



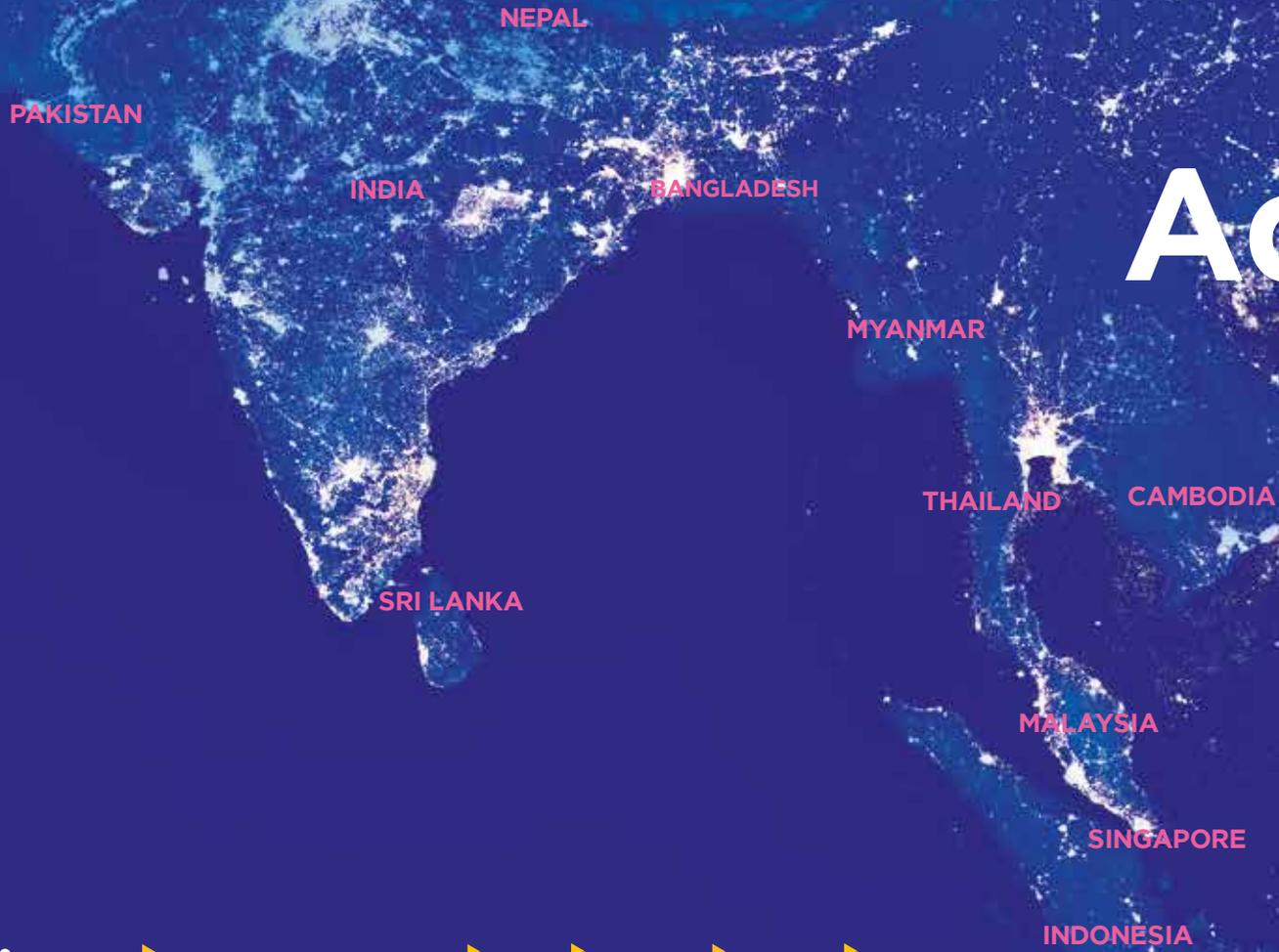
Nepal - Gunyo Cholo

## ADVANCING ASIA

Sustainability &  
National Contribution Report 2017

# Advancing Asia

2017



REVENUE RM**24.4** billion

PAT RM**1.2** billion

MARKET CAP RM**49.7** billion

CUSTOMERS **~350** million

EMPLOYEES **~27,000**

COUNTRIES **11**

Digital Telco



Digital Businesses



Infrastructure



# The Cultures of Asia

Asia – a region characterised by multi-faceted and diverse cultures. As one of the leading telecommunications groups in the region, Axiata, shares many commonalities and traits with the people we serve and the countries we operate within.

The myriad traditional costumes depicted in our Integrated Annual Report 2017 suite represents the diversity and multi-dimensional cultures of our regional footprint. The double imagery treatment, with images of major Asian cityscapes transposed within the costumes and juxtaposed with the Prism, represents our vision of Advancing Asia.



## 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.



## 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 Meukeutop. When worn, it is usually accompanied by a traditional weapon known as a Siwah or Rencong.



## 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.



## 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 is 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 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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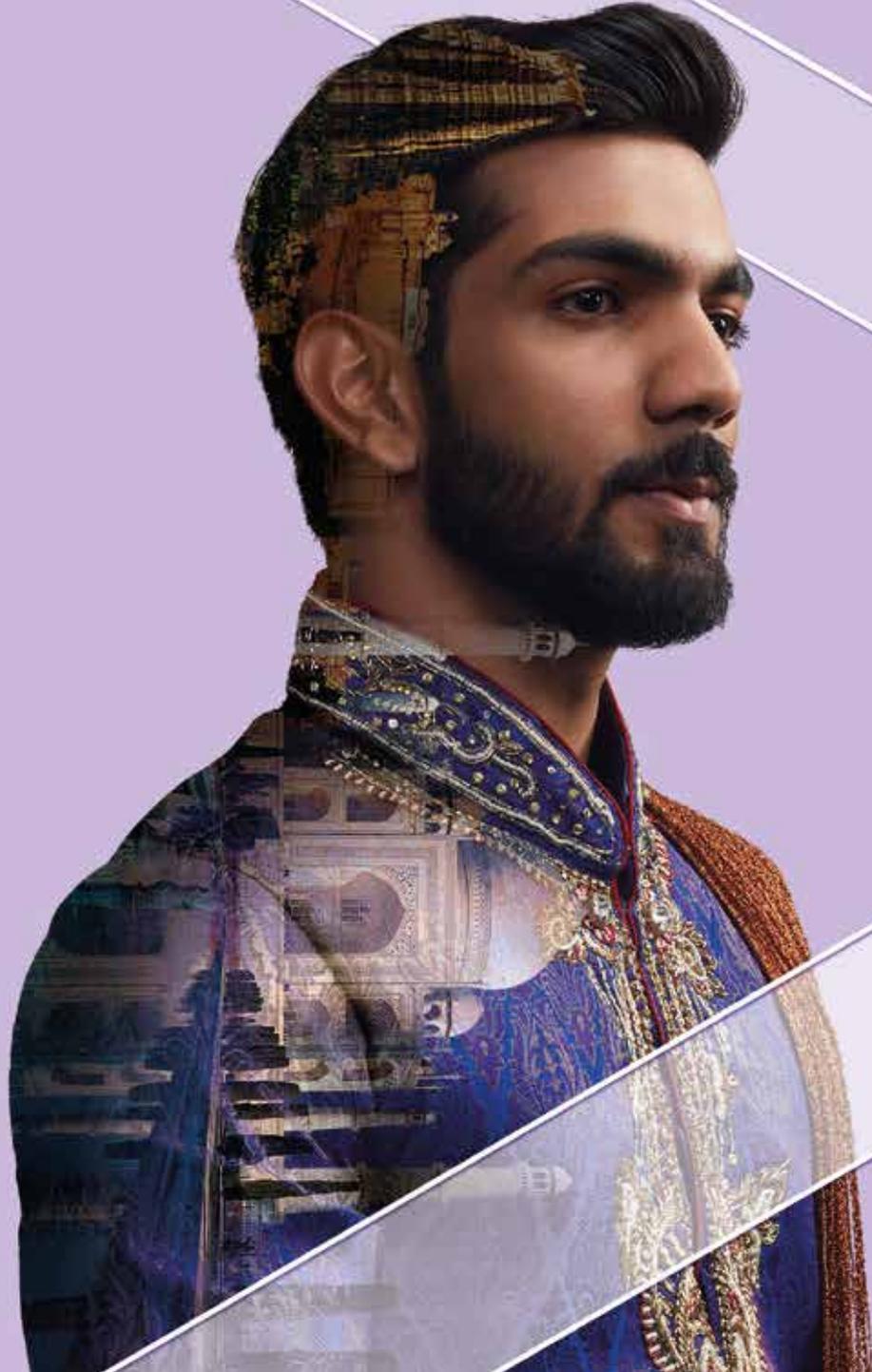
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# Our Business

## Our Business

### The Axiata Group



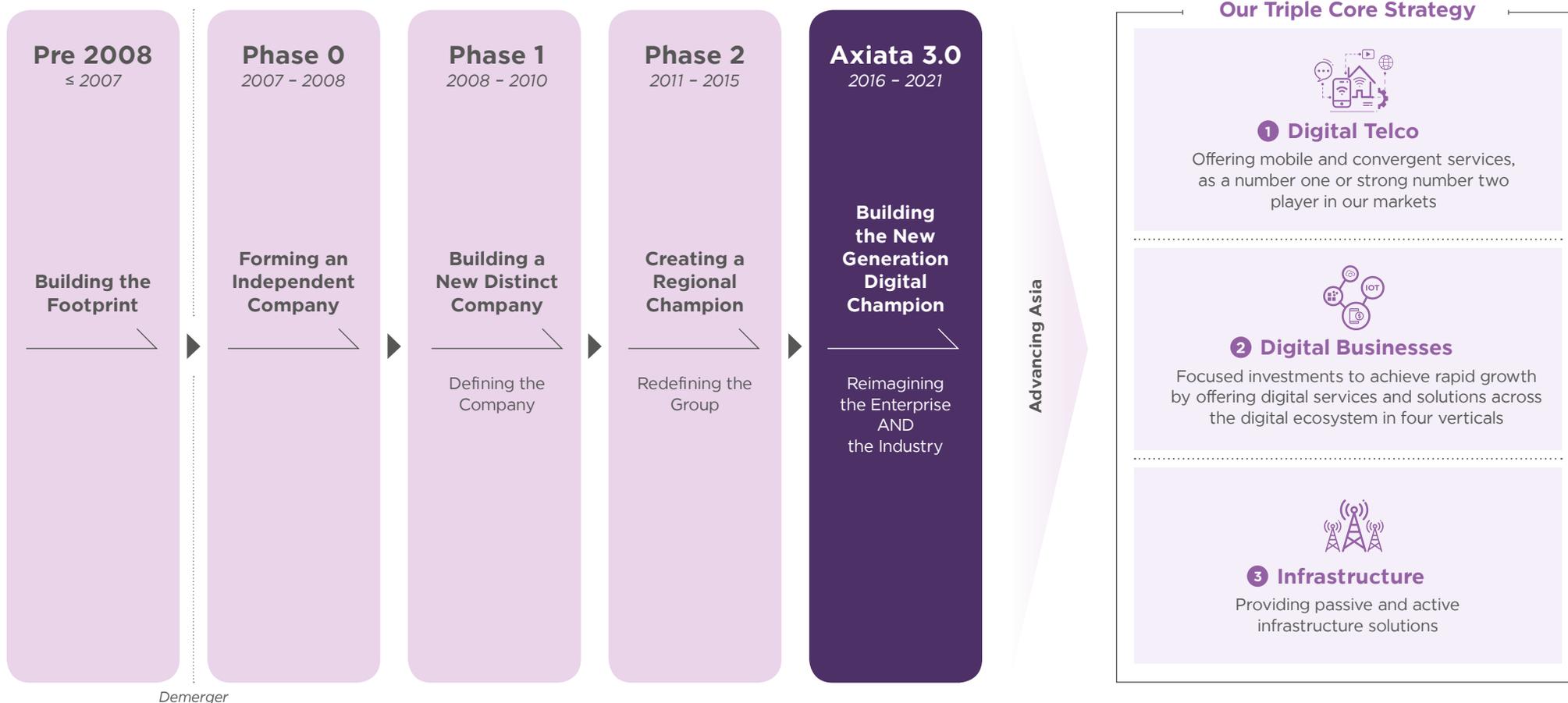
Axiata is one of the leading telecommunications groups in Asia with approximately 350 million customers in 11 countries in ASEAN and South Asia. The Group is listed on the Main Board of Bursa Malaysia Securities Berhad and ranks as the sixth largest company on the bourse as of 31 December 2017.

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.



