

**COMMITMENT  
TO DEVELOPMENT**

**TOWARDS A  
DIGITAL FUTURE**

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SUSTAINABILITY &  
NATIONAL CONTRIBUTION  
REPORT 2016

SOUTHEAST ASIA PRESENCE

MYANMAR

MALAYSIA

SINGAPORE

CAMBODIA

INDONESIA



PAKISTAN

INDIA

SRI LANKA

NEPAL

BANGLADESH



SOUTH ASIA PRESENCE



## ADVANCING ASIA 2016

**REVENUE** RM**21.6** billion  
USD5.2 billion

**PAT** RM**657** million  
USD159 million

**MARKET CAP** RM**42.3** billion  
USD9.4 billion

**SUBSCRIBERS** Approximately  
**320** million

**EMPLOYEES** **25,000**

**COUNTRIES** **10**



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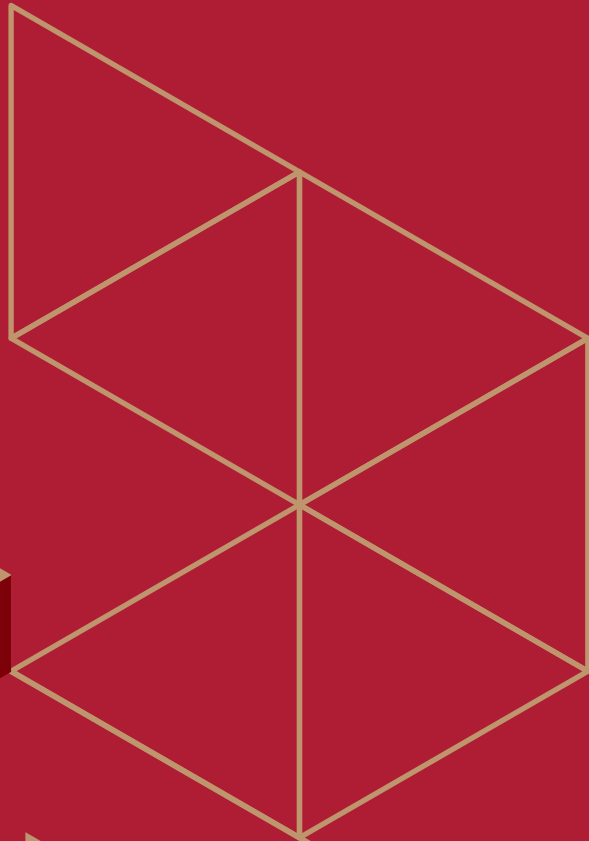
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**GO  
DIGITAL**

Access our Digital Annual Report 2016 and  
Sustainability Report 2016 on  
[www.axiata.com](http://www.axiata.com)

Download the App on



# GROUP PROFILE

Axiata is one of the leading telecommunications groups in Asia with approximately 320 million subscribers in ten countries.

In pursuit of our vision to be a New Generation Digital Champion by 2020, Axiata pieces together the best in the region in terms of innovation, connectivity and talent. With a diverse portfolio in mobile network, communications infrastructure and digital services, Axiata, through our operating companies, offers a range of innovative telecommunications products and services.



**axiata**

*'Prisms by Axiata'*



## GROUP PROFILE

Approximately  
**320 Million Customers**  
 in Asia

One of the  
**Leading Telecommunications**  
 Groups in Asia

Axiata has controlling interests in six mobile operators under the brand names of 'Celcom' in Malaysia, 'XL' in Indonesia, 'Dialog' in Sri Lanka, 'Robi' in Bangladesh, 'Smart' in Cambodia and 'Ncell' in Nepal, with strategic interests in 'Idea' in India and 'M1' in Singapore.

'edotco', our Group's infrastructure company, operates in five countries to deliver telecommunications infrastructure services, and operates and manages a regional portfolio of over 25,000 towers. It aims to be one of the top regional tower companies and is committed to responsible and sustainable business operations.

In 2012, Axiata established 'Axiata Digital' to capture the rapid growth in internet-based businesses. Over the years, Axiata Digital has built a portfolio of 29 digital brands including three subsidiaries and seven joint ventures, servicing growing demands in mobile money, mobile advertising, e-commerce, entertainment and education.

Group revenue for 2016 was at RM21.6 billion (USD5.2 billion) while market capitalisation stood at over RM42.3 billion (USD9.4 billion) by end 2016. We provide employment to more than 25,000 people across Asia.

