (see figure 3). In its drive to deliver improved mobile services at an affordable price to all Cambodians, Smart launched 4G+ with HD Voice in early 2017. In August 2017, the company became the first operator to launch 4.5G in Cambodia, a testament of Smart being at the forefront of mobile technology advancement in Cambodia.

By the end of 2017, more than 88% of its 2,333 base stations across all 25 provinces were equipped with 4G while 100% of the base stations were with 3G. An independent study conducted by IDG ASEAN recognised Smart as Cambodia’s Best 4G LTE Provider in 2017. Smart plans to continue investing in the country to further enhance its 4G LTE leadership and enhance its offerings to stave off competitors in a saturating mobile market.

Throughout 2017, Smart was a key development partner of various ministries of the Royal Government of Cambodia, including contributing to the new Capacity Building and R&D Fund which focuses on developing the ICT sector in the country.
Talent Development

Total employment impact 2017

Smart provided 842 direct jobs in 2017 of which 98% of the positions were staffed by Cambodian citizens (see Figure 5). About 36% of Smart employees were women. During the year, Smart engaged 199 interns as part of its goal to provide young people with specialist skills required in the ICT and digital economy. Smart also indirectly supported an additional 28,559 jobs through its operations, and a further 22,915 jobs through its capital investments.

Figure 5: Total employment impact 2016

<table>
<thead>
<tr>
<th>Year</th>
<th>Jobs supported</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>28,559</td>
</tr>
<tr>
<td>2015</td>
<td>22,915</td>
</tr>
<tr>
<td>2016</td>
<td>28,559</td>
</tr>
<tr>
<td>2017</td>
<td>22,915</td>
</tr>
</tbody>
</table>

In Support of the National Agenda

ICT is essential to support the national development of smart solutions and technology. It creates new opportunities for SMEs and start-ups, and accelerates economic growth.

SME

As the primary source of job creation in urban and rural areas, SMEs play a vital role in the economy and socio-development of Cambodia. Facilitating the development of SMEs is a government’s priority as reflected in Cambodia’s National Strategic Development Plan 2014-2018.

Smart is driving innovation among the local tech startups. It supported and sponsored BarCamp, an international, innovative, and open technology two-day event in which individuals, businesses, students, young startups and professionals come together to share, learn, exchange ideas, and connect with one another.

In 2017, Smart Axiata’s Digital Innovation Fund (SADIF) was launched. The USD5 million fund is Cambodia’s first and largest venture capital fund for Cambodia-based digital service companies and startups. The Fund seeks to invest in innovative ideas and businesses in the digital ecosystem to spark the development of a robust digital economy. SADIF invested in three companies with a target to invest in 12 companies over the next five years.

Smart Solutions

Developing science and technology is one of Cambodia’s national priorities as reflected in the National Science and Technology Master Plan 2014-2020. The Master Plan models South Korea’s experience in developing a science and technology driven society. The ICT Federation of Cambodia has signed an agreement with its Korean counterpart to build a smart city in Preah Sihanouk province. Smart infrastructure such as intelligent traffic lights, parking, public safety, street lighting, waste management and environmental monitoring is within the scope of the project.

Smart Axiata is also committed to developing smart city solutions and support the development of the ICT industry in the country. In 2017, Smart Axiata was the first operator to launch 4.5G service in Cambodia, capable of providing up to 8x faster peak mobile internet speed than the normal 4G LTE.

ABA Bank, Cambodia’s leading private financial institution, has expanded its partnership with Smart Axiata to offer customers a link between ABA accounts and the SmartLuy e-wallet. By making fund transfer services easier and at a reasonable fee, the partnership will drive the faster adoption of the digital financial services.
Ncell Private Limited has been connecting Nepal since 2004. Contributing to the vision of Digital Nepal and development of the country’s economy and infrastructure, Ncell’s best-in-class network brings communication services to people living in the most remote areas of Nepal. Ncell operates the widest 4G network in Nepal, fulfilling the national need of high-speed mobile broadband and creating new opportunities for the people of Nepal.

The Nepalese economy witnessed a broad-based rebound in 2017 as it recovered from the 2015 earthquakes. Inflation was moderate, government revenue and spending increased, and remittances grew. In FY2017, the Nepalese economy grew at 7.5% and public spending reached a record high of 8% of GDP.

Through the Department of Information Technology, the Nepalese government has implemented numerous projects aimed at addressing local developmental challenges through the digitisation of services. These projects were implemented and accelerated in efforts to rebuild after the devastating earthquakes in 2015.

### National Contribution Report

<table>
<thead>
<tr>
<th>Contribution to Gross Domestic Product</th>
<th>Direct Employees</th>
<th>Total Jobs Supported</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD 692 million (2.8% of the nation’s GDP)</td>
<td>Total Staff 539</td>
<td>Total 121,238 jobs</td>
</tr>
<tr>
<td>Operational Direct GVA USD 373 million</td>
<td>Total Employees 25% Female</td>
<td></td>
</tr>
<tr>
<td>Operational Indirect and Induced GVA USD 132 million</td>
<td>99% Nepal Citizens</td>
<td></td>
</tr>
<tr>
<td>Capital Investment USD 76 million</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Productivity GVA USD 110 million</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Capital and Operational Expenditure

- **USD 304 million** in 2017
- **USD 277 million** in taxes in 2017 (4.5% of the total tax revenue of the Nepali Government)

### National Contribution

- **USD 304 million** in 2017
- **USD 277 million** in taxes in 2017 (4.5% of the total tax revenue of the Nepali Government)

### Capital and Operational Expenditure

- **USD 110 million**
- **USD 76 million**
- **USD 110 million**

### Operational Expenditure

- **USD 208 million**
- **USD 96 million**
- **USD 7.2 GDP**

---

**Multipler effect for every USD1 spent on Capex generated USD7.2 GDP**
Economic and Financial Contributions

With a total operating expenditure of USD208 million and capital investment of USD96 million, Ncell's total GDP contribution to the Nepalese economy was estimated at USD692 million. This comprised of contributions from Ncell's direct operation of USD373 million, indirect contribution of USD132 million through procurement from local suppliers, USD76 million generated by Ncell’s capital investment and productivity gains of USD110 million through the increase in the mobile penetration rate of 6.3% in 2017 (see Figure 1). Every USD1 spent by Ncell through its capital investment contributed USD7.2 to the GDP.