## Embarking 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.

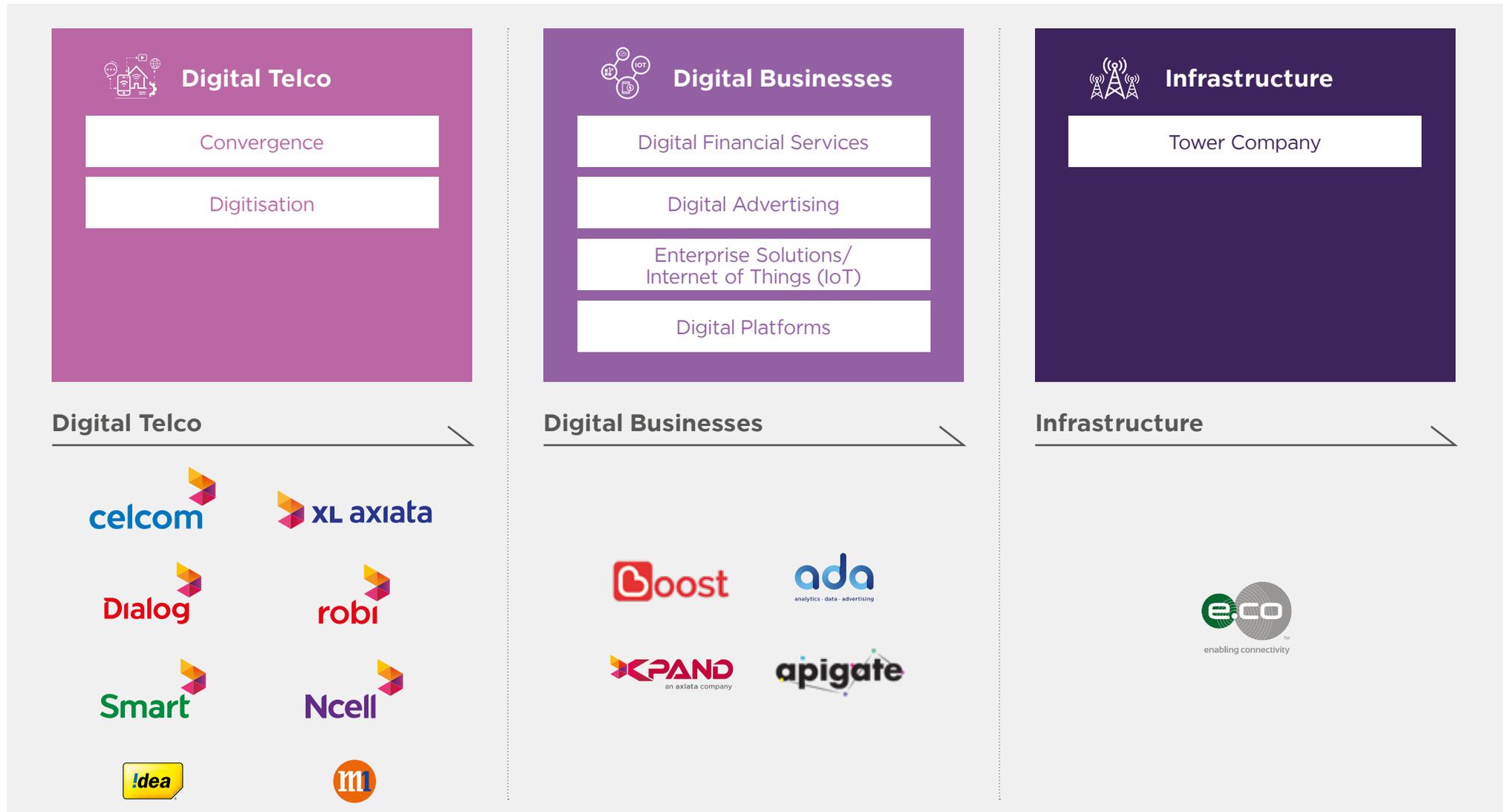
## Our Business



### 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.





## 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

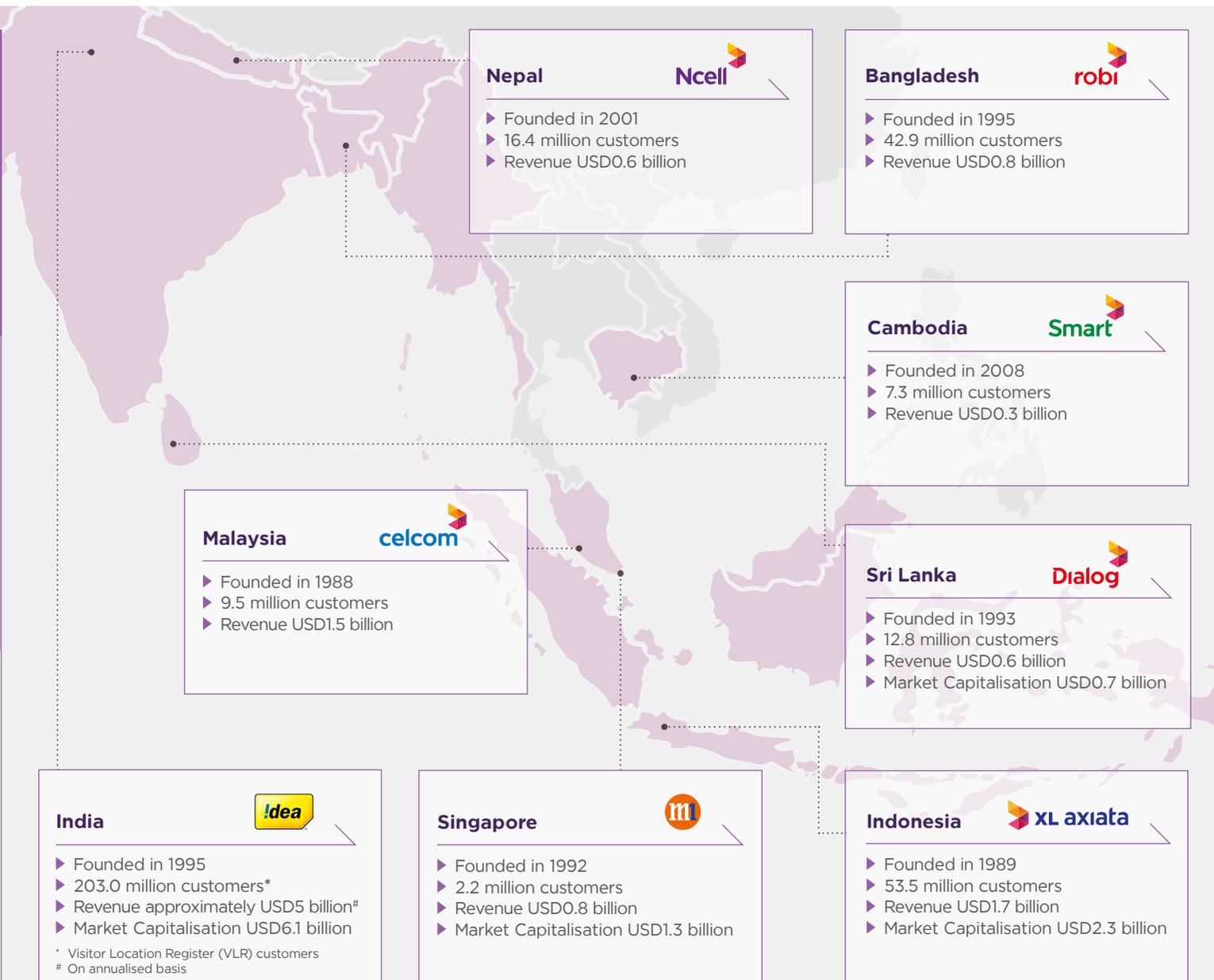
# 350 million

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.



## Our Business

Axiata Sustainability & National Contribution Report 2017

### 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.



~2.2 million users

>11,000 payment touchpoints

>200% gross value transaction increase

#### 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 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





## 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 12<sup>th</sup> 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**

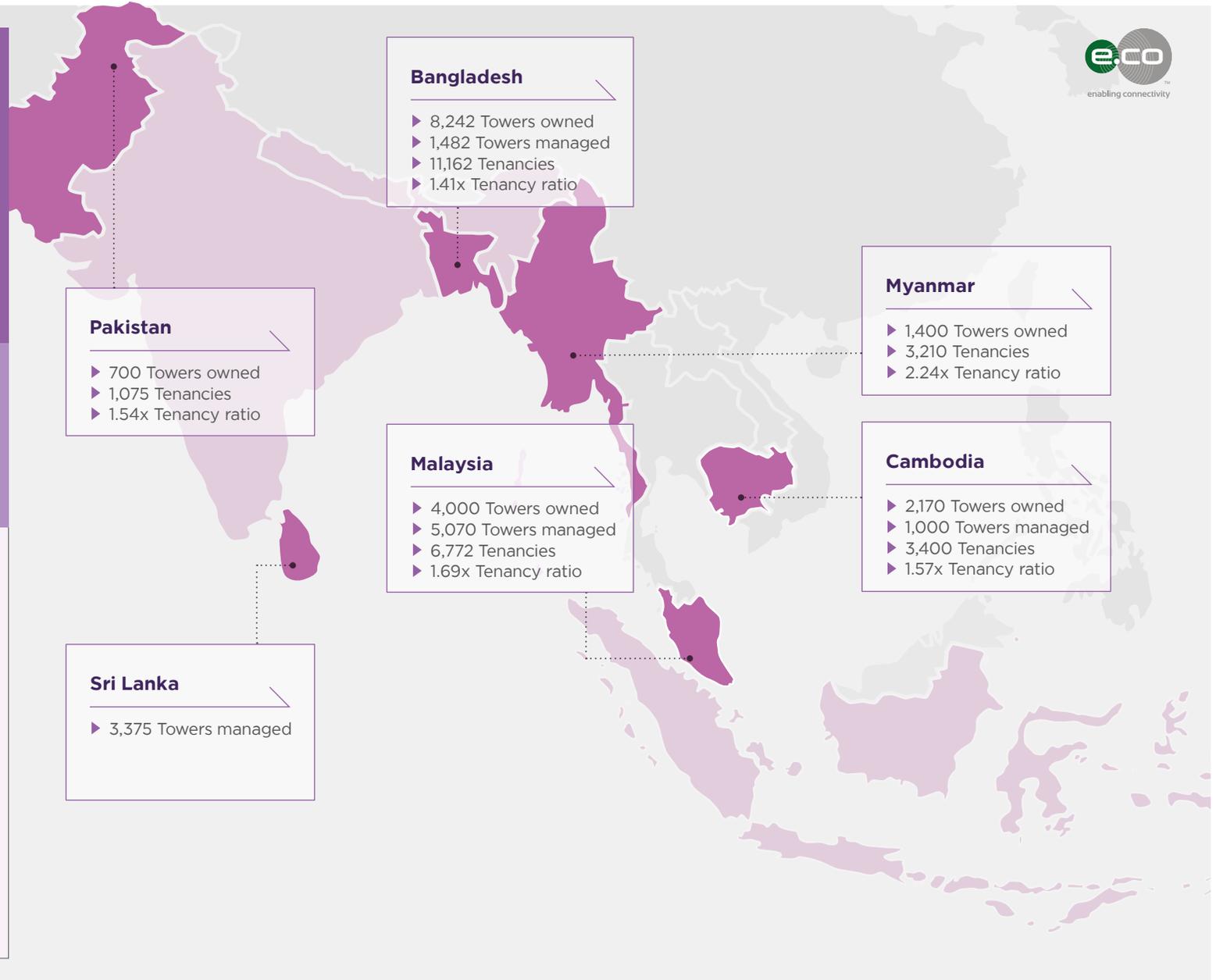
Towers owned, managed & operated

**696**

### Green Sites

Comprising of renewable energy and alternative material sites

All time high Group tenancy ratio at **1.57x**



## 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/>



1

#### 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

2

#### 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**.



## Shareholding Structure and Portfolio of Investments

### 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 (FBMKLCI). 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



### MOBILE SUBSIDIARIES



Year of Investment/  
Shareholding:  
**2008/100.0%**



Year of Investment/  
Shareholding:  
**2005/66.4%**



Year of Investment/  
Shareholding:  
**1995/83.3%**



Year of Investment/  
Shareholding:  
**1996/68.7%**



Year of Investment/  
Shareholding:  
**2013/82.5%**



Year of Investment/  
Shareholding:  
**2016/80.0%**

### NON-MOBILE SUBSIDIARIES & ASSOCIATES/AFFILIATES



Year of Investment/  
Shareholding:  
**2014/100.0%**



Year of Investment/  
Shareholding:  
**2016/100.0%**



Year of Investment/  
Shareholding:  
**2012/63.0%**



Year of Investment/  
Shareholding:  
**2008/16.3%**



Year of Investment/  
Shareholding:  
**2005/28.7%**

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.

### Profits



#### Beyond Short-Term Profits



##### Long-Term Investments



##### Digital Ecosystem



##### Digital Inclusion



##### GSMA Partnership

### People



#### Nurturing People



##### Nurturing Future Leaders



##### Culture of Integrity & Performance



##### Diversity & Inclusivity



##### Conducive Workplace

### Process



#### Process Excellence & Governance



##### Best Practices Across the Value Chain



##### Customer Centricity



##### Digitising Processes



##### Strong Governance

### Planet



#### Planet & Society



##### Environment Management



##### Disaster Management & Response



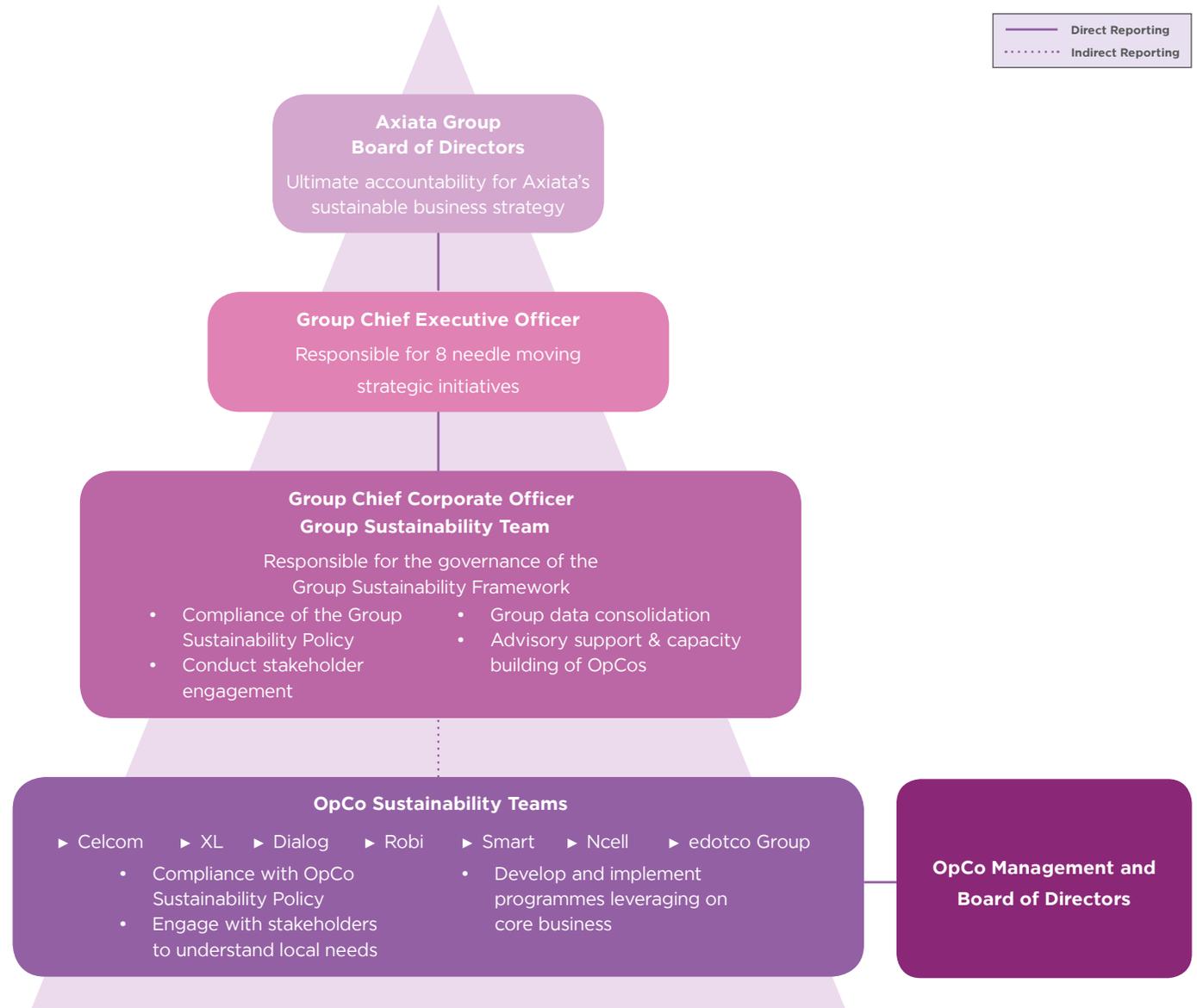
##### Corporate Responsibility



## Sustainability Governance Structure

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.