### Axiata's Journey

Axiata was incorporated in Malaysia on 12 June 1992 as a private limited company under the name of Telekom Malaysia International (TMI), which then operated as a division within Telekom Malaysia Berhad (TM). TMI was subsequently demerged from TM and listed on Bursa Securities on 28 April 2008. In March 2009, TMI changed its name to Axiata Group Berhad and launched a new identity, enhancing our position as a leading mobile operator in Asia.

The move was a reinforcement of our new business philosophy and commitment to Advancing Asia by addressing the unfulfilled communication needs of local populations in the region with affordable and innovative digital products and services.

Since then, we have gone from 40 million customers, pre-demerger, to approximately 320 million across ten countries, making Axiata one of the leading mobile players in Asia. Our mobile telecommunications footprint now spans across the Asian continent, covering Malaysia, Indonesia, Sri Lanka, Bangladesh, Cambodia, Nepal, Myanmar, India, Singapore and Pakistan.

### Shaping The Future

Axiata has always been ahead of the curve, quickly adapting to change and positioning its business model to capitalise on developments of an increasingly digitalised world. Parallel to its investments in network and technology modernisation over the years, Axiata has also evolved its business to embrace the digital age and fast growing demand for data. 2017 will be a critical year for Axiata as it progresses in its transformation beyond a traditional telecommunications company.

In Advancing Asia, 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. Further details of Axiata's sustainability and national contribution efforts are now available online at [www.axiata.com](http://www.axiata.com).



# ENTITIES ACROSS ASIA

## MOBILE SUBSIDIARIES



### MALAYSIA Celcom Axiata Berhad

**Year of Investment/  
Shareholding:**  
2008/100%

**Nature of Business:**  
Mobile

**Subscribers:**  
10.6 Million

**Technology Deployed:**  
GSM, GPRS, EDGE, 3G,  
HSPA+, WiFi, 4G LTE,  
LTE-ADVANCED

**No. of BTS:**  
24,900

**Network Coverage  
(by population and  
technology):**  
2G-95.2%  
3G-90%  
4G-76%



### INDONESIA PT XL Axiata TBK

**Year of Investment/  
Shareholding:**  
2005/66.36%

**Nature of Business:**  
Mobile  
Telecommunications  
and Multimedia Services

**Subscribers:**  
46.5 Million

**Technology Deployed:**  
GSM, GPRS, EDGE, 3G,  
HSPA+, DC-HSPA+,  
4G LTE

**No. of BTS (2G/3G):**  
76,280

**No. of BTS (4G):**  
8,204

**Network Coverage  
(by population):**  
2G-93%  
3G-91%  
4G-53%



### SRI LANKA Dialog Axiata PLC

**Year of Investment/  
Shareholding:**  
1995/83.32%

**Nature of Business:**  
Communication  
Services,  
Telecommunications  
Infrastructure Services,  
Media and Digital  
Services

**Subscribers:**  
11.8 Million

**Technology Deployed:**  
GSM, GPRS, EDGE, 3G,  
HSPA, 4G LTE (FDD)  
WiFi, VoLTE, CDMA  
2000, WiMAX, 4G LTE  
(TDD), GPON, XGPON,  
DTH, IPTV, OTT, MPEG-  
4, HEVC, SD, HD