Moving into 2018, Ncell will continue to focus on extending its data leadership as one of the key growth driver, whilst maintaining voice and international long distance revenue contribution. Ncell will also put greater emphasis on expanding its Digital Services ecosystem.

Investing and Innovating for the Long-Term

Ncell made capital investments totalling USD96 million in 2017 which grew by 57% from USD61 million in 2016. Capital investment plays a significant role in enhancing the company’s competitiveness and contributing to Nepal’s economy.

Contributions to Public Finance

Ncell contributed USD277 million in taxes to the Nepal Government, accounting for 4.5% of the country’s total tax revenue. Ncell was recognised by the Government of Nepal as the largest income taxpayer of the country in FY2012-2013 and 2013-2014.

Ncell contributes to the Government treasury in the form of License Fees, Telephone Service Tax, Ownership Tax, Value Added Tax, Withholding Tax, Income Tax, Royalty, Frequency Fee and Rural Telephone Development Fund.

Talent Development

Ncell provided 539 direct jobs in 2017 of which 99% of the employees were Nepalese (see Figure 2). About 25% of Ncell employees were women. Ncell’s operations also indirectly supported an additional 76,151 jobs and outsourced a further 922. Its capital investments, meanwhile, supported 43,626 jobs.

Note: As a % of total GDP contribution; Numbers may not balance due to rounding.
Ncell’s labour productivity

Ncell’s productivity, measured as Gross Value Added (GVA) per employee, was estimated at USD255,353 in 2017 (see figure 3). The high productivity was mainly due to its high operational profit, which accounted for more than 60% of operational revenue in 2017.

Figure 3: Ncell’s labour productivity, 2016-2017

USD million

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>224,710</td>
</tr>
<tr>
<td>2017</td>
<td>255,353</td>
</tr>
</tbody>
</table>

In Support of the National Agenda

Human resource and agriculture are two key sectors under the ‘Envisioning Nepal 2030’ strategy set out by the Nepal National Planning Commission. ICT will play an important role driving these two areas to enhance national education, and provide disruptive solutions to transform and modernise agriculture practices.

Education

The vision of education for Nepal is to achieve universal basic education by 2025. Nepal aims to allocate 20% of the national total budget in 2018 towards education. The government is developing initiatives such as Education for All, and the School Sector Reform Plan to improve the quality of education and narrow the education gender gap. E-learning portals and universal access to ICT will support the government’s drive towards this vision.

Ncell has a long established record of supporting education development in Nepal. As part of the ‘Pahilo SIM’ campaign, Ncell provided partial scholarships to 48 Secondary Education Exam students to help them complete their bridge course before enrolling in college. The Ncell Scholarship and Excellence Award recognises top students pursuing a Bachelor of Engineering, Electrical, Electronics, Communications and Computer science with a bursary of RS.100,000.

Agriculture

Agriculture transformation is considered to be one of the key growth drivers of Nepal’s economy. Agriculture employs 78% of the economically active population in Nepal, and contributes 34% to the GDP. Two initiatives have been developed to improve income of the agriculture communities, The Knowledge-based Integrated Sustainable Agriculture and Nutrition Project (KISAN); and the Agriculture and Food Security Project (AFSP) will improve productivity, strengthen competitiveness, build resilience, and a stronger enabling agriculture environment.

As part of its Corporate Social Responsibility initiative, Ncell has supported rural communities in ensuring sustainable development and access to basic needs. Ncell supported households in the hilltop villages of Syangja district by providing access to water through installing water pumps. Equipped with smart metering, the pumps have helped communities improve their livelihoods as they can efficiently manage water for household and commercial farming. Families are able to earn extra income by growing high-value crops using drip irrigation.
1. Methodology

1.1 Methodologies and computational formula

Direct Value Added contributions were estimated based on operational data provided by Axiata regarding operating revenues, operating expenditures, compensation of employees and indirect taxes and levies.

Total Value Added contributions were estimated using an economic multiplier. The total multipliers (Type II) for the Telecom industry were derived from national Input-Output (I-O) tables published by OECD, ADB and national statistical agencies.

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.
4. Induced as employees from the above spend their household income thereby generating further rounds of employment.

Total employment impact is estimated using I-O tables and Average Value Added per Worker derived from relevant Departments of Statistics for each country.

1.2 Capital Investment

1. Total Value Added = Capital Expenditure x Proportion Spent in Host Country x Average Value Added Multiplier

2. (a) For countries employment multipliers are available,
   Total Employment in Host Country = Total Capital Expenditure in Host Country x Average Employment Multiplier

   (b) For countries employment multipliers are not available,
   Total Employment in Host Country = Total Capital Expenditure Value Added in Host Country / Average Value Added per Worker in Host Country

1.3 Operational

1. Total Value Added = Direct Value Added x Total Value Added Multiplier
   Where,
   Direct Value Added = Operating Revenue – Operating Expenditure + Compensation of employees + Indirect taxes and levies

   Note: Operating expenditure provided by Axiata excludes depreciation.

   2. (a) For countries employment multipliers are available,
   Total Employment = Total Operational Expenditure x Average Employment Multiplier

   (b) For countries employment multipliers are not available,
   Total Employment = Total Indirect Value added/Average Value Added per worker + Direct Employment Direct Employment = As per Axiata data

   3. Axiata’s labour productivity = Direct Value Added/ Number of employees

   Note: Number of employees includes both direct and outsourced employees.

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 Customers/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.