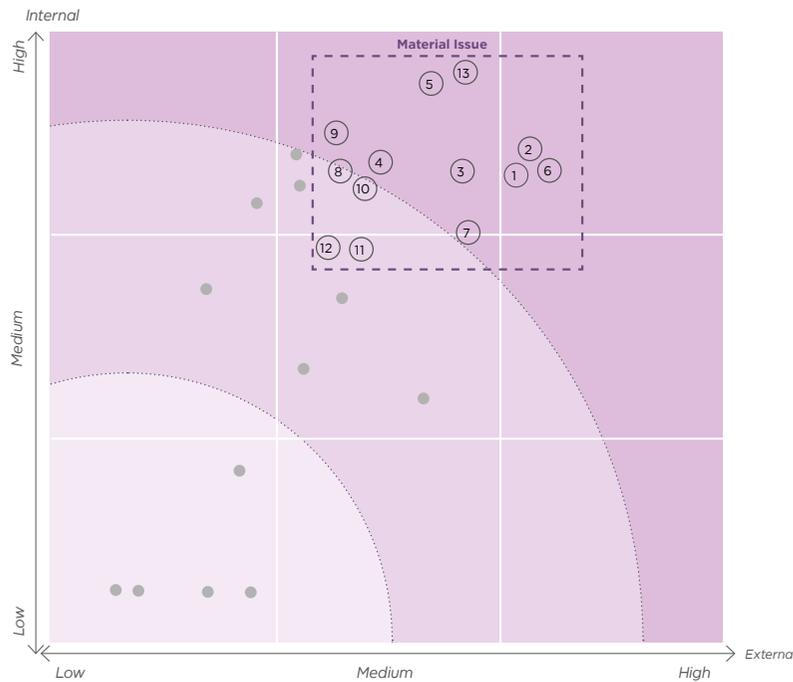
# Our Business



## 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

### External Sources

#### 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.

### Internal Sources

#### 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.



## 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.

### 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

### How We Engage

- Employee Engagement Survey
- Town Hall Meetings

### Subjects Raised

- Career and talent development
- Employee communication

### Axiata's Response & Results

- Group and OpCo Talent Development programmes
- Organisational transformation to Modern, Agile and Digital (M.A.D.) Organisation

### How We Engage

- Annual General Meeting
- Investor Roadshows
- Analyst Meetings

### Subjects Raised

- Business performance and strategy

### Axiata's Response & Results

- Total Shareholder Return
- Return on Investment
- Share Price

### How We Engage

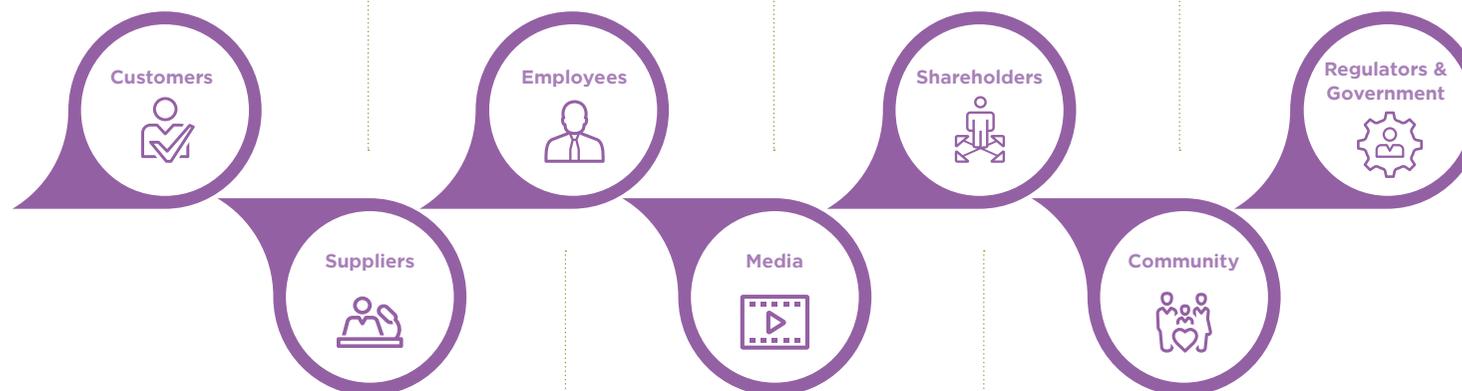
- Proactive engagements
- Payment of taxes
- National contributions

### Subjects Raised

- Information security
- Spectrum allocations
- Compliance with regulations

### Axiata's Response & Results

- Employment of citizens
- Capex and opex contributions
- Gross Value Added contributions



#### Customers



#### Employees



#### Shareholders



#### Regulators & Government



#### Suppliers



#### Media



#### Community



### How We Engage

- Biennial Axiata Supplier Awards
- Annual Supplier Forum
- Supplier Performance Management

### Subjects Raised

- Procurement practices and payments
- Vendor delivery and performance
- Compliance to the Supplier Code of Conduct

### Axiata's Response & Results

- Local vendor sourcing
- Bumiputera Empowerment Agenda
- Axiata Partner Development Programme
- Axiata's Supplier Code of Conduct

### How We Engage

- Media interviews
- Press conferences
- Media Releases

### Subjects Raised

- Corporate developments
- Financial performance

### Axiata's Response & Results

- Network updates
- M&A updates
- Triple Core Strategy and performance updates

### How We Engage

- News media, social media pages and company website
- Corporate Responsibility Programmes
- Needs assessment of local stakeholders

### Subjects Raised

- Digital inclusion to ensure no one is left behind
- Pre and post disaster assistance
- Building capacity of future leaders
- Addressing social needs

### Axiata's Response & Results

- Disaster Management and Response Initiatives
- Digital and Financial Inclusion Initiatives
- Axiata Young Talent Programme
- Axiata Digital Innovation Fund
- Major contributor to the economies of the markets we operate in



# GCEO's Statement

## GCEO's Statement



**TAN SRI JAMALUDIN IBRAHIM**  
Managing Director/President & Group Chief Executive Officer

### 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.

### COMMITMENT BEYOND SHORT-TERM PROFITS

#### Long-Term Investor in All our Markets

Axiata continues to be a flag-bearer for Malaysia on the international front. We pride ourselves on being the leading investor of long-term growth in our markets where our investments in digital internet and technology for over two decades have helped to create access, foster inclusion and drive innovation. This is testament to our focus on not only growing our operating footprint, but being a partner that plays a fundamental role in the sustainable development of a nation's digital ecosystem.

Across the Group, we have invested USD2.8 billion in capital expenditure in 2017, in our drive to increase connectivity, enhance reliability, and facilitate access across our network. As we expanded our network coverage and made connectivity more affordable to diverse social segments, our footprint grew in tandem, now reaching more than 1.3 billion people. We increased 4G population mobile coverage across the Group with more than 44% of our base station sites situated in rural communities, which will narrow the digital divide. We are able to digitally connect rural and urban communities and enable real and tangible impact in their daily lives for the longer term.

#### Driving New Digital Ecosystem

Since the launch of the Axiata Digital Innovation Fund (ADIF) in 2015, we have been actively part of the dynamic Malaysian startup scene. With a target fund size of RM100 million, ADIF is Malaysia's largest corporate venture capital fund, with the objective of creating Malaysia's next digital champions, especially from the Bumiputera segment. To date, ADIF has invested RM43 million into 14 Malaysian companies with 60% representing Bumiputera technopreneur startups. ADIF has also contributed to the creation of more than 4,000 jobs and generated revenue of RM67.2million since its launch.

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

## 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 evolving 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.



### COMMITMENT TO OUR PLANET & SOCIETY

#### 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 27.9 million GJ of energy, and emitted 6.1 million tonnes of CO<sub>2</sub>e. 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



## Investing Long-Term in All our Markets



Long-Term Investment

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.



Digital Ecosystem



Digital Inclusion



GSMA Partnership

Contributed  
**USD15.9 BILLION**  
to the GDP of countries

More than  
**15 YEARS**  
in most country of operations

Over  
**44% BASE STATIONS**  
in rural areas

Every **10% increase**  
in mobile penetration  
contributes to **1.2%** in GDP

Improved  
**4G COVERAGE**  
in all markets

Focus on  
**DIGITAL INCLUSION**  
to ensure we leave no one behind

# Commitment Beyond Short-Term Profit

## Investing Long-Term in All our Markets



### Supporting the Bumiputera Empowerment Agenda in Malaysia



Long-Term Investment

**~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



Digital Ecosystem



Digital Inclusion



GSMA Partnership



#### 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)

**1,971** SL1M participants since 2014

#### Celcom's Contributions

- Capex since 2008: RM57 billion (Capex and Opex)
- Contributed 0.5% to M'sia's GDP in 2017
- Over RM9.6billion 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

## 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.



Long-Term Investments



Digital Ecosystem

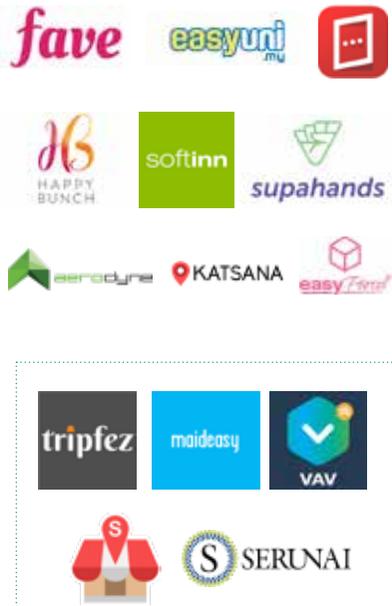


Digital Inclusion



GSMA Partnership

**ADIF Portfolio Companies**



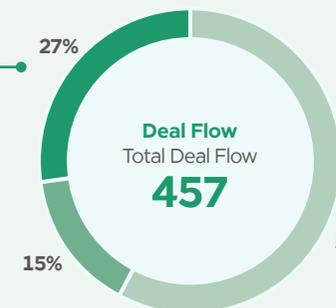
**Bumiputera**



**4,473**  
Direct Jobs Supported



Gross Revenue Generated (FY2017)  
**RM67.2 million**



# 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.



Long-Term Investments



Digital Ecosystem



Digital Inclusion



GSMA Partnership



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

**Boost**



**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

Over

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

Paid-out insurance claims to over

**27,542** customers in 2017

## 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.



Long-Term Investments



Digital Ecosystem



Digital Inclusion



GSMA Partnership



**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.



Long-Term Investments



Digital Ecosystem



Digital Inclusion



GSMA Partnership



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

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

Smart's digital literacy partnership in Cambodia creates 'Library Resource Centre' installed with iPads in



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' entrepreneurship training endorsed by the Ministry of Higher Education. Over

**400**

university students trained on building an entrepreneurship mindset and skills

## 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.



Long-Term Investments



Digital Ecosystem



Digital Inclusion



GSMA Partnership

Robi's Digital Bus Project is a three-year government partnership to reach women in

**64** 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

**400,000** monthly users

**50,000** queries a month

**66%** of users under the age of 24

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

**3**

Train-the-Trainers workshops conducted

**49**

Regional Women Developmental Officers from the Ministry and Dialog staff trained as trainers



**7**

Training sections conducted in four districts

**675**

women in villages empowered to use digital services related to education, health, entrepreneurship and internet safety

# Commitment Beyond Short-Term Profit

## Partnership with the GSMA



Long-Term Investments



Digital Ecosystem



Digital Inclusion



GSMA Partnership



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



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 **64** 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



Nurturing Future Leaders



Culture of Integrity & Performance



Diversity & Inclusivity



Conducive Workplace

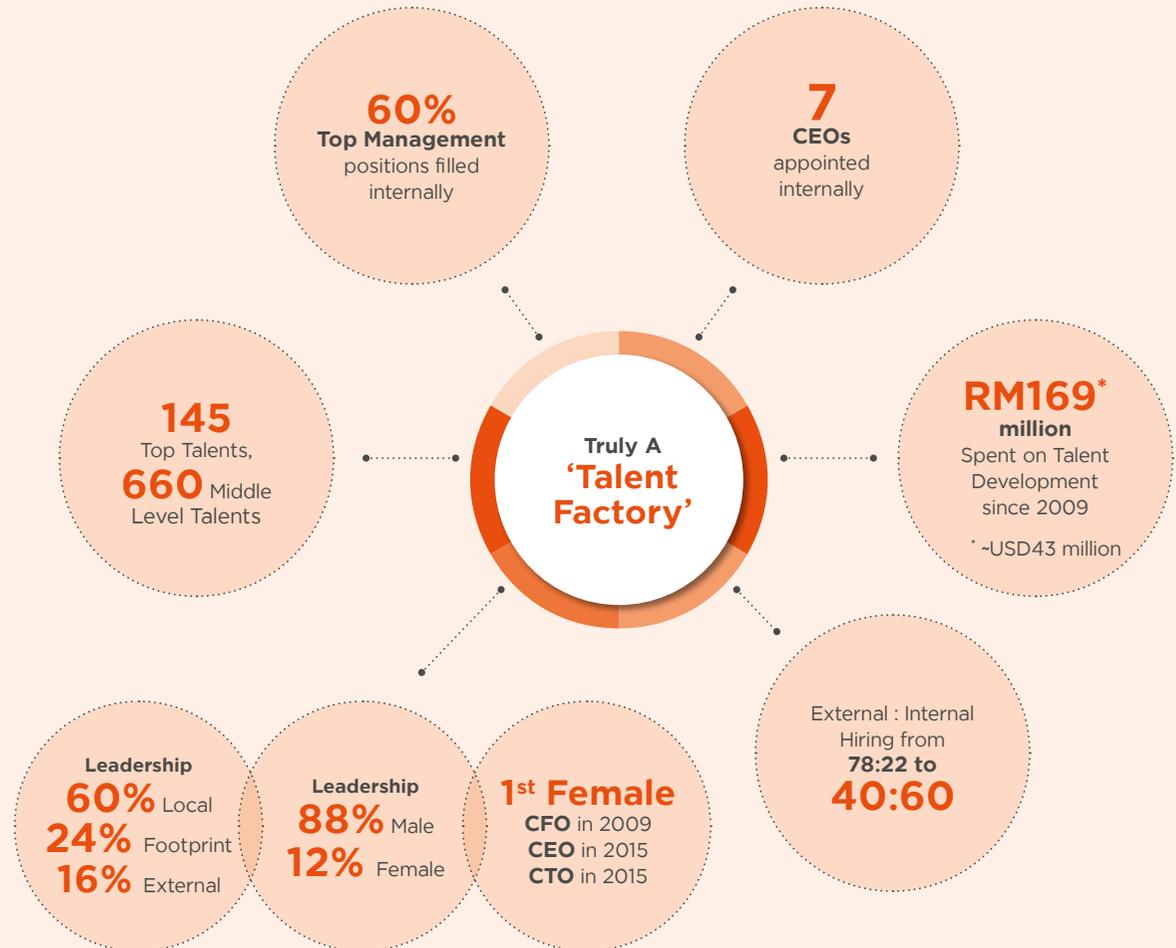
### Group Talent Management Framework

#### 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



- Structured leadership development
- Mentoring and coaching
- Leadership readiness assessments
- Cross-functional and cross-country assignments





## Transforming to a Modern, Agile, Digital Organisation

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.



### Nurturing Future Leaders

#### 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.

#### 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.



### Culture of Integrity & Performance

#### Getting Everyone On-board

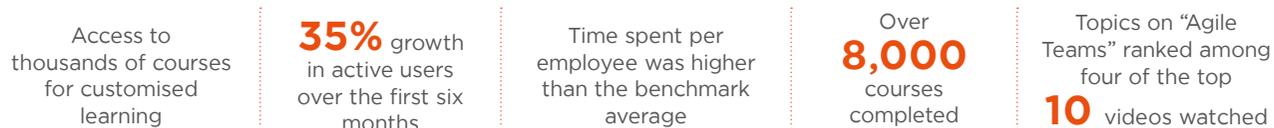
We organised our first 'Digital Jam' to immerse employees in a digital environment, and to offer employees a glimpse of Axiata's future as a digital champion. Orchestrated by a chatbot, employees worked on tasks and assignments to discover their digital skills several weeks prior to the actual day. On 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.



### Diversity & Inclusivity

#### Keep Getting Better

Empowering employees with access to Lynda.com.



### Conducive Workplace

# Nurturing People

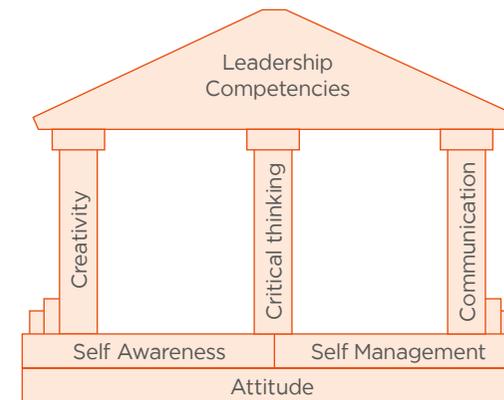


## Creating Future CEOs

### Nurturing Future Leaders

The Axiata Young Talent Programme (AYTP) was launched in 2011 with a seed fund of RM100 million over 10 years. The programme aims to nurture and foster the development of socially responsible and competent young adults, instilled with values, attitudes and leadership skills of future CEOs in the region.

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.



Nurturing Future Leaders



Culture of Integrity & Performance



Diversity & Inclusivity



Conducive Workplace



Nurture the Leader in You

The Secondary Leadership Development Programme (SLDP) is a five-year programme with students at Kolej Yayasan Saad Melaka. Since 2011, the programme has supported students to develop critical thinking, and nurture their leadership competencies over six annual activity-filled weekends.