**No. of BTS  
(2G/3G/4GFDD/TDD):**  
10,077

**Network Coverage  
(by population):**  
2G-97%  
3G-85%  
4G(TDD)-53%  
4G(FDD)-36%



### BANGLADESH Robi Axiata Limited

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

**Nature of Business:**  
Mobile Telecom  
Operator

**Subscribers:**  
33.8 Million

**Technology Deployed:**  
GSM, GPRS, EDGE,  
HSPA+, 3G

**No. of BTS:**  
2G-9,295  
3.5G-5,192

**Network Coverage  
(by population):**  
2G-99%  
3.5G-29%



### CAMBODIA Smart Axiata Co., Ltd.

**Year of Investment/  
Shareholding:**  
2013/92.5%

**Nature of Business:**  
Mobile

**Subscribers:**  
8.1 Million

**Technology Deployed:**  
GSM, GPRS, EDGE, 3G,  
HSPA+, 4G LTE, 4G+

**No. of BTS:**  
2,103 sites on air  
2G-2,068  
3G-2,100  
4G-1,261

**Network Coverage  
(by population):**  
2G-98.7%  
3G-63.2%  
4G-52.3%



### NEPAL Ncell Private Limited

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

**Nature of Business:**  
Mobile Telecom  
Operator

**Subscribers:**  
14.9 Million

**Technology Deployed:**  
GSM, GPRS, EDGE,  
HSPA+, 3G

**No. of BTS (2G/3G):**  
3,069 (Co-located:  
1,864, Standalone  
2G: 1,115, Standalone  
3G: 90)

**Network Coverage:**  
2G Geographical  
Coverage-48.68%  
2G Population  
Coverage-91.97%  
3G Geographical  
Coverage-7.46%  
3G Population  
Coverage-29.59%

## MOBILE ASSOCIATES / AFFILIATES



### INDIA Idea Cellular Limited

**Year of Investment/  
Shareholding:**  
2008/19.75%

**Nature of Business:**  
Mobile Services

**Subscribers:**  
192.1 Million (as of  
31 December 2016)



### SINGAPORE M1 Limited

**Year of Investment/  
Shareholding:**  
2005/28.54%

**Nature of Business:**  
Mobile and Fixed Services

**Subscribers:**  
2.18 Million (as of  
31 December 2016)



### MALAYSIA edotco Group Sdn Bhd

**Year of Investment/  
Shareholding:**  
2012/69.88%

**Nature of Business:**  
Telecommunications  
Infrastructure and Services

## AXIATA DIGITAL

### MALAYSIA Axiata Digital

**Year of Investment/  
Shareholding:**  
2014/100%

**Nature of Business:**  
Investment Holding and  
Operations of Digital  
Services



### PAKISTAN Multinet Pakistan (Private) Limited

**Year of Investment/  
Shareholding:**  
2005/89.0%

**Nature of Business:**  
Broadband, Long Distance  
and International Services

## NON-MOBILE SUBSIDIARIES & ASSOCIATES / AFFILIATES





# VISION & MISSION

## CODE OF CONDUCT AND CORE VALUES

Operating in ten countries in Southeast Asia and South Asia and serving approximately 320 million customers, Axiata’s Vision and Mission is defined as follows.

### Vision

**New Generation Digital Champion by 2020**

### Mission

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

### 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 has operations.

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 in place a Code of Conduct that serves as documentation of 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.

### Core Values

At Axiata, there are two core values that we embrace across the Group: Uncompromising Integrity and Exceptional Performance. These two values define who we are and how we operate.



#### 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 of our dealings.



#### Exceptional Performance

Always pushing ourselves to deliver benchmarked outstanding performance.

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

Uncompromising Integrity and Exceptional Performance are our distinct values and key to our success as a New Generation Digital Champion.

We place great emphasis in building a culture based on these two values across the Axiata Group.

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

### Enhanced Privacy and Data Protection

We are committed to respect and protect the data and privacy of our customers throughout our regional footprint of ten countries across Asia.

Our commitment on privacy and data protection is available on page 108 of our Annual Report 2016.

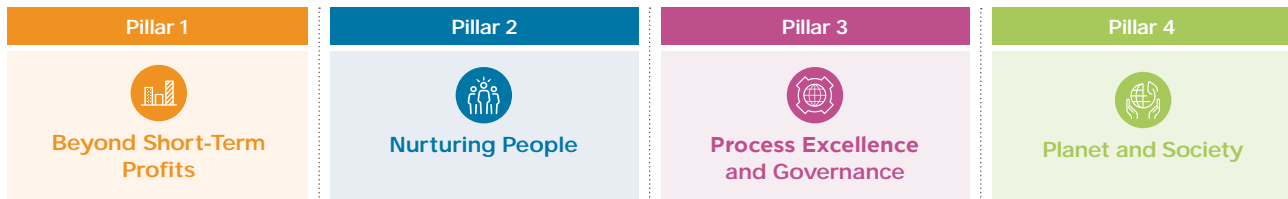
# ABOUT THIS REPORT

This standalone Sustainability Report is a comprehensive document detailing the management of our business impacts on Economic, Environmental and Social (EES) issues. The 2016 edition is the fourth volume in our “Commitment to Development” series, which has been following the Global Reporting Initiative’s G4 (GRI-G4) guidelines since 2013.