1.5 Multiplier Analysis

Capex Multiplier = Total Axiata’s Value Added Contribution/Capital Expenditure

Note: Total Axiata’s Value Added contribution includes Operational Direct Value Added, Operational Indirect and Induced Value Added, Value Added by capital investment and Productivity impact.

Axiata Sustainability & National Contribution Report 2017
Appendices

About this Report

This Sustainability Report should be read together with Axiata Group Berhad’s Integrated Annual Report 2017 for a comprehensive overview of the Group’s financial and non-financial performance for the year under review.

This standalone Sustainability Report is a comprehensive document detailing the management of our business impacts on Economic, Environmental and Social (EES) issues. Our Sustainability Report contains detailed information about Axiata’s Sustainability Framework, anchored on our 4P approach; Beyond Short Term Project, Nurturing People, Process Excellence & Governance, and Planet and Society. The 2017 edition is the fifth volume in our “Commitment to Development” series, which has been following the Global Reporting Initiative’s G4 (GRI-G4) guidelines since 2013.

Report Boundary

The 2017 Axiata Sustainability Report covers the sustainability performance of our Group Corporate Centre (CC), and key operating companies. This includes Celcom (Malaysia), XL (Indonesia), Smart (Cambodia), Robi (Bangladesh), Dialog (Sri Lanka), Ncell (Nepal), and edotco Group which covers their operations in Malaysia, Cambodia, Sri Lanka, Bangladesh, Myanmar and Pakistan. This accounts for 46% of the Group’s gross revenue. The report excludes Axiata Digital Services, Axiata Business Services, wholly owned and non-wholly owned subsidiaries, associate companies (M1 & Idea), and companies that are in the process of being disposed (Multinet).

This report discusses the sustainability of the Group as a whole. The 2017 volume of our Sustainability Report differs from past years’ in that a focused effort was made to harmonise and integrate the reporting methods used throughout the Group, including our OpCos. We note that our OpCos’ operating environments may vary significantly from one market to the next, but we have nevertheless made the attempt to harmonise general reporting areas. Our OpCos are encouraged to produce their own standalone sustainability report to provide more insight into their respective sustainability management and context.

Report Scope

Axiata Group’s 2017 Sustainability Report provides detailed disclosure of the Group’s management of EES risks and opportunities for the financial year ended 31 December 2017. The report addresses 23 material aspects covering 33 identified indicators. Our materiality mapping methodology is specified on page 12 of this report.

Assurance

Selected subject matter within this Sustainability Report has been independently assured by Deloitte PLT (Deloitte) at a limited level as defined by ISAE3000. For more information on the subject matter and scope of assurance, please refer to Deloitte’s assurance statement on pages 80 and 81.

As part of our process improvement, we conducted a review of assurance across our reporting units. Among our key operating companies only Dialog conducts a third party independent assurance of their report. We are committed to work with our OpCos to progressively assure material sustainability performance data in future reports.
Stakeholder Engagement

Axiata's ability to create value relies on successful interactions with its diverse groups of stakeholders. Its stakeholder base cuts across the Group presence in ASEAN and South Asia. Each of our stakeholder groups significantly impact our regional business which sees us within multiple roles including an employer, communications provider, technology innovator and infrastructure developer.

In order to clearly understand our various stakeholder groups' concerns and identify the most effective response to issues raised, we conduct continuous, consistent and targeted stakeholder engagement sessions. The outcomes of these sessions inform our material issues, our strategy development, and our risk management.

<table>
<thead>
<tr>
<th>Stakeholders</th>
<th>Why They Are Important</th>
<th>How We Engage With Them</th>
<th>Subjects Raised</th>
<th>Axiata’s Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customers</td>
<td>Our customers are key contributors to our success as a commercial enterprise. Through their purchases of our products and services, they provide us a direct gauge of the efficiency and effectiveness of our product and service portfolio. To maintain high levels of customer satisfaction, we need to fully understand our customers needs.</td>
<td>• Customer satisfaction levels are benchmarked through the Net Promoter Score system conducted annually.</td>
<td>• Customer experience • Network availability</td>
<td>Driving efficiencies and innovations through investments in new technologies • Establishing strategic ties with “Over-the-Top” (OTT) or other digital product developers to create products and services that meet evolving customer needs, increase the Group’s share of customers’ wallets and rebuild customer loyalty</td>
</tr>
<tr>
<td>Employees</td>
<td>As our human capital base, our employees are a key resource for all our activities in the realisation of our vision to become a New Generation Digital Champion by 2021. Employee satisfaction is a top priority, and we continuously strive to ensure that morale remains high in all our business units.</td>
<td>• Employee Engagement Survey conducted each quarter • Town hall Meetings conducted annually.</td>
<td>• Career development • Employee communication</td>
<td>Developing our people through robust talent development programmes • Offering attractive performance-based rewards • Providing a safe and healthy work environment • Ensuring continuous employee engagement through a variety of channels</td>
</tr>
<tr>
<td>Shareholders</td>
<td>As owners of the Company, shareholders provide us with the financial capital needed to sustain our growth. Consequently, they are entitled to receive a return on their investment and to be apprised of developments in the Company. They are also entitled to express their views on the Company or to share any concerns about the way the business is being run.</td>
<td>• Annual General Meeting • Investor Roadshows • Analyst Meetings</td>
<td>• Business performance and strategy • Social responsibility initiatives</td>
<td>The Axiata Treasury Management Centre has been tasked to oversee and control the Group’s treasury and funding matters. • The Centre develops hedging strategies which are governed strictly by the treasury policies, taking into consideration current and future outlook of the relevant economies and foreign exchange markets with the ultimate objective of preserving the Group’s profitability and sustainability.</td>
</tr>
<tr>
<td>Regulators &amp; Government</td>
<td>Our regulators and authorities specify the laws and regulations that determine the scope and extent of our activities in our respective countries of operation. They provide our OpCos access to spectrum and operating licences, and impose regulatory measures with potential cost implications for our Group. We maintain open channels of communication with them, as they are best positioned to provide advice and clarification in relation to our operations and obligations.</td>
<td>• Axiata works proactively with local regulators and authorities from every jurisdiction as local requirements vary from one country to the next. • Compliance with the Malaysian Communications and Multimedia Commission (MCMC) • Compliance with Bursa Malaysia</td>
<td>• Information security • Personal Data Protection Act 2010 • Tax issues</td>
<td>Advocating strict compliance and transparency in putting our case before the relevant authorities • Participating in government consultations and sharing knowledge and best practices in the development of healthy regimes for the telecoms sector • Ensuring our Group Regulatory Policy is based on strict compliance with all applicable laws and regulations, regulatory obligations and governmental policies in the jurisdictions in which we operate • Obtaining regulatory advice in an efficient and cost effective manner as and when required</td>
</tr>
</tbody>
</table>
## Stakeholder Engagement