In 2017, the first batch of 26 students graduated having completed five years of the SLDP programme. As part of their graduation, they were required to develop and perform community service projects. The winning team conducted workshops to increase employability skills and built a library for children from a refugee community.



Discover Your CEO DNA

The University Leadership Development Programme (ULDP) is a two-week summer programme designed for top Malaysian undergraduates studying in universities around the world. Participants undergo immersive business simulations, personal reflection, team-building, and workshops before competing in the CEO Challenge.

In 2017, 78 university students underwent the ULDP. The winning team of the CEO Challenge developed an app that gamifies and sharpens productivity habits and skills.



Develop Your CEO DNA

The Young Adult Leadership Development Programme (YLDP) is a two-year leadership development programme for Malaysian working adults aged 23-28 years old. Over two years, the eight boot camps allow YLDP participants to undergo workshops and engagement sessions with Axiata's management team; online learning, and running business simulations.

In 2017, the current group of 65 young adults worked with eight state agencies in Malacca to understand and design innovative sustainability projects to address a local issue. Over eight weeks, the YLDP teams worked with their respective agencies to deliver a project that left a positive impact on targeted communities.



Expand Your Network

The AYTP Alumni Association ensures the long-term diffusion of the ethos of the programme. Governed by an annually elected council, the association focuses on promoting personal and professional development, as well as strengthening the bond between members through numerous activities.

## 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.



Nurturing Future Leaders



Culture of Integrity & Performance



Diversity & Inclusivity



Conducive Workplace

#### 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%.

 **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

- The Group Board Audit Committee ensures the independence and robust processes



2

- Whistle-Blowing Policy
- Multiple reporting channels for anyone to report



3

- The Group Internal Auditor leads the investigation team



4

- 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 people in the market for the right opportunity
- People that fit our shared values and culture



2

- Set stretch targets for all
- Efficient work systems allow focus on delivering results



3

- Benchmark salaries of top talent
- Exceptional performers are incentivised significantly higher



4

- Identify and fast track talents to leadership roles
- Online learning platforms for everyone to learn at their pace

## 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.

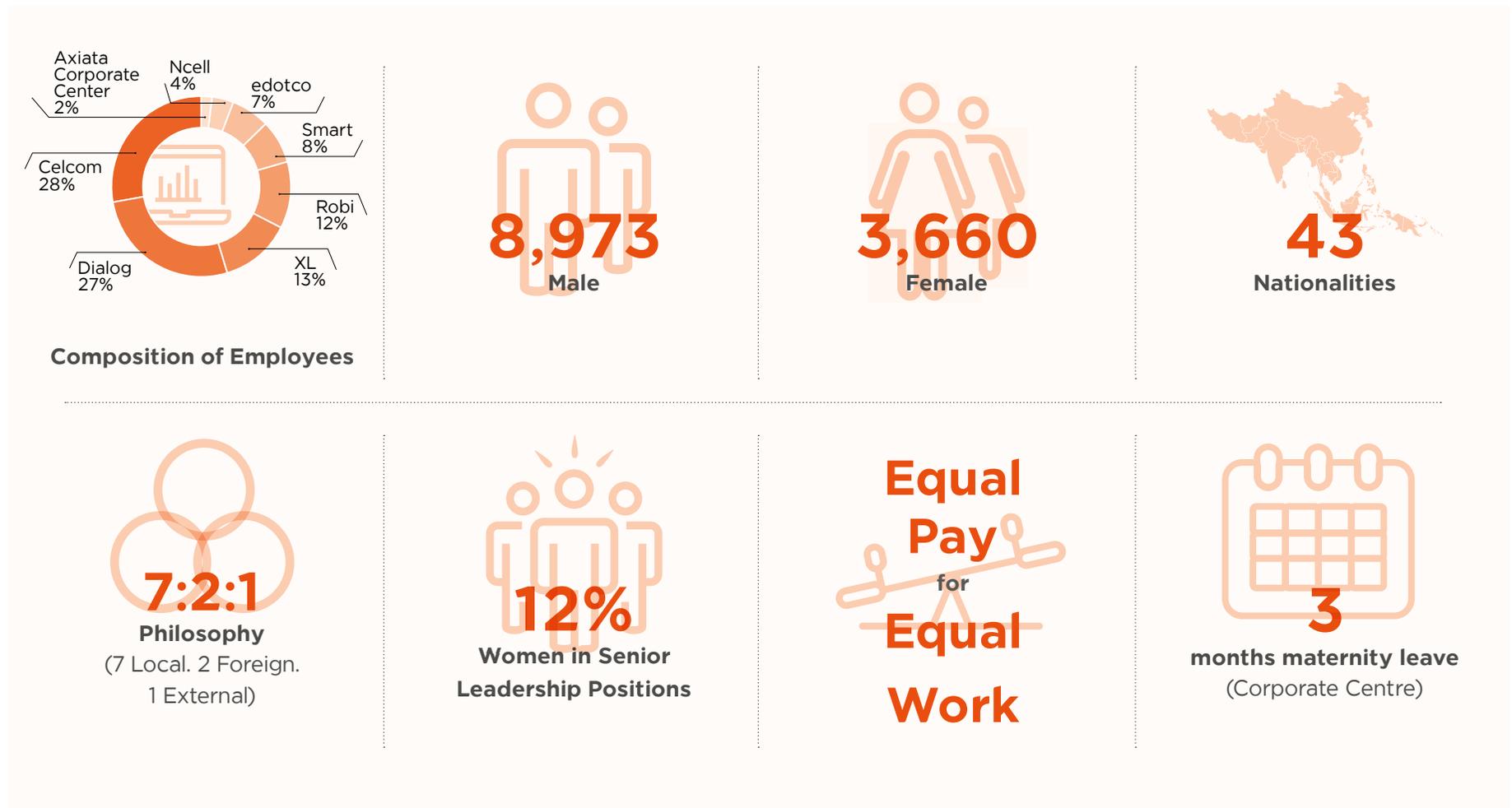
We believe in investing in the local talent of countries where we are present. Our 7:2:1 principle ensures a balance of local leadership with an infusion of external talents to drive innovation and creativity. We endeavour to create a work environment in which all individuals are treated fairly and respectfully. 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.

  
Nurturing  
Future Leaders

  
Culture of  
Integrity &  
Performance

  
Diversity &  
Inclusivity

  
Conducive  
Workplace



# Nurturing People



## 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.



Nurturing  
Future Leaders



Culture of  
Integrity &  
Performance



Diversity &  
Inclusivity



Conducive  
Workplace

### Freedom of association & collective bargaining

We respect the rights of employees to associate and to collectively bargain in accordance with national laws. 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

# 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.



### Best Practices Across the Value Chain



### Customer Centricity



### Digitising Processes



### Strong Governance

#### 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

#### 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

#### 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

### 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



- 4** National Champions
- 2** Regional Champions
- 1** Global Champion

## 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.



**Best Practices Across the Value Chain**



Customer Centricity



Digitising Processes



Strong Governance



# Process Excellence & Governance



## Delivering Excellent Customer Experience

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.



Best Practices  
Across the  
Value Chain



Customer  
Centricity



Digitising  
Processes



Strong  
Governance



### 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

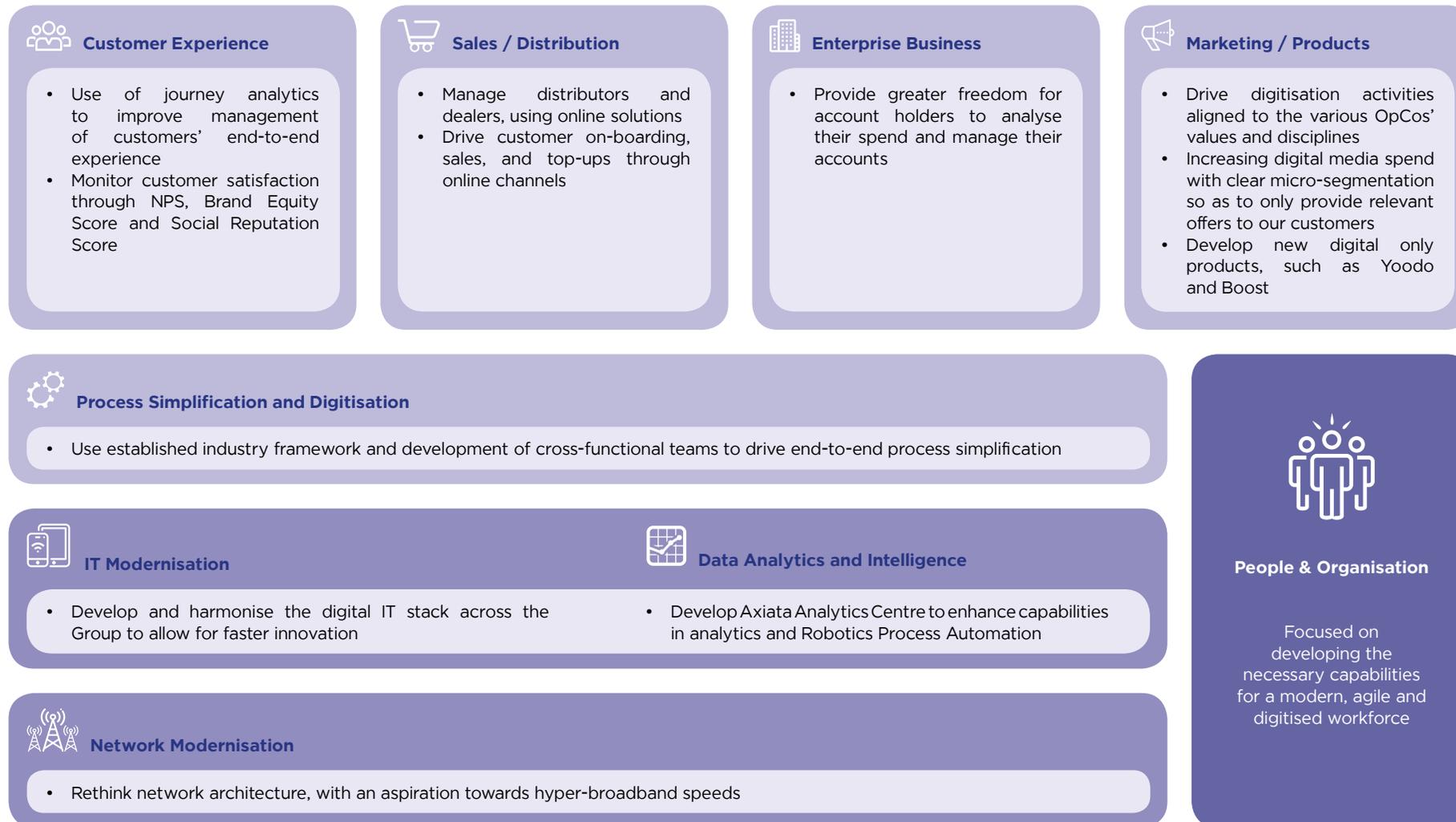
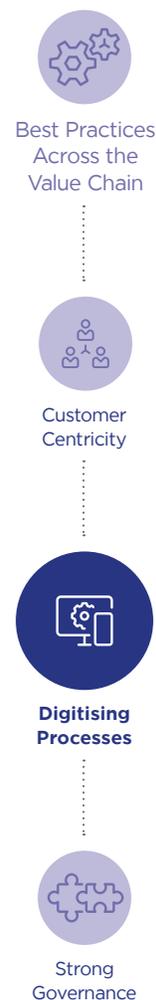


## Digitising and Modernising our Core Functions

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.

- Programme Element
- Platforms
- Processes
- People



# Process Excellence & Governance



## Establishing Transparency and Accountability



Best Practices Across the Value Chain



Customer Centricity



Digitising Processes



Strong Governance

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.

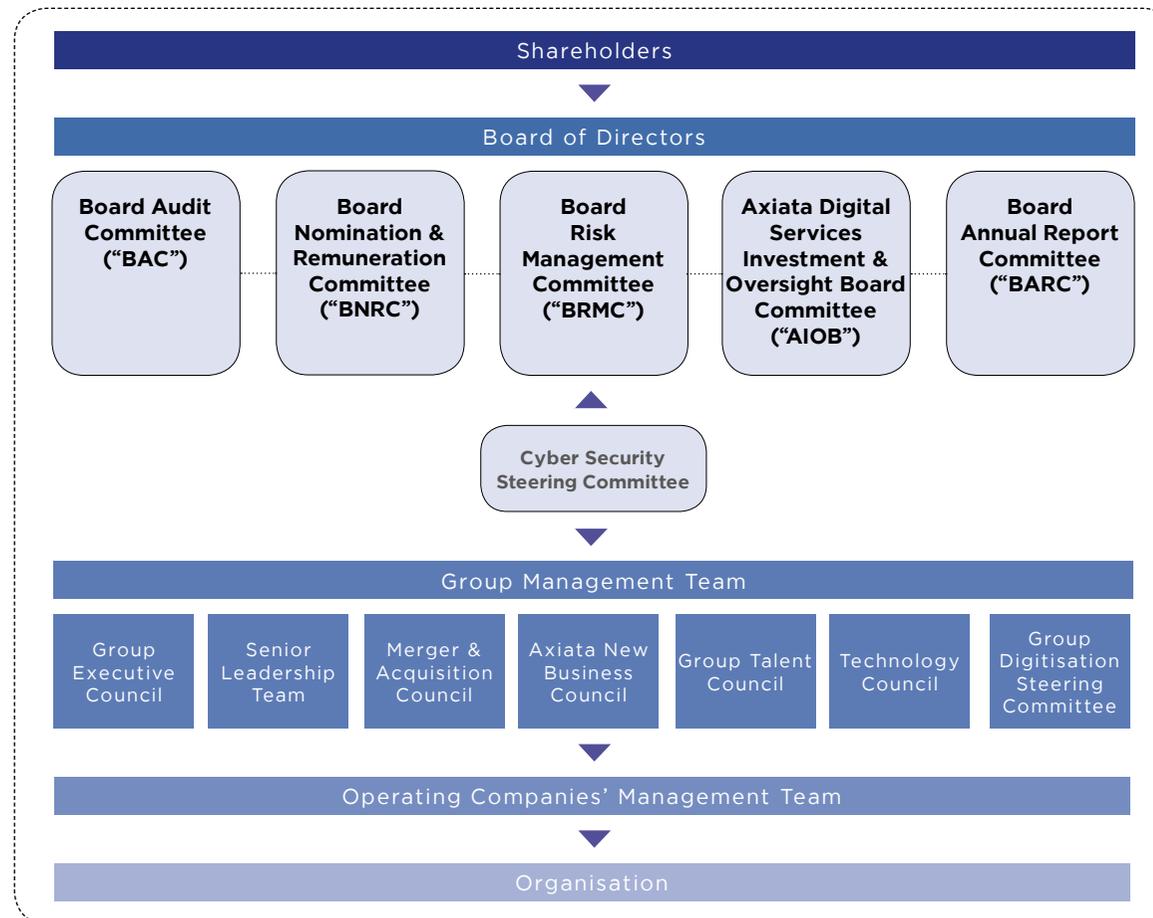
Our commitment to governance has seen us go beyond compliance in many of our operating companies to safeguard the interests of all our stakeholders including minority shareholders and business partners. Our policy on governance requires that the Group and OpCos meet all local requirements, including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

### COMPLIANCE

- ① Main Market Listing Requirement of Bursa Securities & Company's Act 2016
- ② MCCG 2017
- ③ Axiata's Corporate Governance Framework



### ASSURANCE

- ① Audit of financial data and review of social and environmental data (internal & external)
- ② Facilitation and organisational audit (internal)
- ③ Quality audit and inspections (internal & external)



# Planet & Society

# 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.



Environment Management



Disaster Management & Response



Corporate Responsibility

### 1 Traditional Design

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

### 2 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

### 3 Bamboo Truss Tower Prototype

six metre tall

Capacity to house up to	Withstand wind gusts up to	Lifespan of approximately
<b>8</b> antennas	<b>210</b> km/h	<b>10</b> 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.