While this report should be read as a continuation of our sustainability efforts over the past few years, readers should also note that 2016 marks the first year of activities under Phase 2 of Axiata’s sustainability journey. Phase 2 is distinct from Phase 1 in that we are making greater efforts to harmonise and standardise our sustainability practice across the Group, which includes our Operating Companies (OpCos).

Our Sustainability Report contains detailed information about Axiata’s Sustainability Framework, anchored on our 4P approach to sustainability.

The 4Ps are:



## How to Read this Report

This Sustainability Report should be read together with Axiata Group Berhad’s Annual Report 2016 for a comprehensive overview of the Group’s financial and non-financial performance for the year under review.

This report describes the scope and boundary of our sustainability disclosures, and provides an overview of our management approach, details of our sustainability framework and a description of our initiatives under each respective pillar.

As this Sustainability Report has been prepared for the Axiata Group as a whole, the materiality issues reported herein are those that apply to the Group. In cases where our OpCos face unique sustainability and/or materiality issues owing to their specific circumstances, the relevant passage will be denoted using the OpCo’s logo. The absence of any demarcating symbols indicates that the narrative applies Group-wide, at both the Group level and at the levels of each OpCo.

Our OpCos have also produced their own standalone sustainability reports which provide more detailed analysis of their sustainability risks and opportunities. Our OpCos’ standalone sustainability reports are available on their official websites listed below. Celcom, as our OpCo in Malaysia, discloses its initiatives together with the Group in this report.

Within each chapter which represents the 4Ps, we have highlighted our performance in terms of improvement, innovation, investment and impact (4i):



- i. **Improvement**  
The way in which we enhanced and improved our activities within the pillar
- ii. **Innovation**  
The new innovations and initiatives introduced for the pillar
- iii. **Investment**  
Our investments in new projects and initiatives under the pillar
- iv. **Impact**  
The socioeconomic impact of our activities under the pillar

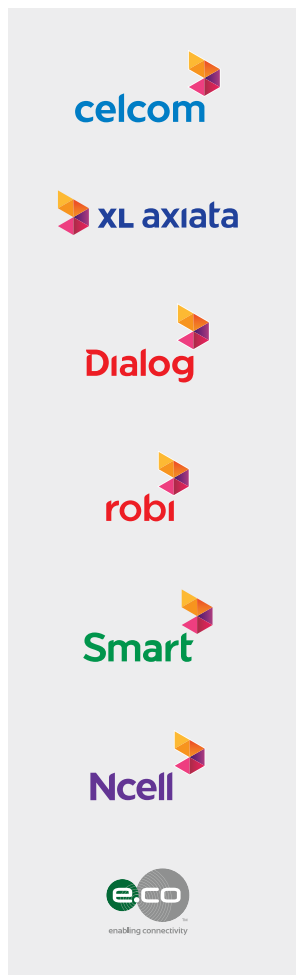


# SCOPE & REPORT BOUNDARY

G4-17  
G4-23

The 2016 Axiata Sustainability Report covers the sustainability performance of Axiata including the Operating Companies (OpCos) where Axiata held a majority share for the 12-month period ending 31 December 2016.

These entities include:



## Report Scope

Axiata's 2016 Sustainability Report provides detailed disclosure of the Group's management of EES risks and opportunities for the financial year ended 31 December 2016. The report is in compliance with the GRI-G4 guidelines, addressing 23 material aspects covering 33 identified indicators. Our materiality mapping methodology is specified on pages 20 and 21 of this report.

## Report Boundary

G4-17

This report discusses the sustainability of the Group as a whole. The 2016 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.

## Independent Limited 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 102 and 103.

## Forward-Looking Statements

This report contains forward-looking statements characterised by the use of words and phrases such as "might", "forecast", "anticipate", "project", "may", "believe", "predict", "expect", "continue", "will", "estimate", "target", and other similar expressions. As our business operates in a changing environment, it is subject to uncertainties that could cause actual results to differ from those reflected in the forward-looking statements.

## Changes from the Previous Report

G4-23

With the inclusion of Ncell to the Group portfolio in 2016, this report provides details of Ncell's sustainability performance outcomes for the reporting period.

## Feedback

We welcome feedback regarding our sustainability framework and our reporting methods.