<table>
<thead>
<tr>
<th>Stakeholders</th>
<th>Why They Are Important</th>
<th>How We Engage With Them</th>
<th>Subjects Raised</th>
<th>Axiata’s Response</th>
</tr>
</thead>
</table>
| Suppliers    | Our broad range of suppliers support all aspects of our business. Our supplier chain covers vendors supplying infrastructure components to professional corporate service providers. They are our key enablers as providers of vital services. It is important that we maintain a professional relationship of trust where views from either party can be freely exchanged, as well as to apprise them of changes to our procurement policy and to seek relevant feedback and information from them. | - Supplier Code of Conduct  
- Vendor Satisfaction Survey                                                                                                             | - Payment practices  
- Delivery and definition of vendor performance | - Centralised Axiata Procurement Centre that handles all network related procurement to improve efficiencies  
- Conducting Supplier Performance Management assessments for continuous improvement in vendor performance  
- Optimising procurement budgets and the development of a network of suppliers and vendors committed to best practices and enhanced corporate governance |
| Media        | The media is our primary channel of communicating with the public at large. They play a critical role in sharing information such as our Company’s financial performance and changes to our products and services, as well as information on our CR programmes. They also provide us with valuable feedback on any general concerns or views that the public may have about us. | - Media Meetings  
- Quarterly Media Surveys  
- Media Releases and Press Conferences                                                                                                     | - Company performance and strategy  
- Future business aspirations                                                                                                                | - Emphasising on our long-term value creation efforts which extend beyond commercial considerations, and include initiatives that will result in greater social uplift of our communities and contribute to positive market impacts in the long-term.  
- Sharing updates on our efforts to expand our regional network coverage to connect less commercially viable rural regions  
- Sharing updates on our digital inclusion efforts to facilitate access to digital connectivity for underserved segments of the community |
| Community    | Through our Corporate Responsibility (CR) projects, we are contributing to the ongoing socioeconomic development of our communities in our operating countries. This present us with the opportunity to ascertain how we can make meaningful impacts on their lives and improve our products and services to better serve them. | - Axiata Young Talent Programme  
- Axiata’s Corporate Responsibility Programmes  
- Green Initiatives  
- Disaster Management and Response Initiatives                                                                                         | - Social requirements  
- Specific feedback on our CR programmes and initiatives                                                                                   | - Innovating our digital offerings to meet the needs of all our communities including those located in rural regions.  
- Developing digital ecosystems that provide basic services such as access to capital (m-money) and trade transactions (m-commerce).  
- Tailoring products and services to meet the specific needs of particular segments of the community, such as the ‘Govi Mithuru’ service that was launched for Sri Lankan farmers by Dialog. |
## Management of Material Risks and Opportunities

Axiata uses an integrated assurance methodology to manage our risks and opportunities, to catalyse long-term value creation. The following outlines our material risks, along with our Group’s exposure and potential impacts, and identifies mitigation measures which are linked to our Axiata 3.0 strategy and future opportunities.