## Reducing our Carbon Emissions

### Digitalising Operations



Environment Management



#### ECHO Centre at edotco Group

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



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



Disaster Management & Response



Corporate Responsibility

### Reducing Reliance on Fossil Fuel

Installed an additional

**200**  
solar

**10**  
light weight wind turbine



Over **696** renewable energy and alternative material sites

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 CO<sub>2</sub>e. 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

**Scope 1 - GHG from fuel**  
53,852 tonnes CO<sub>2</sub>e

**Indirect energy consumption**  
27,169,204 GJ

**Scope 2 - GHG from grid**  
6,079,552 tonnes CO<sub>2</sub>e

# 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.



Environment Management



Disaster Management & Response



Corporate Responsibility

### 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



Dialog matched donations by customers to the Seneha Siyapatha Fund. The

**LKR 57.5 million** collected was channeled towards construction of **37** homes



## 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.



Environment Management



Disaster Management & Response



Corporate Responsibility

### 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  
**30** water purification pumps installed for families



Commitment to connect **1,000** families by 2018



### 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 **USD15,000** 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 **NPR100,000**.

### 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.

#### Impact of Project Reported by GSMA

- 44%** increase in smartphone ownership
- 32%** increase in mobile internet usage
- 32%** increase in refrigerator ownership by small restaurants, leading to direct and indirect economic benefits

### 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.



# National Contribution Report



## Introduction



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.

**USD 15.9 billion**  
Contribution in 2017  
**GDP**

Spent  
**USD 7.6 billion**  
on operating expenditure

Capital Investment in 2017  
**USD 2.8 billion**

Supported more than  
**1.0 million**  
jobs across the region for 2017

Served approximately  
**350 million**  
customers

Employed approximately  
**27,000** employees across ASEAN and South Asia

Multiplier effect for every  
**USD1** spent on **Capex** generated

Malaysia **USD5.7**

Indonesia **USD8.0**

Sri Lanka **USD5.3**

Bangladesh **USD5.6**

Cambodia **USD4.6**

Nepal **USD7.2**

**GDP contribution**

# National Contribution Report

## Malaysia

 Axiata Sustainability & National Contribution Report 2017
 


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

#### Contribution to Gross Domestic Product

**USD 1,705 million**  
(0.5% of the nation's GDP)

Operational Direct GVA

**USD 750 million**

Operational Indirect and Induced GVA

**USD 714 million**

Capital Investment

**USD 241 million**

#### Direct Employees

**Total 3,481 Staff**

Total Employees

**44% Female**

**99.5%**  
Malaysian Citizens

#### Total Jobs Supported

**Total 49,588 jobs**

Directly Employed

**3,481**

Supported Indirectly - Operations

**33,231**

Supported Indirectly - Capital Investment

**12,875**

### Capital and Operational Expenditure

**USD 1,273 million**  
in 2017

Contributed

**USD 124 million in taxes in 2017**

(0.2% of the total tax revenue of the Malaysian Government)



Capital Expenditure

**USD 299 million**



Operational Expenditure

**USD 974 million**

Multiplier effect for every

**USD 1**

spent on **Capex** generated

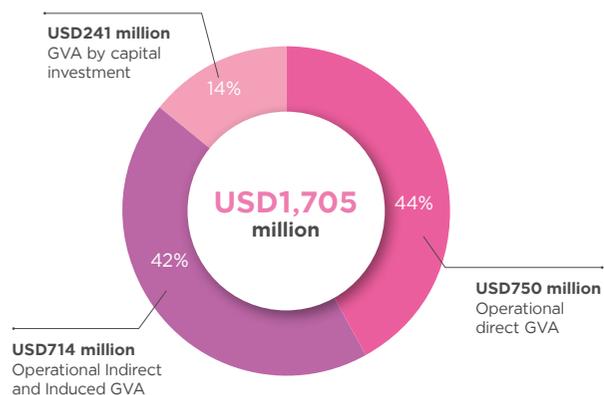
**USD 5.7**

**GDP**



## Malaysia

**Figure 1: GDP contribution to the Malaysian economy 2017**



### 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 7.1% 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.

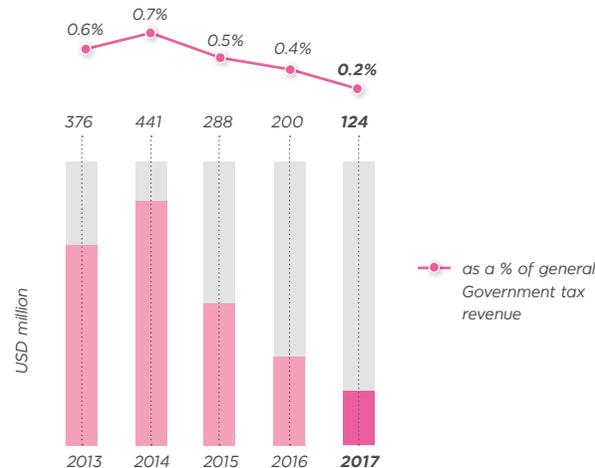
**Figure 2: Total capital investment: 2013-2017**



### 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.

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

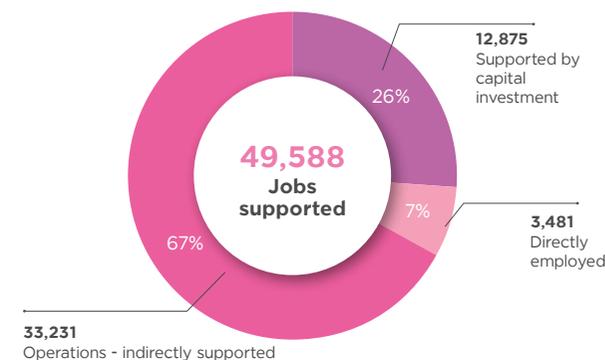


Note: Total tax revenue for the Federal Government. (Source: 2013-2017 budget, Ministry of Finance)

### 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 4: Total employment impact 2017**



# National Contribution Report

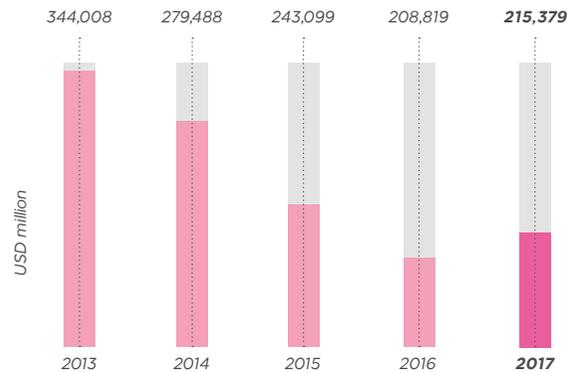
## Malaysia



### 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



### 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 advice 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.

Axiata Partner Development Programme aims to develop Bumiputera entrepreneurs beyond Malaysia's shore. The programme targets to nurture four National, two Regional, and one Global Champion by 2020. In 2017, the programme developed its first regional champion, KAT Group of Companies, a pioneer in Malaysia's mobile prepaid distribution business. KAT Group 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.

### 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.

### 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.



## Indonesia



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)

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**

#### Direct Employees

**Total 1,652 Staff**

Total Employees

**31% Female**

**98%**  
Indonesian Citizens

#### Total Jobs Supported

**Total 215,227 jobs**

Directly Employed

**1,652**

Supported Indirectly - Operations

**79,478**

Outsourced

**794**

Supported Indirectly - Capital Investment

**133,302**

### Capital and Operational Expenditure

**USD 1,625 million**  
in 2017

Contributed **USD197 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

**USD1**

spent on **Capex** generated



**USD8.0**

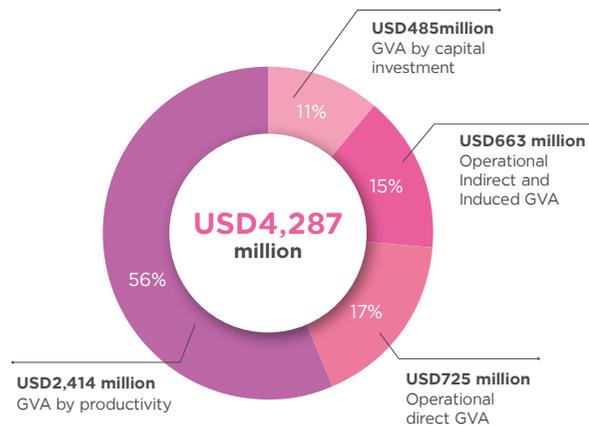
**GDP**

# National Contribution Report

## Indonesia



Figure 1: GDP contribution to the Indonesian economy 2017



### 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.

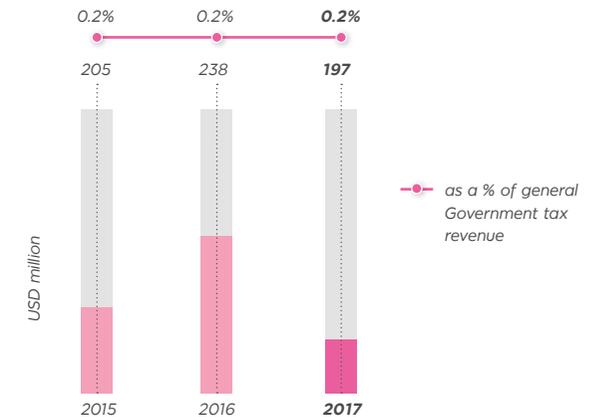
Figure 2: Total capital investment: 2013-2017



### 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.

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



### 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).

## Indonesia

Figure 4: Total employment impact 2017



### XL's Labour Productivity

XL's productivity, measured as Gross Value Added (GVA) per employee, reached USD296,380 in 2017. It grew by 19.8% from USD247,315 in 2016 (see figure 5). This is mainly due to an increase in operational profit and a reduction in number of employees.

Figure 5: XL's labour productivity, 2013-2017



### 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. Xsmart 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.

# National Contribution Report

 Axiata Sustainability & National Contribution Report 2017
 

## Sri Lanka



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.

### National Contribution

#### Contribution to Gross Domestic Product

**USD 1,060 million**  
(1.4% of the nation's GDP)

Operational Direct GVA

**USD 277 million**

Operational Indirect and Induced GVA

**USD 284 million**

Capital Investment

**USD 189 million**

Productivity GVA

**USD 310 million**

#### Direct Employees

**Total 3,370 Staff**

Total Employees

**22% Female**

**99.6%**

Sri Lankan Citizens

#### Total Jobs Supported

**Total 84,417 jobs**

Directly Employed

**3,370**

Supported Indirectly - Operations

**28,673**

Outsourced

**642**

Supported Indirectly - Capital Investment

**51,733**

### Capital and Operational Expenditure

**USD 588 million**  
in 2017

Contributed

**USD 234 million in taxes in 2017**

(2.0% of the total tax revenue of the Sri Lankan Government)



Capital Expenditure

**USD 201 million**



Operational Expenditure

**USD 387 million**

Multiplier effect for every

**USD 1**

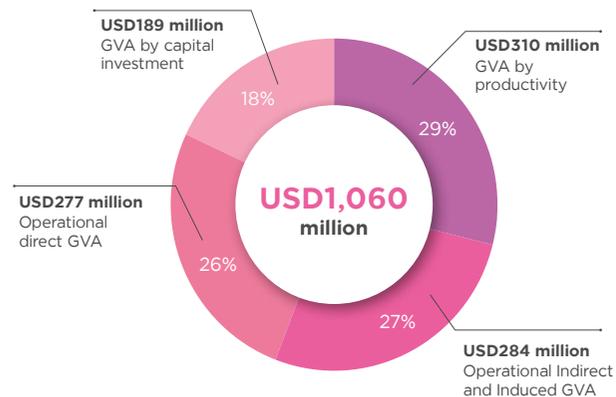
spent on **Capex** generated

**USD 5.3**

GDP

## Sri Lanka

**Figure 1: GDP contribution to the Sri Lankan economy 2017**



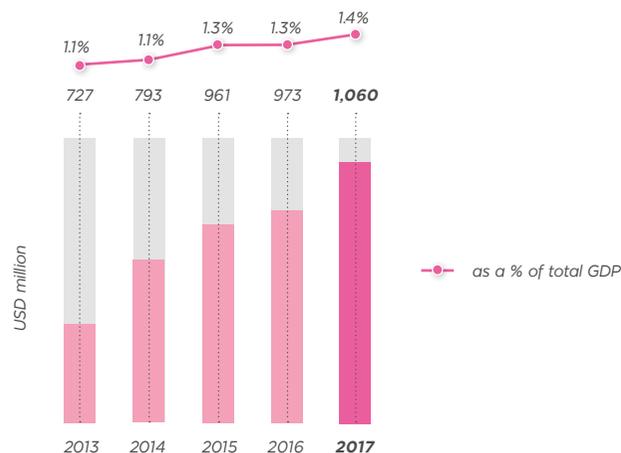
### Economic and Financial Contributions

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).

In 2017, Dialog Axiata launched the Dialog Axiata Digital Innovation Fund (DADIF), a venture capital fund created to invest in Sri Lankan digital service companies and startups. DADIF has a fund size of USD15 million and is the largest corporate digital fund in Sri Lanka.

**Figure 2: GDP contribution to the Sri Lankan economy, 2013-2017**



### 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.

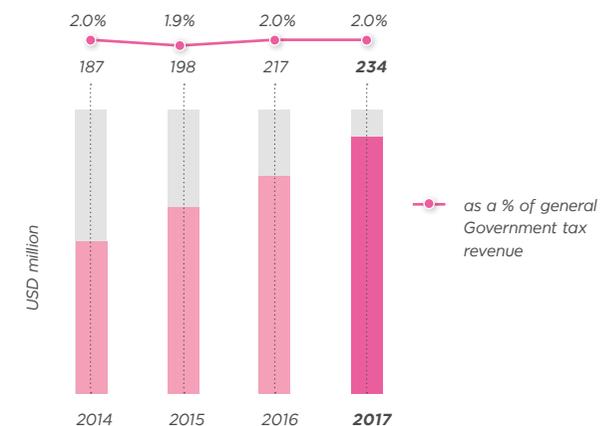
**Figure 3: Total capital investment: 2013-2017**



### 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.

**Figure 4: Total tax contribution to public finance, 2014-2017**



Note: 2014-2016 General Government tax revenue data is from Budget estimates 2015-2017, Ministry of Finance, Sri Lanka

# National Contribution Report

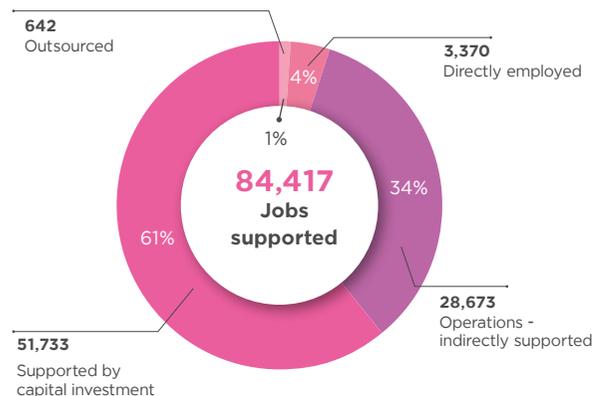
## Sri Lanka



### 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.

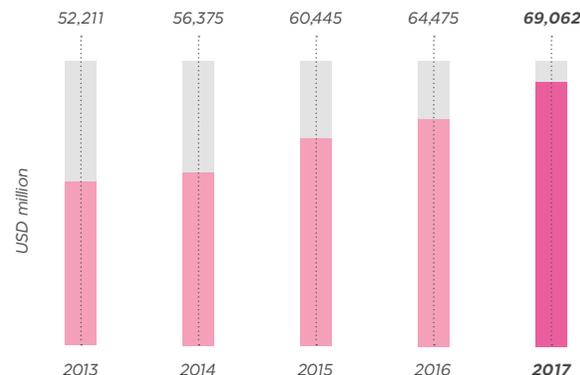
Figure 5: Total employment impact 2017



### 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.

Figure 6: Dialog's labour productivity, 2013-2017



### 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).

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.

### 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.

with Australia's Department of Foreign Affairs and Trade (DFAT) to roll out a digital payment platform across 200 ATM locations in Sri Lanka's Northern Province. Customers are able to withdraw money via eZ Cash, an e-wallet licensed by the Central Bank of Sri Lanka, across a wide network of corner stores and ATMs by using their mobile phones. They can also transact on-the-go and pay for goods, services and mobile reloads.



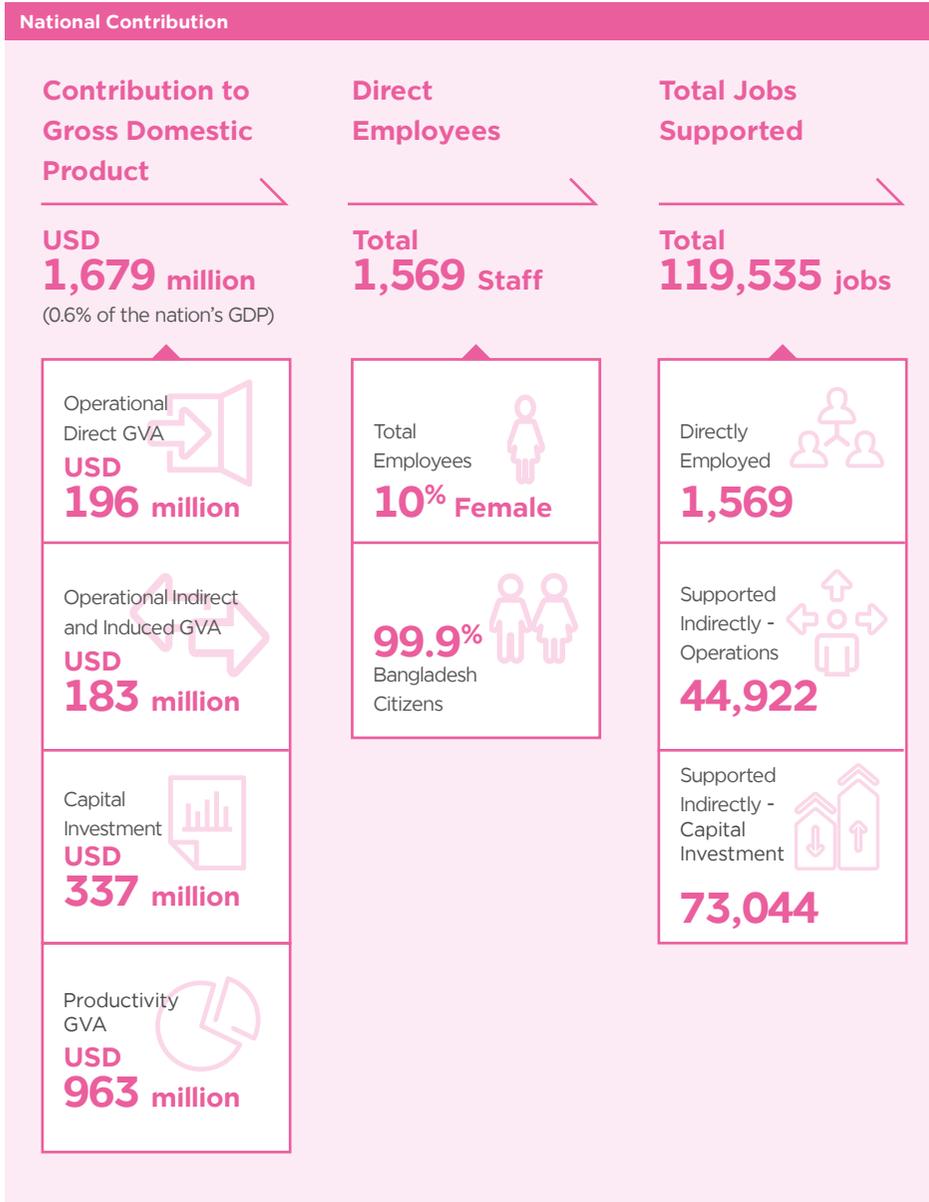
## Bangladesh



Robi is the second largest mobile network operator in Bangladesh and was the first operator to introduce GPRS and 3.5G services, and to launch 4G service in all 64 districts.

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.

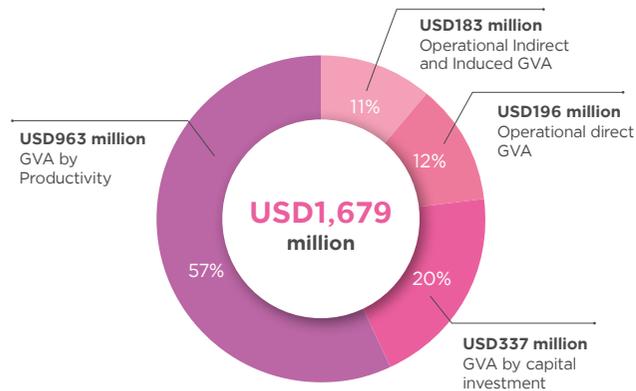


# National Contribution Report

## Bangladesh



**Figure 1: GDP contribution to the Bangladeshi economy 2017**



### 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.

**Figure 2: Total capital investment: 2013-2017**



Robi's total GDP contribution grew by 53.1% from USD1,097 million in 2013 to USD1,679 million in 2017, representing a slight decline in the share of the country's GDP from 0.7% to 0.6% over 2013-2017. Total GVA dropped in 2016 to USD592 million. This drop was mainly due to the fluctuations of the mobile penetration rate in Bangladesh, which fell by 5.5% in 2016.

### 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.

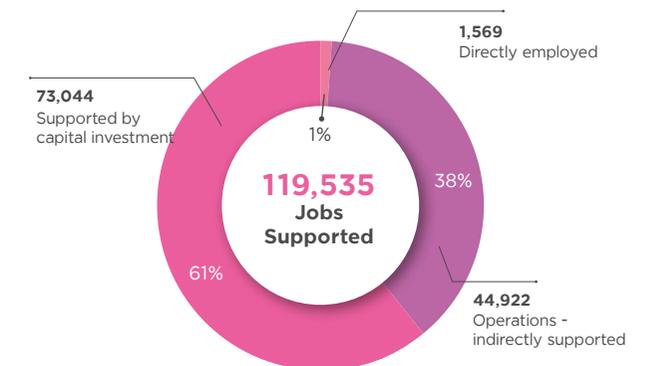
### Contributions to Public Finance

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.

### 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.

**Figure 3: Total employment impact 2017**





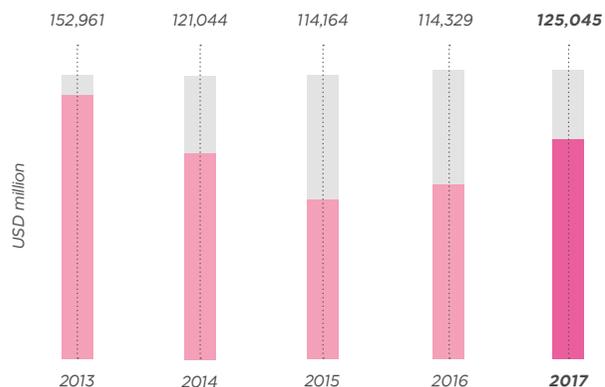
## Bangladesh

### Robi's Labour Productivity

Robi's productivity, measured as Gross Value Added (GVA) per employee, decreased by 18.3% from USD152,961 in 2013 to USD125,045 in 2017.

However, Robi's productivity increased by 9.4% in 2017 due to the contracted employment. (Figure 4)

**Figure 4: Robi's labour productivity, 2013-2017**



### In Support of the National Agenda

Bangladesh's 7th Five Year Plan (7FYP) highlights the significant contribution education and technology sectors have on the part of national development strategies. ICT investment improves education in the way of enhancing the capacity and quality of education with advanced infrastructure and technology. For e-commerce, ICT provides the technology foundation and changes consumers' purchasing habits.

These strategies are aligned with the United Nations Sustainable Development Goals.

### 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 student for the modern world of ICT.

As the second largest mobile network operator of the country, Robi has made significant contribution 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 the fastest-growing sectors in Bangladesh. In 2017, the market is estimated to be around USD110-115 million, with a growth rate of approximate 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 Report

## Cambodia



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 21.1 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)

Operational Direct GVA

**USD 148 million**

Operational Indirect and Induced GVA

**USD 74 million**

Capital Investment

**USD 59 million**

Productivity GVA

**USD 59 million**

#### Direct Employees

**Total 842 Staff**

Total Employees

**36% Female**

**98%**

Cambodian Citizens

#### Total Jobs Supported

**Total 52,316 jobs**

Directly Employed

**842**

Supported Indirectly - Operations

**28,559**

Supported Indirectly - Capital Investment

**22,915**

### Capital and Operational Expenditure

**USD 214 million**

in 2017

Contributed

**USD 76 million in taxes in 2017**

(3.9% of the total tax revenue of the Cambodian Government)

Capital Expenditure

**USD 74 million**

Operational Expenditure

**USD 139 million**

Multiplier effect for every

**USD 1**

spent on **Capex** generated

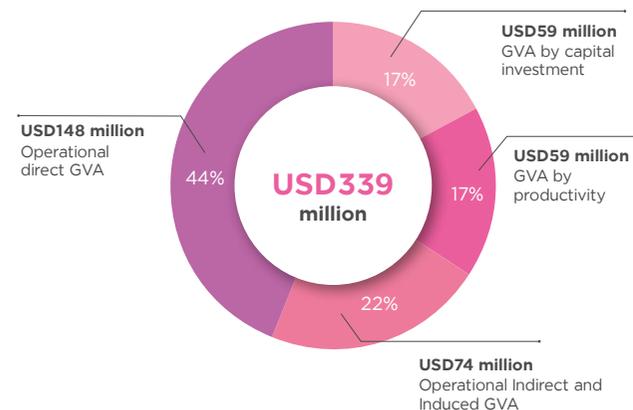
**USD 4.6**

**GDP**



## Cambodia

Figure 1: GDP contribution to the Cambodian economy 2017

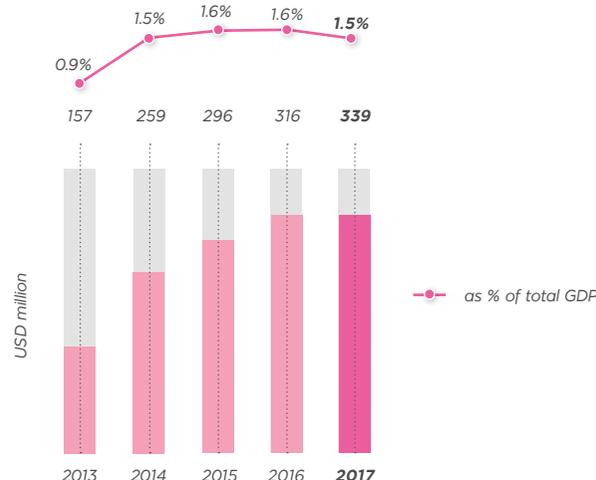


### Economic and Financial Contributions

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.

Figure 2: GDP contribution to the Cambodian economy, 2013-2017



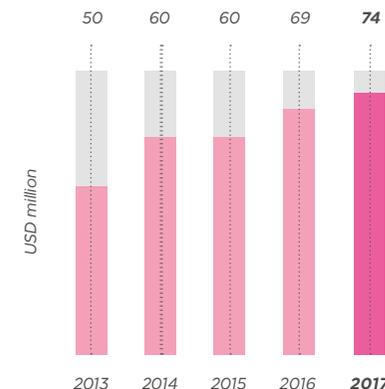
### Investing and Innovating for the Long-Term

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 71% 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.

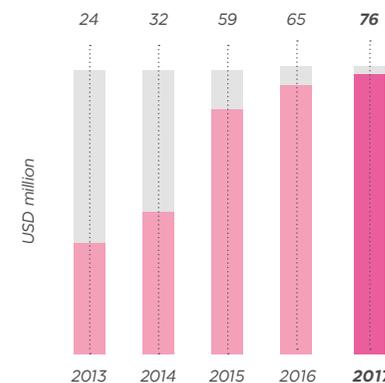
Figure 3: Total capital investment: 2013-2017



### Contributions to Public Finance

Total contributions by Smart over the last five years reached USD255 million. This expanded to USD76 million in 2017 alone, up from USD24 million in 2013, representing a CAGR of 33.8% (see Figure 4). Smart's contribution of USD76 million includes regulatory related fees, levies and payments. Smart's tax contribution alone accounted for 3.9% of national tax income, excluding other regulatory related fees and payments.

Figure 4: Total contribution to public finance, 2013-2017



# National Contribution Report

## Cambodia

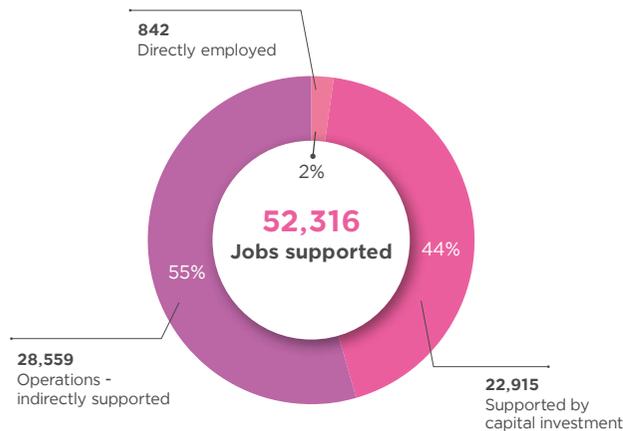


### Talent Development

#### 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.

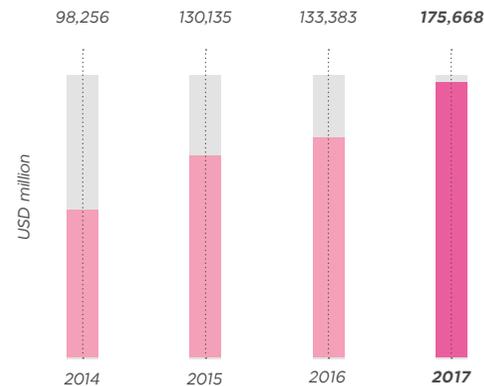
Figure 5: Total employment impact 2016



### Smart's Labour Productivity

Smart's productivity, measured as Gross Value Added (GVA) per employee, increased from USD98,256 in 2014 to USD175,668 in 2017 with a CAGR of 21.4% over 2014-2017 (see figure 6). Significant growth in operational profits and decline in employment support the increased productivity.