<table>
<thead>
<tr>
<th>Risk Category</th>
<th>Mitigation Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Risk</td>
<td>• Axiata Treasury Management Centre oversees and controls treasury and funding matters.</td>
</tr>
<tr>
<td></td>
<td>• Develops hedging strategies which are governed strictly by treasury policies.</td>
</tr>
<tr>
<td></td>
<td>• Takes into account current and future outlook of the economy and FOREX markets.</td>
</tr>
<tr>
<td>Market Risk</td>
<td>• Driving efficiencies and innovations through investments in new technologies.</td>
</tr>
<tr>
<td></td>
<td>• Enhancing cost efficiencies.</td>
</tr>
<tr>
<td></td>
<td>• Establish strategic ties with ‘Over-the-Top’ (OTT) or other digital product developers to create products and services that meet evolving customer needs, increase the Group’s share of customers wallets, retain customers and maintain our Profit After Tax.</td>
</tr>
<tr>
<td>Regulatory Risk</td>
<td>• Strict compliance, and fair and transparent practices of government policies.</td>
</tr>
<tr>
<td></td>
<td>• Dedicated personnel and resources to monitor all relevant developments.</td>
</tr>
<tr>
<td></td>
<td>• Maintaining regular engagement with governing authorities and regulatory officials.</td>
</tr>
<tr>
<td></td>
<td>• Participating in government consultations and industry knowledge sharing for the sustainable development of healthy regulatory regimes.</td>
</tr>
<tr>
<td></td>
<td>• Enhancing our process flows to encourage quick and cost-effective responses to changing regulations.</td>
</tr>
<tr>
<td>Cyber Risk</td>
<td>• Our Cyber Security Steering Committee ensures strict compliance with security policies and procedures.</td>
</tr>
<tr>
<td></td>
<td>• Implementing the technologies and tools to minimise the risk of security breaches.</td>
</tr>
<tr>
<td></td>
<td>• Implementing preventive, detective and responsive controls to minimise the risk of a successful attack.</td>
</tr>
<tr>
<td>Digital Risk</td>
<td>• Keeping up to date with policy initiatives at national and international levels.</td>
</tr>
<tr>
<td></td>
<td>• Expediting the implementation of action plans to ensure compliance and strengthening of cyber security measures to safeguard data security and integrity.</td>
</tr>
<tr>
<td>Operational Risk</td>
<td>• Axiata Procurement Centre’s key role is to manage vendor-related risks, monitor vendors’ performance and develop new relationships to reduce dependencies.</td>
</tr>
<tr>
<td></td>
<td>• Continuously address issues such as network congestions, drop calls, and upgrades to network coverage to ensure better quality network and service delivery</td>
</tr>
<tr>
<td></td>
<td>• Operating procedures with appropriate incident escalation procedures and adequate disaster recovery plans in place at each OpCo to ensure seamless business continuity</td>
</tr>
<tr>
<td></td>
<td>• Maintaining a global insurance programme to mitigate business losses.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Risk Category</th>
<th>Mitigation Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Geopolitical Risk</td>
<td>• Working closely with the respective OpCo Management, leveraging on their local expertise, knowledge and ability to continually assess the changing political scenario</td>
</tr>
<tr>
<td></td>
<td>• Implementing measures to ensure timely response in the event of such occurrences.</td>
</tr>
<tr>
<td></td>
<td>• Maintaining neutral government relations.</td>
</tr>
<tr>
<td></td>
<td>• Contributing to our operating countries’ socio-economic development.</td>
</tr>
<tr>
<td>Strategic Risk</td>
<td>• Closely monitoring the competitive landscape.</td>
</tr>
<tr>
<td></td>
<td>• Exploring and investing in technology and platform upgrades.</td>
</tr>
<tr>
<td></td>
<td>• Reviewing the relevance of products and services.</td>
</tr>
<tr>
<td></td>
<td>• Prudent cost management keeping budgets lean while maintaining strong strategic allies with network vendors to keep pace with technology shifts.</td>
</tr>
<tr>
<td>Investment Risk</td>
<td>• Our Mergers and Acquisition Committee oversees all acquisitions and divestments.</td>
</tr>
<tr>
<td></td>
<td>• Maintaining a robust due diligence process to evaluate and manage the potential risks involved.</td>
</tr>
<tr>
<td></td>
<td>• Post-acquisition, transition teams are put together to ensure that organisational, cultural and mind-set changes required are implemented appropriately.</td>
</tr>
<tr>
<td>People Risk</td>
<td>• Talent Management team is on a constant lookout for suitable employees.</td>
</tr>
<tr>
<td></td>
<td>• Developing our people through robust talent development programmes.</td>
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<tr>
<td></td>
<td>• Providing attractive performance based rewards and providing a safe and healthy work environment.</td>
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<tr>
<td></td>
<td>• Advocating staff empowerment to allow for employees to respond to rapidly changing customer demands and work processes.</td>
</tr>
<tr>
<td></td>
<td>• Focusing on employee engagement to motivate employees and increase staff morale and attrition rates.</td>
</tr>
<tr>
<td>Technology Risk</td>
<td>• Constantly reviewing and refreshing our Group’s whilst maintaining financial prudence.</td>
</tr>
<tr>
<td></td>
<td>• Reviewing and revamping capital expenditure (capex) governance and business planning processes, focusing on prudent cost management and capex productivity, whilst increasing our visibility of these expenditures across all OpCos.</td>
</tr>
<tr>
<td>Governance &amp; Integrity Risk</td>
<td>• Our Code of Conduct sets out rules and guidelines on how personnel acting for or on behalf of the Group are expected to conduct business.</td>
</tr>
<tr>
<td></td>
<td>• Continuing to focus on maintaining and further developing a strong ethical platform and corporate governance standard to support Axiata’s business integrity and strong performance.</td>
</tr>
<tr>
<td>Abbreviation</td>
<td>Description</td>
</tr>
<tr>
<td>------------------------------------</td>
<td>-----------------------------------------------------------------------------</td>
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<tr>
<td>&quot;Over-the-Top&quot; (OTT)</td>
<td></td>
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<tr>
<td>Annual General Meeting (AGM)</td>
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<td>Axiata Digital (AD)</td>
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<td>Axiata Digital Innovation Fund (ADIF)</td>
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<td>Axiata Procurement Centre (APC)</td>
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<td>Axiata Treasury Management Centre (ATMC)</td>
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<td>Axiata Young Talent Programme (AYTP)</td>
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<td>Badminton Association Malaysia (BAM)</td>
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<tr>
<td>Base Transceiver Station (BTS)</td>
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<tr>
<td>Bombay Stock Exchange (BSE)</td>
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<td>Board Audit Committee (BAC)</td>
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<tr>
<td>Business Continuity Management (BCM)</td>
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<tr>
<td>Business Development Programme (BDP)</td>
<td></td>
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<tr>
<td>Capital Expenditure (Capex)</td>
<td></td>
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<tr>
<td>Compound Annual Growth Rate (CAGR)</td>
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<td>Connected Woman Commitment Initiative (CWCI)</td>
<td></td>
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<tr>
<td>Corporate Responsibility (CR)</td>
<td></td>
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<tr>
<td>Corporate Social Responsibility (CSR)</td>
<td></td>
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<tr>
<td>Cyber Security Operations Centre (CSOC)</td>
<td></td>
</tr>
<tr>
<td>Cyber Security Steering Committee (CSSC)</td>
<td></td>
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<tr>
<td>Department of Education (DOE)</td>
<td></td>
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<tr>
<td>Department of Hydrology &amp; Meteorology (DHM)</td>
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<tr>
<td>Disaster and Emergency Warning Network (DEWN)</td>
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<tr>
<td>Disaster Readiness Programme (DRP)</td>
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<td>edotco group (e.co)</td>
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<tr>
<td>Employee Engagement Survey (EES)</td>
<td></td>
</tr>
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<td>Gross Value Added (GVA)</td>
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<td>GSM Association - An association of mobile operators</td>
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<td>and related companies devoted to supporting the standardising, deployment and promotion of the GSM mobile telephone system (GSMA)</td>
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<td>Year Over Year (Y-o-Y)</td>
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<td>Young CEO Development Programme (YCDP)</td>
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## Aspect Boundaries

The table below provides an overview of our material issues and their corresponding material aspects. The table also illustrates the areas of our operations in which these material aspects apply.