Figure 6: Smart's labour productivity, 2014-2017



### 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.



## Nepal



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

#### Contribution to Gross Domestic Product

**USD 692 million**  
(2.8% of the nation's GDP)

Operational Direct GVA

**USD 373 million**

Operational Indirect and Induced GVA

**USD 132 million**

Capital Investment

**USD 76 million**

Productivity GVA

**USD 110 million**

#### Direct Employees

**Total 539 Staff**

Total Employees

**25% Female**

**99%**  
Nepal Citizens

#### Total Jobs Supported

**Total 121,238 jobs**

Directly Employed

**539**

Supported Indirectly - Operations

**76,151**

Outsourced

**922**

Supported Indirectly - Capital Investment

**43,626**

### Capital and Operational Expenditure

**USD 304 million**  
in 2017

Contributed

**USD 277 million**  
in taxes in 2017

(4.5% of the total tax revenue of the Nepali Government)



Capital Expenditure

**USD 96 million**



Operational Expenditure

**USD 208 million**

Multiplier effect for every

**USD 1**

spent on **Capex** generated

**USD 7.2**

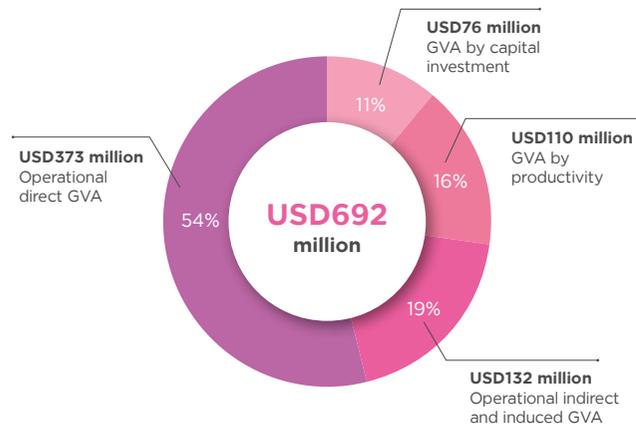
**GDP**

# National Contribution Report

## Nepal



**Figure 1: GDP contribution to Nepalese economy 2017**



### 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

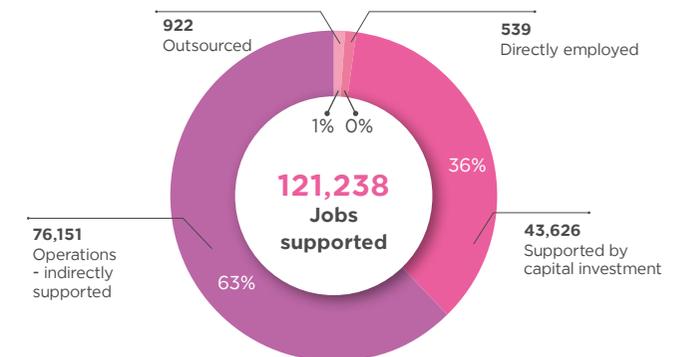
Ncell contributed USD277 million in taxes to the Nepal Government, accounting for 4.5% of the country's total tax revenue. Ncell was recognised by the Government of Nepal as the largest income taxpayer of the country in FY2012-2013 and 2013-2014.

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.

**Figure 2: Total employment impact 2017**



Note: As a % of total GDP contribution; Numbers may not balance due to rounding

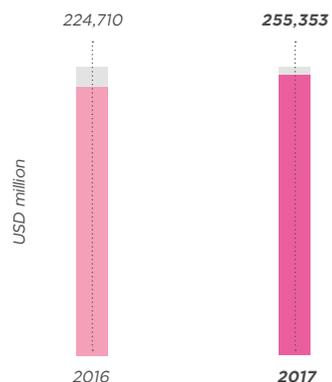


## Nepal

### 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



### 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.

# National Contribution Report

## 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.



# Appendices

# Appendices

## About this Report



This Sustainability Report should be read together with Axiata Group Berhad's Intergrated 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.

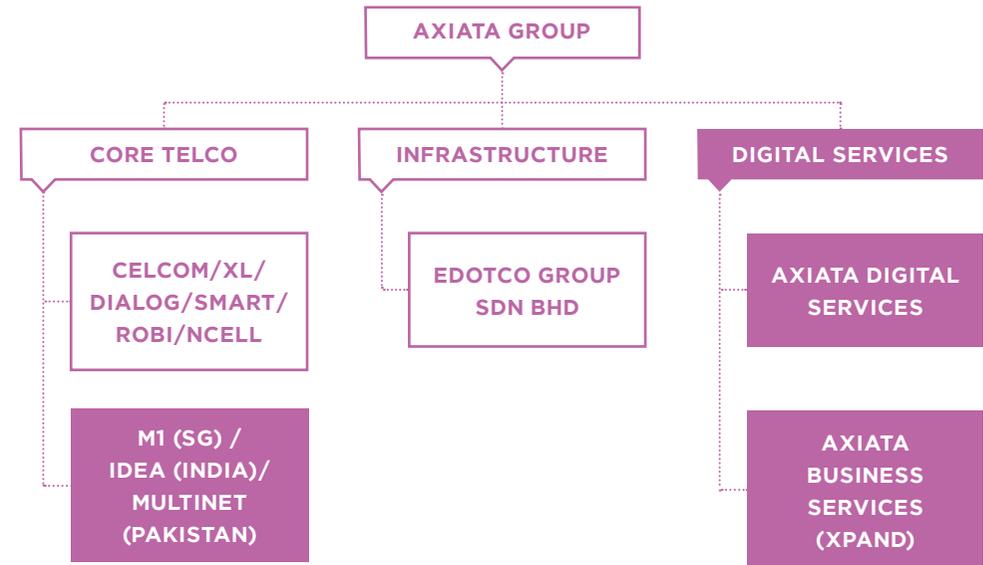
### Report Boundary

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.



 excluded in this sustainability 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 our diverse groups of stakeholders. Our stakeholder base cuts across our Group presence in ASEAN and South Asia. Each of our stakeholder groups significantly impact our regional business which sees us within multiple roles including being 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 informs our material issues, our strategy development, and our risk management.

Stakeholders	Why They Are Important	How We Engage With Them	Subjects Raised	Axiata's Response
<b>Customers</b>	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.	<ul style="list-style-type: none"> <li>Customer satisfaction levels are benchmarked through the Net Promoter Score system conducted annually.</li> </ul>	<ul style="list-style-type: none"> <li>Customer experience</li> <li>Product affordability</li> <li>Network availability</li> </ul>	<p>Driving efficiencies and innovations through investments in new technologies</p> <p>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 rebuilds customer loyalty</p>
<b>Employees</b>	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.	<ul style="list-style-type: none"> <li>Employee Engagement Survey conducted each quarter</li> <li>Town hall Meetings conducted annually</li> </ul>	<ul style="list-style-type: none"> <li>Career development</li> <li>Employee communication</li> </ul>	<ul style="list-style-type: none"> <li>Developing our people through robust talent development programmes</li> <li>Offering attractive performance-based rewards</li> <li>Providing a safe and healthy work environment</li> <li>Ensuring continuous employee engagement through a variety of channels</li> </ul>
<b>Shareholders</b>	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.	<ul style="list-style-type: none"> <li>Annual General Meeting</li> <li>Investor Roadshows</li> <li>Analyst Meetings</li> </ul>	<ul style="list-style-type: none"> <li>Business performance and strategy</li> <li>Social responsibility initiatives</li> </ul>	<ul style="list-style-type: none"> <li>The Axiata Treasury Management Centre has been tasked to oversee and control the Group's treasury and funding matters.</li> <li>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.</li> </ul>
<b>Regulators &amp; Government</b>	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.	<ul style="list-style-type: none"> <li>Axiata works proactively with local regulators and authorities from every jurisdiction as local requirements vary from one country to the next.</li> <li>Compliance with the Malaysian Communications and Multimedia Commission (MCMC)</li> <li>Compliance with Bursa Malaysia</li> </ul>	<ul style="list-style-type: none"> <li>Information security</li> <li>Personal Data Protection Act 2010</li> <li>Tax issues</li> </ul>	<ul style="list-style-type: none"> <li>Advocating strict compliance and transparency in putting our case before the relevant authorities</li> <li>Participating in government consultations and sharing knowledge and best practices in the development of healthy regimes for the telecoms sector</li> <li>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</li> <li>Obtaining regulatory advice in an efficient and cost effective manner as and when required</li> </ul>

## Appendices



# Stakeholder Engagement

Stakeholders	Why They Are Important	How We Engage With Them	Subjects Raised	Axiata's Response
<b>Suppliers</b>	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.	<ul style="list-style-type: none"> <li>Supplier Code of Conduct</li> <li>Vendor Satisfaction Survey</li> </ul>	<ul style="list-style-type: none"> <li>Payment practices</li> <li>Delivery and definition of vendor performance</li> </ul>	<ul style="list-style-type: none"> <li>Centralised Axiata Procurement Centre that handles all network related procurement to improve efficiencies</li> <li>Conducting Supplier Performance Management assessments for continuous improvement in vendor performance</li> <li>Optimising procurement budgets and the development of a network of suppliers and vendors committed to best practices and enhanced corporate governance</li> </ul>
<b>Media</b>	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.	<ul style="list-style-type: none"> <li>Media Meetings</li> <li>Quarterly Media Surveys</li> <li>Media Releases and Press Conferences</li> </ul>	<ul style="list-style-type: none"> <li>Company performance and strategy</li> <li>Future business aspirations</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> <li>Sharing updates on our efforts to expand our regional network coverage to connect less commercially viable rural regions</li> <li>Sharing updates on our digital inclusion efforts to facilitate access to digital connectivity for underserved segments of the community</li> </ul>
<b>Community</b>	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.	<ul style="list-style-type: none"> <li>Axiata Young Talent Programme</li> <li>Axiata's Corporate Responsibility Programmes</li> <li>Green Initiatives</li> <li>Disaster Management and Response Initiatives</li> </ul>	<ul style="list-style-type: none"> <li>Social requirements</li> <li>Specific feedback on our CR programmes and initiatives</li> </ul>	<ul style="list-style-type: none"> <li>Innovating our digital offerings to meet the needs of all our communities including those located in rural regions.</li> <li>Developing digital ecosystems that provide basic services such as access to capital (m-money) and trade transactions (m-commerce).</li> <li>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.</li> </ul>



## 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.

Risk Category	Mitigation Measures
<b>Financial Risk</b>	<ul style="list-style-type: none"> <li>Axiata Treasury Management Centre oversees and controls treasury and funding matters.</li> <li>Develops hedging strategies which are governed strictly by treasury policies</li> <li>Takes into account current and future outlook of the economy and FOREX markets</li> </ul>
<b>Market Risk</b>	<ul style="list-style-type: none"> <li>Driving efficiencies and innovations through investments in new technologies</li> <li>Enhancing cost efficiencies</li> <li>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.</li> </ul>
<b>Regulatory Risk</b>	<ul style="list-style-type: none"> <li>Strict compliance, and fair and transparent practices of government policies.</li> <li>Dedicated personnel and resources to monitor all relevant developments</li> <li>Maintaining regular engagement with governing authorities and regulatory officials</li> <li>Participating in government consultations and industry knowledge sharing for the sustainable development of healthy regulatory regimes</li> <li>Enhancing our process flows to encourage quick and cost-effective responses to changing regulations</li> </ul>
<b>Cyber Risk</b>	<ul style="list-style-type: none"> <li>Our Cyber Security Steering Committee ensures strict compliance with security policies and procedures.</li> <li>Implementing the technologies and tools to minimise the risk of security breaches</li> <li>Implementing preventive, detective and responsive controls to minimise the risk of a successful attack</li> </ul>
<b>Digital Risk</b>	<ul style="list-style-type: none"> <li>Keeping up to date with policy initiatives at national and international levels</li> <li>Expediting the implementation of action plans to ensure compliance and strengthening of cyber security measures to safeguard data security and integrity</li> </ul>
<b>Operational Risk</b>	<ul style="list-style-type: none"> <li>Axiata Procurement Centre's key role is to manage vendor-related risks, monitor vendors' performance and develop new relationships to reduce dependencies.</li> <li>Continuously address issues such as network congestions, drop calls, and upgrades to network coverage to ensure better quality network and service delivery</li> <li>Operating procedures with appropriate incident escalation procedures and adequate disaster recovery plans in place at each OpCo to ensure seamless business continuity</li> <li>Maintaining a global insurance programme to mitigate business losses</li> </ul>

Risk Category	Mitigation Measures
<b>Geopolitical Risk</b>	<ul style="list-style-type: none"> <li>Working closely with the respective OpCo Management, leveraging on their local expertise, knowledge and ability to continually assess the changing political scenario</li> <li>Implementing measures to ensure timely response in the event of such occurrences</li> <li>Maintaining neutral government relations</li> <li>Contributing to our operating countries' socio-economic development</li> </ul>
<b>Strategic Risk</b>	<ul style="list-style-type: none"> <li>Closely monitoring the competitive landscape</li> <li>Exploring and investing in technology and platform upgrades</li> <li>Reviewing the relevance of products and services</li> <li>Prudent cost management keeping budgets lean while maintaining strong strategic alliances with network vendors to keep pace with technology shifts</li> </ul>
<b>Investment Risk</b>	<ul style="list-style-type: none"> <li>Our Mergers and Acquisition Committee oversees all acquisitions and divestments</li> <li>Maintaining a robust due diligence process to evaluate and manage the potential risks involved</li> <li>Post-acquisition, transition teams are put together to ensure that organisational, cultural and mind-set changes required are implemented appropriately.</li> </ul>
<b>People Risk</b>	<ul style="list-style-type: none"> <li>Talent Management team is on a constant lookout for suitable employees</li> <li>Developing our people through robust talent development programmes</li> <li>Providing attractive performance based rewards and providing a safe and healthy work environment</li> <li>Advocating staff empowerment to allow for employees to respond to rapidly changing customer demands and work processes</li> <li>Focusing on employee engagement to motivate employees and increase staff morale and attrition rates.</li> </ul>
<b>Technology Risk</b>	<ul style="list-style-type: none"> <li>Constantly reviewing and refreshing our Group's whilst maintaining financial prudence</li> <li>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</li> </ul>
<b>Governance &amp; Integrity Risk</b>	<ul style="list-style-type: none"> <li>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.</li> <li>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</li> </ul>

## Appendices

### List of Abbreviations



'Over-the-Top' (OTT)	Greenhouse Gas (GHG)	National Secondary School Leadership Development Programme (NSS)
Annual General Meeting (AGM)	Gross Domestic Product (GDP)	National Stock Exchange (NSE)
Axiata Digital (AD)	Gross Value Added (GVA)	Net Promoter Score (NPS)
Axiata Digital Innovation Fund (ADIF)	Group Accelerated Development Programme (GADP)	Next Generation Nationwide Broadband Network (NGNBN)
Axiata Procurement Centre (APC)	Group Risk Management Committee (GRMC)	Occupational Health and Safety (OHS)
Axiata Treasury Management Centre (ATMC)	GSM Association - An association of mobile operators and related companies devoted to supporting the standardising, deployment and promotion of the GSM mobile telephone system (GSMA)	One Laptop per Child (OLPC)
Axiata Young Talent Programme (AYTP)	GSMA's Humanitarian Connectivity Charter (HCC)	One Village One Product Programme (OVOP)
Badminton Association Malaysia (BAM)	High Throughput Satellite (HTS)	OpCo Accelerated Development Programme (OADP)
Base Transceiver Station (BTS)	Human Resources (HR)	Operating Companies (OpCos)
Bombay Stock Exchange (BSE)	Improvement, Innovation, Investment & Impact (4i)	Operating Expenditure (Opex)
Board Audit Committee (BAC)	Info-communications Media Development Authority (IMDA)	Personal Accident (PA)
Business Continuity Management (BCM)	Information and Communication Technology (ICT)	Personal Data Protection Act (PDPA)
Business Development Programme (BDP)	International Finance Corporation (IFC)	Profit After Tax (PAT)
Capital Expenditure (Capex)	International Long Distance (ILD)	Pusat Internet 1Malaysia (Pi1M)
Compound Annual Growth Rate (CAGR)	International Standard on Assurance Engagement (ISAE)	Request for Proposals (RFP)
Connected Woman Commitment Initiative (CWCI)	Internet Data Centre (IDC)	Rubber Industry Smallholders Development Authority (RISDA)
Corporate Responsibility (CR)	Internet-of-Things (IoT)	Senior Leadership Team (SLT)
Corporate Social Responsibility (CSR)	Kampung Tanpa Wayar (KTW)	Short Messaging System (SMS)
Cyber Security Operations Centre (CSOC)	Keretapi Tanah Melayu (KTM)	Skim Latihan 1Malaysia (SL1M)
Cyber Security Steering Committee (CSSC)	Key Performance Indicators (KPI)	Small and Medium Enterprises (SME)
Department of Education (DOE)	Kilowatt (kW)	Standard & Industrial Research Institute of Malaysia (SIRIM)
Department of Hydrology & Meteorology (DHM)	Local Partner Development Programme (LPDP)	Strategic Partners Development Programme (SDP)
Disaster and Emergency Warning Network (DEWN)	Majlis Amanah Rakyat (MARA)	Supplier Performance Management (SPM)
Disaster Readiness Programme (DRP)	Malaysian Communication and Multimedia Commission (MCMC)	Sustainability Engagement Index (SEI)
edotco group (e.co)	Malaysian Sustainability Reporting Awards (MasRA)	Taylor Nelson Sofre (TNS)
Employee Engagement Survey (EES)	Market Capital (Market Cap)	Technical Vocational Education & Training (TVET)
Enterprise Risk Management (ERM)	Memorandum of Understanding (MoU)	Telekom Malaysia Berhad (TM)
Environmental, Social and Governance (ESG)	Ministry of Higher Education (MoHE)	Telekom Malaysia International (TMI)
Economic, Environmental and Social (EES)	Minority Shareholder Watchdog Group (MSWG)	Uncompromising Integrity. Exceptional Performance (UIEP)
First Line Manager (FLM)	Multimedia Development Corporation (MDEC)	University Leadership Development Programme (ULDP)
General Packet Radio Service (GPRS)	Narrowband Internet-of-Things (NB-IoT)	Value Added Services (VAS)
Get Out of Diesel (GOOD)	National Centre for Educational Development (NCED)	Vendor Development Programmes (VDP)
Gigajoule (GJ)	National Long Distance (NLD)	Venture Capital (VC)
Global Reporting Initiative (GRI)		Year Over Year (Y-o-Y)
Government-Linked Company (GLC)		Young CEO Development Programme (YCDP)



## 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.

Material Issues	Material Aspects	Support Activities				Primary Activities				
		Administration	Human Resources	Product R & D	Procurement	Network Infrastructure	Transport	Outbound Logistics	Sales & Marketing	Customer Services
<b>Business Performance</b>	Economic Performance*	√	√	√	√	√			√	√
<b>Privacy &amp; Data Protection</b>	Customer Privacy		√							√
<b>Governance &amp; Transparency</b>	Anti-Corruption	√	√		√			√	√	
	Compliance	√	√						√	
<b>Network Quality &amp; Coverage</b>	Coverage in low/no income areas			√		√				√
<b>Digital Inclusion</b>	Customer Satisfaction								√	√
	Inclusion			√						√
<b>Customer Service</b>	Product & Service Labelling								√	√
<b>Local Hiring</b>	Market Presence		√							
<b>Energy &amp; Climate Change</b>	Energy Consumption	√	√			√	o	o		
	Emissions									
<b>Disaster Management &amp; Response</b>	Indirect Economic Impacts									√
	Local Communities									√
<b>Community Impact/ Development</b>	Indirect Economic Impacts									√
	Local Communities									√
<b>Tax &amp; Licensing</b>	Society: Compliance	√						o		
<b>Employee Development &amp; Welfare</b>	Employment		√							
	Training & Education		√							
	Diversity & Equal Opportunity		√							
	Labour Grievance		√							
	Human Rights Grievance		√							
<b>Supply Chain Management</b>	Procurement Practices		√							
	Supplier: Labour		√							
	Supplier: Human Rights		√							
	Supplier: Environment		√							

**Notes:**

√ This segment is within the boundary of the concerned aspect and we have reported on it

o 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

Aspect	Indicator	Detail		Celcom	XL	Dialog	Robi	Smart	Ncell	edotco	CC	Overall	
Market Presence	EC5	Ratios of standard entry level wage vs local minimum wage <sup>a</sup>	Male	N/A	1.5:1	17:1	5.09:1	1.03:1	2.27:1	2.8:1	3.0:1	2.48:1	
			Female	N/A	1.5:1	17:1	5.09:1	1.03:1	2.43:1	2.8:1	3.0:1	2.32:1	
	EC6	Proportion of senior management from local country	%	50%	87%	75%	80%	36%	75%	63%	45%	64%	
Procurement Practices	EC9	Percentage local	%	66%	42%	47%	41%	26%	54%	73%	34%	48%	
		Percentage foreign	%	34%	57%	53%	59%	74%	46%	27%	66%	52%	
Energy	EN3	Direct energy consumption <sup>b</sup>	GJ	N/A	196,334	375	153,420	77,385	59,138	241,090	0	727,742	
		Indirect energy consumption	GJ	N/A	25,543,604	30,070	495,409	79,517	224,838	1,267,396	7,879	27,648,713	
Emissions	EN15	Scope 1 GHG - GHG from fuel <sup>d</sup>	Tonnes	N/A	14,528	28	11,353	5,726	4,376	17,841	0	53,852	
	EN16	Scope 2 GHG - GHG from grid	Tonnes	N/A	5,741,547	4,528	79,143	14,829	238	236,356	1,470	6,078,111	
Employment	LA1	Employees by gender	Male	1,946	1,140	2,693	1,412	536	405	713	128	8,973	
			Female	1,535	512	732	157	306	134	164	120	3,660	
			Total employees	3,481	1,652	3,425	1,569	842	539	877	248	12,633	
		Women in Leadership Positions	%	16%	18%	18%	0%	0%	10%	13%	15%	11%	
		Joining the Group - By Gender	Male	39	120	285	184	267	14	151	284	1,344	
			Female	9	58	122	33	157	4	32	34	449	
		Joining the Group - By Age Group	<20	0	N/A	13	0	8	0	0	0	0	21
			20-29	7	N/A	328	166	370	6	76	15	968	
			30-39	24	N/A	54	43	42	7	78	23	271	
			40-49	14	N/A	9	7	2	2	30	27	91	
			50-59	2	N/A	3	1	2	3	6	253	270	
			>60	1	N/A	0	0	0	0	0	0	1	
		Leaving the Group - By Gender	Male	N/A	114	219	239	266	13	54	12	917	
			Female	N/A	57	78	36	149	1	23	22	366	
Leaving the Group - By Age	<20	N/A	N/A	4	0	0	0	0	0	4			
	20-29	N/A	N/A	168	108	340	0	27	7	650			
	30-39	N/A	N/A	96	132	73	11	38	11	361			
	40-49	N/A	N/A	18	32	2	2	10	13	77			
	50-59	N/A	N/A	11	3	0	1	2	3	20			
	>60	N/A	N/A	0	0	0	0	0	0	0			

# Data in Numbers

Aspect	Indicator	Detail		Celcom	XL	Dialog	Robi	Smart	Ncell	edotco	CC	Overall	
<b>Employment</b>	LA3	Employees who took maternity leave during the year		N/A	107	207	106	17	35	9	11	492	
		Employees returning to work after maternity leave	%	N/A	82.20%	94.70%	100%	100%	97.00%	100%	100%	96.27%	
		Retention rate of employees who took maternity leave the year before		N/A	N/A	84%	100%	100%	97.00%	100%	N/A	96.20%	
<b>Health &amp; Safety</b>	LA5	H & S representation		11.00%	N/A	6.10%	9.25%	N/A	5.00%	52.00%	N/A	16.67%	
	LA6	Injuries (Workforce)	Number	1	0	8	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%	
		Fatalities	Number	0	0	1	0	0	0	2	0	3	
	Lost Days	Number	0	0	45	0	0	0	0	0	45		
<b>Training</b>	LA9	Average Training hours per employee <sup>a</sup>	Male	N/A	30.15	19,24	23	58	22.33	91.86	6.19	35.82	
			Female	N/A	59.61	12.63	3	47	20.92	107.51	10.17	37.26	
	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%	
<b>Diversity</b>	LA12	Staff diversity: Age Male	<20	0	0	4	0	5	0	0	0	9	
			20-29	203	204	730	369	330	56	114	28	2,034	
			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	
		Staff diversity: Age Female	<20	0	0	1	0	3	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	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.

General Standard Disclosures		
General Standard Disclosures	Page Number (or Link)	External Assurance
<b>Strategy and Analysis</b>		
G4-1	Page 15-17	-
<b>Organisational Profile</b>		
G4-3	Page 02	-
G4-4	Page 04	-
G4-5	IAR Page 88, <a href="http://www.axiata.com/contact/us.htm">http://www.axiata.com/contact/us.htm</a>	-
G4-6	Page 05	-
G4-7	Page 09	-
G4-8	Page 05	-
G4-9	Page 05, 33, GAFS 45-51	-
G4-10	Page 33, 74-75	-
G4-11	Page 34	-
G4-12	Page 36, 77	-
G4-13	IAR Page 74-77	-
G4-14	None	-
G4-15	Page 26, 10	-
G4-16	Page 26, 10	-
<b>Identified Material Aspects and Boundaries</b>		
G4-17	Page 68, GAFS	-
G4-18	Page 68	-
G4-19	IAR Page 12	-
G4-20	Page 12	-
G4-21	Page 12	-
G4-22	None	-
G4-23	None	-

General Standard Disclosures		
General Standard Disclosures	Page Number (or Link)	External Assurance
<b>Stakeholder Engagement</b>		
G4-24	Page 13, 69-70	-
G4-25	Page 13, 69-70	-
G4-26	Page 13, 69-70	-
G4-27	Page 69-70	-
<b>Report Profile</b>		
G4-28	Page 68	-
G4-29	Page 68	-
G4-30	Page 68	-
G4-31	Page 68	-
G4-32	Page 76-79	-
G4-33	IAR Page 83-84	-
<b>Governance</b>		
G4-34	Page 11, 36-40	-
<b>Ethics and Integrity</b>		
G4-56	Page 08, 32, 34, 36	-

# GRI Content Index

Specific Standard Disclosures				
DMA and Indicators	Page Number (or Link)	Identified Omission(s)	Reason(s) for Omission(s)	External Assurance
<b>DMA and Indicators</b>				
<b>Category: Economic</b>				
<b>Material Aspect: Economic Performance</b>				
G4-DMA	Page 36-40			-
G4-EC1	NCR, GAFS			-
<b>Material Aspect: Market Presence</b>				
G4-DMA	Page 36-40			-
G4-EC5	Page 74-75			-
G4-EC6	Page 74-75			Page 80-81
<b>Material Aspect: Indirect Economic Impacts</b>				
G4-DMA	Page 36-40			-
G4-EC7	NCR, IAR Page 47-58			-
<b>Material Aspect: Procurement Practices</b>				
G4-DMA	Page 36-40			-
G4-EC9	Page 74-75			Page 80-81
<b>Category: Environmental</b>				
<b>Material Aspect: Energy</b>				
G4-DMA	Page 36-40			-
G4-EN3	Page 42-43, 74-75	Cooling and heating sold	Not applicable	-
G4-EN4	None			-
G4-EN6	Page 43, 76-79	Heating, cooling, and steam	Not applicable	-
<b>Material Aspect: Emissions</b>				
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	-
<b>Material Aspect: Supplier Environmental Assessment</b>				
G4-DMA	Page 36-40	Quantitative data		-
G4-EN32	None		The information is currently unavailable	-



# GRI Content Index

Specific Standard Disclosures				
DMA and Indicators	Page Number (or Link)	Identified Omission(s)	Reason(s) for Omission(s)	External Assurance
<b>Category: Social</b>				
<b>Sub-Category: Labour Practices and Decent Work</b>				
<b>Material Aspect: Employment</b>				
G4-DMA	Page 36-40			-
G4-LA1	Page 74			-
G4-LA3	Page 75			-
<b>Material Aspect: Labour/Management Relations</b>				
G4-DMA	Page 36-40			-
G4-LA4	Sufficient notice is given to employees	Quantitative data		-
<b>Material Aspect: Occupational Health And Safety</b>				
G4-DMA	Page 36-40			-
G4-LA5	Page 75			-
G4-LA6	Page 75	Occupational diseases rate (ODR), absentee rate (AR), for the total workforce	Currently unavailable	-
<b>Material Aspect: Training and Education</b>				
G4-DMA	Page 36-40			-
G4-LA9	Page 75			Page 80-81
G4-LA11	Page 75	Figure by category	100% in majority	Page 80-81
<b>Material Aspect: Diversity and Equal Opportunity</b>				
G4-DMA	Page 36-40			-
G4-LA12	Page 33, 75	Minority groups and other indicators of diversity	Sensitive information	-
<b>Material Aspect: Supplier Assessment for Labour Practices</b>				
G4-DMA	Page 36-40			-
G4-LA14	None	The percentage of new suppliers screened	The information is currently unavailable	-

# GRI Content Index

Specific Standard Disclosures				
DMA and Indicators	Page Number (or Link)	Identified Omission(s)	Reason(s) for Omission(s)	External Assurance
<b>Sub-Category: Human Rights</b>				
<b>Material Aspect: Non-Discrimination</b>				
G4-DMA	Page 36-40			-
G4-HR3	No cases were reported			-
<b>Material Aspect: Freedom of Association and Collective Bargaining</b>				
G4-DMA	Page 36-40			-
G4-HR4	No cases were reported			-
<b>Material Aspect: Child Labour</b>				
G4-DMA	Page 36-40			-
G4-HR5	No cases were reported			-
<b>Material Aspect: Forced or Compulsory Labour</b>				
G4-DMA	Page 36-40			-
G4-HR6	No cases were reported			-
<b>Material Aspect: Supplier Human Rights Assessment</b>				
G4-DMA	Page 36-40			-
G4-HR10	None	The percentage of new suppliers screened	The information is currently unavailable	-
<b>Material Aspect: Supplier Assessment for Labour Practices</b>				
G4-DMA	Page 36-40			-
G4-LA14	None	The percentage of new suppliers screened	The information is currently unavailable	-
<b>Sub-Category: Society</b>				
<b>Material Aspect: Local Communities</b>				
G4-DMA	Page 36-40	Quantitative information	Not Available	-
4-SO1	Page 24-27			-
<b>Material Aspect: Anti-Corruption</b>				
G4-DMA	Page 36-40			-
G4-SO3	No disclosure	Quantitative information and significant risks	Currently not Available	-
G4-SO4	Page 34	Quantitative information	Currently not Available	-
G4-SO5	Page 81 IAR			-
<b>Sub-Category: Product Responsibility</b>				
<b>Material Aspect: Product and Service Labelling</b>				
G4-DMA	Page 36-40			-
G4-PR5	None	Results of customer satisfaction surveys	Confidential information	-
<b>Material Aspect: Customer Privacy</b>				
G4-DMA	Page 36-40			-
G4-PR8	Page 40	Quantitative details of customers' complaints	Currently not available	-



# 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:

Subject Matter	Criteria (brief description)	Page No.
<b>Energy and Climate Change</b>		
Scope 1 Carbon Dioxide("CO2") emissions	GRI G4-EN15 Direct (Scope 1) Green House Gases ("GHG") emissions	Appendix (pg. 74)
<b>Employee Development &amp; Welfare</b>		
Average training hours per year per employee	GRI G4-LA9 Average hours of training per year per employee by gender, and by employee category	Appendix (pg. 75)
Percentage of employees receiving regular performance and career development	GRI G4-LA11 Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	Appendix (pg. 75)
<b>Supply Chain Management</b>		
Spending on local suppliers	GRI G4-EC9 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)	Appendix (pg. 74)
<b>Local Hiring</b>		
Senior management hired from the local community	GRI G4-EC6 Percentage of senior management at location of operation that are hired from the local community.	Appendix (pg. 74)

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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