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<tr>
<th>Material Issues</th>
<th>Material Aspects</th>
<th>Support Activities</th>
<th>Primary Activities</th>
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<td>Administration</td>
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<td>√</td>
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<td>√</td>
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<td>Disaste Management &amp; Response</td>
<td>Indirect Economic Impacts</td>
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<td>Community Impact/Development</td>
<td>Indirect Economic Impacts</td>
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<td>Human Rights Grievance</td>
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<td>Supply Chain Management</td>
<td>Procurement Practices</td>
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<td>Supplier: Labour</td>
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<td>Supplier: Human Rights</td>
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<td>Supplier: Environment</td>
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**Notes:**
- √ This segment is within the boundary of the concerned aspect and we have reported on it.
- * This segment is within the boundary of the concerned aspect, but we have not reported on it due to the unavailability of information for the reporting cycle.
- ** Reported in the Axiata Annual Report 2017**
## Appendices

### Data in Numbers

<table>
<thead>
<tr>
<th>Aspect</th>
<th>Indicator</th>
<th>Detail</th>
<th>Celcom</th>
<th>XL</th>
<th>Dialog</th>
<th>Robi</th>
<th>Smart</th>
<th>Ncell</th>
<th>edotco</th>
<th>CC</th>
<th>Overall</th>
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<tbody>
<tr>
<td><strong>Market Presence</strong></td>
<td>EC5</td>
<td>Ratios of standard entry level wage vs local minimum wage&lt;sup&gt;a&lt;/sup&gt;</td>
<td>Male</td>
<td>N/A</td>
<td>1.5:1</td>
<td>17:1</td>
<td>5.0:1</td>
<td>1.03:1</td>
<td>2.271</td>
<td>2.8:1</td>
<td>3.0:1</td>
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<tr>
<td></td>
<td></td>
<td>Male</td>
<td>Female</td>
<td>N/A</td>
<td>1.5:1</td>
<td>17:1</td>
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<td></td>
<td>EC6</td>
<td>Proportion of senior management from local country</td>
<td>%</td>
<td>50%</td>
<td>87%</td>
<td>75%</td>
<td>80%</td>
<td>36%</td>
<td>75%</td>
<td>63%</td>
<td>45%</td>
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<td><strong>Procurement Practices</strong></td>
<td>EC9</td>
<td>Percentage local</td>
<td>%</td>
<td>66%</td>
<td>42%</td>
<td>47%</td>
<td>41%</td>
<td>26%</td>
<td>54%</td>
<td>73%</td>
<td>34%</td>
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<tr>
<td></td>
<td></td>
<td>Percentage foreign</td>
<td>%</td>
<td>34%</td>
<td>57%</td>
<td>53%</td>
<td>59%</td>
<td>74%</td>
<td>46%</td>
<td>27%</td>
<td>66%</td>
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<td><strong>Energy</strong></td>
<td>EN3</td>
<td>Direct energy consumption&lt;sup&gt;b&lt;/sup&gt;</td>
<td>GJ</td>
<td>N/A</td>
<td>196,334</td>
<td>375</td>
<td>153,420</td>
<td>77,385</td>
<td>591,138</td>
<td>241,090</td>
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<td>EN15</td>
<td>Scope 1 GHG – GHG from fuel&lt;sup&gt;c&lt;/sup&gt;</td>
<td>Tonnes</td>
<td>N/A</td>
<td>14,528</td>
<td>28</td>
<td>11,353</td>
<td>5,726</td>
<td>4,376</td>
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<td>236,356</td>
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<td>1,140</td>
<td>2,693</td>
<td>1,412</td>
<td>536</td>
<td>405</td>
<td>713</td>
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<td></td>
<td></td>
<td>Female</td>
<td>1,535</td>
<td>512</td>
<td>732</td>
<td>157</td>
<td>306</td>
<td>134</td>
<td>164</td>
<td>120</td>
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<td>Total employees</td>
<td>3,481</td>
<td>1,652</td>
<td>3,425</td>
<td>1,569</td>
<td>842</td>
<td>539</td>
<td>877</td>
<td>248</td>
<td>12,633</td>
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<td>Women in Leadership Positions</td>
<td>%</td>
<td>16%</td>
<td>18%</td>
<td>18%</td>
<td>0%</td>
<td>0%</td>
<td>10%</td>
<td>13%</td>
<td>15%</td>
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<td>Joining the Group – By Gender</td>
<td>Male</td>
<td>39</td>
<td>120</td>
<td>285</td>
<td>184</td>
<td>267</td>
<td>14</td>
<td>151</td>
<td>284</td>
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<td>Joining the Group – By Age Group</td>
<td>Female</td>
<td>9</td>
<td>58</td>
<td>122</td>
<td>33</td>
<td>157</td>
<td>4</td>
<td>32</td>
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<td>Leaving the Group – By Gender</td>
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<td>N/A</td>
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<td>Leaving the Group – By Age Group</td>
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<td>7</td>
<td>328</td>
<td>166</td>
<td>370</td>
<td>6</td>
<td>76</td>
<td>15</td>
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<td>Leaving the Group – By Age Group</td>
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<td>54</td>
<td>43</td>
<td>42</td>
<td>7</td>
<td>78</td>
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<td>Leaving the Group – By Age Group</td>
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<td>N/A</td>
<td>14</td>
<td>9</td>
<td>7</td>
<td>2</td>
<td>2</td>
<td>30</td>
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<td>Leaving the Group – By Age Group</td>
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<td>3</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>6</td>
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<td>Leaving the Group – By Age Group</td>
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<td>0</td>
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<td>Leaving the Group – By Age Group</td>
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<td>132</td>
<td>73</td>
<td>11</td>
<td>38</td>
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<td>Leaving the Group – By Age Group</td>
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<td>13</td>
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<td>2</td>
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<td>Leaving the Group – By Age Group</td>
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### Data in Numbers

#### Employment

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<th>edotco</th>
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<th>Overall</th>
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<td>LA3</td>
<td>Employees who took maternity leave during the year</td>
<td>N/A</td>
<td>107</td>
<td>207</td>
<td>106</td>
<td>17</td>
<td>35</td>
<td>9</td>
<td>11</td>
<td>492</td>
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<td>Employees returning to work after maternity leave</td>
<td>%</td>
<td>N/A</td>
<td>82.20%</td>
<td>94.70%</td>
<td>100%</td>
<td>100%</td>
<td>97.00%</td>
<td>100%</td>
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<td>Retention rate of employees who took maternity leave the year before</td>
<td>N/A</td>
<td>N/A</td>
<td>84%</td>
<td>100%</td>
<td>100%</td>
<td>97.00%</td>
<td>100%</td>
<td>N/A</td>
<td>96.20%</td>
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</table>

#### Health & Safety

| LA5       | H & S representation | Number | 1 | 0 | 8 | 0 | 0 | 0 | 0 | 0 | 1 | N/A | 10 |
|           | % | N/A | N/A | 0.16% | 0.00% | 0.13% | 0.00% | 0.00% | N/A | 0.06% |
| LA6       | Injuries (Workforce) | Number | 0 | 0 | 1 | 0 | 0 | 0 | 2 | 0 | 3 |
| LA7       | Fatalities | Number | 0 | 0 | 45 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 45 |

#### Training

| LA9       | Average Training hours per employee | Male | N/A | 30.15 | 19.24 | 23 | 58 | 22.33 | 91.86 | 6.19 | 35.82 |
| LA11      | Employees receiving Performance Review | Male | N/A | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
|           | Female | N/A | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |

#### Diversity

| LA12      | Staff diversity: Age Male | <20 | 0 | 2 | 0 | 0 | 0 | 2 | 0 | 3 | 12 | 28 | 114 | 2,034 |
|           | | 20-29 | 203 | 204 | 730 | 369 | 330 | 56 | 114 | 28 |
|           | | 30-39 | 591 | 594 | 1,303 | 724 | 159 | 294 | 333 | 43 | 4,041 |
|           | | 40-49 | 646 | 322 | 549 | 285 | 15 | 47 | 204 | 42 | 2,110 |
|           | | 50-59 | 95 | 18 | 52 | 39 | 3 | 6 | 49 | 11 | 273 |
|           | | >60 | 0 | 2 | 0 | 0 | 0 | 2 | 5 | 3 | 12 |

| LA12      | Staff diversity: Age Female | <20 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 4 |
|           | | 20-29 | 158 | 137 | 322 | 61 | 243 | 31 | 55 | 15 | 1,022 |
|           | | 30-39 | 469 | 229 | 319 | 82 | 51 | 93 | 77 | 41 | 1,361 |
|           | | 40-49 | 1,045 | 133 | 83 | 14 | 0 | 10 | 24 | 47 | 1,356 |
|           | | 50-59 | 270 | 13 | 6 | 0 | 0 | 6 | 18 | 313 |
|           | | >60 | 4 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 5 |
GRI Content Index

Custom Content Index – ‘In Accordance’ Core

This Content Index provides an overview of the G4 Standard Disclosures made in this report and the Axiata Integrated Annual Report 2017.

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<td>G4-EC7</td>
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<td>G4-EC9</td>
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<td>Page 80-81</td>
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### Category: Environmental

| **Material Aspect: Energy**                             | G4-DMA             | Page 36-40            |                        |                           | -                  |
|                                                        | G4-EN3             | Page 42-43, 74-75     | Cooling and heating sold | Not applicable            | -                  |
|                                                        | G4-EN4             |                       |                        |                           | -                  |
|                                                        | G4-EN6             | Page 43, 76-79        | Heating, cooling, and steam | Not applicable         | -                  |

| **Material Aspect: Emissions**                          | G4-DMA             | Page 36-40            |                        |                           | -                  |
|                                                        | G4-EN15            | Page 42-43, 74-75     | Gases included in the calculation (CH4, N2O, HFCs, PFCs, SF6, NF3, or all) consolidation approach | Not applicable    | -                  |
|                                                        | G4-EN16            | Page 43, 76-79        | Consolidation approach | Not applicable            | -                  |
|                                                        | G4-EN19            | Page 42-43, 76-79     | Gases included (whether CH4, N2O, HFCs, PFCs, SF6, NF3, or all) | Not applicable    | -                  |

| **Material Aspect: Supplier Environmental Assessment**  | G4-DMA             | Page 36-40            | Quantitative data      |                           | -                  |
|                                                        | G4-EN32            | None                  | The information is currently unavailable | -                  | -                  |
# GRI Content Index

## DMA and Indicators

| Category: Social |
|------------------|------------------|------------------|------------------|

### Specific Standard Disclosures

**Material Aspect: Employment**
- G4-DMA: Page 36-40
- G4-LA1: Page 73
- G4-LA3: Page 73

**Material Aspect: Labour/Management Relations**
- G4-LA4: Sufficient notice is given to employees
  - Quantitative data

**Material Aspect: Occupational Health And Safety**
- G4-DMA: Page 36-40
- G4-LA5: Page 73
- G4-LA6: Page 75
  - Occupational diseases rate (ODR), absentee rate (AR), for the total workforce
  - Currently unavailable

**Material Aspect: Training and Education**
- G4-DMA: Page 36-40
- G4-LA9: Page 75
- G4-LA11: Page 75
  - Figure by category
  - 100% in majority

**Material Aspect: Diversity and Equal Opportunity**
- G4-DMA: Page 36-40
- G4-LA12: Page 33, 75
  - Minority groups and other indicators of diversity
  - Sensitive information

**Material Aspect: Supplier Assessment for Labour Practices**
- G4-DMA: Page 36-40
- G4-LA14: None
  - The percentage of new suppliers screened
  - The information is currently unavailable
### GRI Content Index

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<td>G4-HR3</td>
<td>No cases were reported</td>
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<tr>
<td>Material Aspect: Freedom of Association and Collective Bargaining</td>
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<td>Material Aspect: Child Labour</td>
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<tr>
<td>G4-HR5</td>
<td>No cases were reported</td>
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<td>Material Aspect: Forced or Compulsory Labour</td>
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<tr>
<td>G4-HR6</td>
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<td>Material Aspect: Supplier Human Rights Assessment</td>
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<td><strong>Sub-Category: Society</strong></td>
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<td>Quantitative information</td>
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<td>G4-SO3</td>
<td>No disclosure</td>
<td>Quantitative information and significant risks</td>
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<tr>
<td>G4-SO4</td>
<td>Page 34</td>
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<td>G4-PR5</td>
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<td>Confidential information</td>
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<td>Material Aspect: Customer Privacy</td>
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Assurance Statement

Independent Limited Assurance Report On Axiata Sustainability Report For The Financial Year Ended 31 December 2017

To The Board of Directors Axiata Group Berhad ("Axiata")

Scope of our work

Axiata Group Berhad has engaged Deloitte PLT (LLP0010145-LCA) to perform limited assurance procedures for the Corporate Centre ("CC") on selected Subject Matter ("the Subject Matter") for the financial year ended 31 December 2017 presented in the Axiata Group Berhad's Sustainability Report 2017, in accordance with the reporting criteria ("the Criteria").

Subject Matter

The selected Subject Matter related to the Corporate Centre chosen by Axiata comprises:

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<td>Green House Gases (&quot;GHG&quot;) emissions</td>
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<td>Employee Development &amp; Welfare</td>
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<td>Average training hours per year per employee by gender, and by employee category</td>
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<td>Percentage of employees receiving regular performance and career development</td>
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<td></td>
<td>Percentage of employees receiving regular performance and career development reviews, by gender and by employee category</td>
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<td>Percentage of the procurement budget used for location of operation spent on suppliers local to that operation (such as percentage of products and services purchased locally)</td>
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Note: All data points refer to the Corporate Center only.

Criteria

The selected Subject Matter above are included in the Axiata Group Sustainability Report 2017 and has been assessed according to the Sustainability Reporting Guidelines version 4 –Global Reporting Initiative (GRI-G4) - Core option.

Basis of our work and level of assurance

We carried out a limited assurance engagement in accordance with International Standard for Assurance Engagements 3000 (revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" ("ISAE 3000"). A limited assurance engagement consists of making enquiries, applying analytical procedures, reviewing the process and systems used to compile the Subject Matter and gathering other evidence to enable us to obtain a meaningful level of assurance. The procedures performed depend on our judgement and take into account the risk of material misstatement in the Subject Matter, whether due to fraud or error.

The procedures performed in a limited assurance engagement vary in nature, and are less in extent than for a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional standards and due care, confidentiality and professional behaviour.

The firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.
Assurance Statement

Inherent limitation
Inherent limitation exists in all assurance engagements due to the selective testing of the information being examined. Therefore, fraud, errors and non-compliance may occur and not be detected. Additionally, non-financial data may be subject to more inherent limitations than financial data, given both its nature and the methods used for determining, calculating and estimating such data.

Key assurance procedures
Considering the risk of material error, we planned and performed the work to obtain all the information and explanations considered necessary to provide sufficient evidence to support our assurance conclusion.

Our assurance procedures included, but were not limited to:

• Gaining an understanding of Axiata's business and approach to sustainability.
• Visiting Axiata's Corporate Centre.
• Interviewing management at Axiata's head office, including the sustainability team to understand:
  a. The process for stakeholder engagement across the organisation;
  b. The process for determining material issues and reporting against them; and
  c. The activities relating to the sustainability priorities during the reporting period.
• Conducting limited assurance procedures for the six sustainability performance indicators by:
  a. Assessing the methodologies applied;
  b. Performing analytical review procedures to support the reasonableness of the data;
  c. Performing testing of selected data on a sampling basis;
  d. Identifying and testing assumptions supporting calculations; and
  e. Assessing the reliability of specific sustainability performance information.

Management's responsibilities
The management of Axiata ("Management") is responsible for the preparation of the Sustainability Report which is 'in-accordance' with the Sustainability Reporting Guidelines issued by the Global Reporting Initiative (GRI-G4) Core option. Management's responsibility also includes the collection, preparation and presentation of the Subject Matter in the Report in accordance with the above Criteria, and for maintaining adequate records and internal controls that are designed to support the sustainability reporting process.

Our responsibility
Our responsibility is to independently express a limited assurance conclusion on the selected Subject Matter in accordance with the Criteria. Our assurance engagement has been planned and performed in accordance with ISAE 3000.

Limitation of use
This report has been prepared in accordance with our engagement terms, solely for the Board of Directors of Axiata for the purpose of reporting on the select Subject Matter set out within the Axiata Sustainability Report 2017. We do not therefore accept or assume any responsibility for any other purpose of to any other person or organization. Any reliance that any such third party may place on our report is entirely at their own risk. No statement is made as to whether the Criteria are appropriate for any third party purpose.

We have not performed any work in respect of sustainability information published elsewhere, including Axiata.com’s website nor other publications.

Our assurance opinion
Based on the work described above, nothing has come to our attention that causes us to believe that the selected Subject Matter for the year ended 31 December 2017 included in the Axiata Group Berhad’s Sustainability Report 2017 has not been prepared, in all material respects, in accordance with the Criteria.

Deloitte PLT ( LLP0010145-LCA)
Kuala Lumpur, Malaysia
18 April 2018
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