**Please direct all correspondence to**

 [sustainability@axiata.com](mailto:sustainability@axiata.com)

## PRESIDENT & GROUP CEO'S STATEMENT



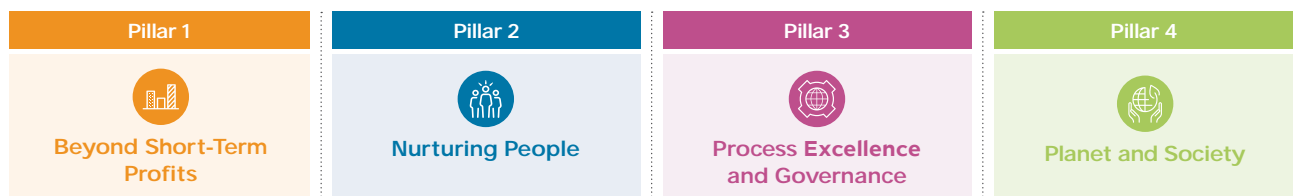
### Dear Stakeholders,

It has been four years since we first introduced our Commitment to Development in line with our broader goal of Advancing Asia in Axiata's Sustainability and National Contribution Report 2013. This year, we reaffirm this promise and continue delivering on our sustainability goals to bring the best in innovation, connectivity and talent to our 320 million customers across Asia. 2016 may have been a challenging year in terms of business and the operating environment, but it was also a very exciting year for us as we saw several of our longer-term sustainability initiatives begin to have greater impact.

The year marked our entry into Nepal following the completion of our acquisition of Ncell, the country's number one mobile operator, which further strengthened our presence in Asia to ten countries. As we welcomed and integrated Ncell to the Group, we have included them for the first time this year in our Sustainability Report. In 2016, Axiata contributed RM57.2 billion (USD13.8 billion) to the collective GDPs of our operating countries, supported 1.1 million jobs and ensured connectivity for approximately 320 million subscribers with a network that covers close to two billion people across our ASEAN and South Asian footprint.

### Axiata's 4Ps Sustainability Framework

While aligned to the international understanding and measures of Economic, Environmental and Social (EES) indicators, Axiata's approach to sustainability is unique to the nature of the Group's businesses, services and products, operations and reach of customers. Going beyond the conventional context of sustainability, Axiata's method takes a long-term and holistic view of sustainable business custom in the markets we operate in, in line with our business strategies, aspirations and vision. The Axiata 4Ps Sustainability Framework underpins our initiatives to create long-term value for our stakeholders, and pave the way forward for our transition into a New Generation Digital Champion.





# PRESIDENT & GROUP CEO'S STATEMENT

## Pillar 1

### Commitment to Beyond Short-Term Profits

As a committed investor in ten countries across Asia, with investments extending beyond 20 years in Malaysia, Bangladesh, Cambodia and Sri Lanka, and over ten years in Indonesia, Axiata takes a strategic and long-term view of all its business decisions. Our decisions on investments, capital expenditures, products and services and building a digital ecosystem go beyond short-term profits and are based on long-term value creation for customers, communities and stakeholders we serve.

#### Ensuring Rural Connectivity

Our capex investments in network infrastructure for connectivity in these countries go beyond high-density areas and cities; they extend to far-reaching rural areas as well, underlining our commitment to delivering services beyond commercial motivation. As at the end of 2016, more than 30,000 or 44% of our total base transceiver stations (BTS) are located in rural regions.

#### Focusing on Digital Inclusivity

In addition to network coverage, we are committed to digital inclusivity through the development of relevant and accessible digital innovations such as M-Commerce, M-Money, and M-Insurance services, which have significant impact on customers' lives. For example, we provide affordable insurance coverage for less than ten cents (USD) a day to 2.2 million M-Insurance subscribers across the Group. In Sri Lanka through Dialog, two rupees per day translates to coverage worth one million rupees for accidents and 100,000 rupees in cases of natural death. We continue to explore similar opportunities for digital inclusivity through our digital services arm, Axiata Digital.

#### Creating a Digital Ecosystem

Representing the largest and most active digital corporate venture capital fund in Malaysia, the Axiata Digital Innovation Fund (ADIF) has now committed RM30 million in funding across 12 digital companies. Following ADIF's investment, the investee companies have reported an average

year-on-year revenue growth of 240% and are contributing to a vibrant local digital ecosystem. In March 2017, Smart launched a similar fund in Cambodia. Next year, we aim to establish a digital fund in Sri Lanka.

#### Mobile for Development

On the global stage, Axiata and its Operating Companies (OpCos) are part of the global mobile development effort through our role in the GSMA Foundation, which represents the interests and governs the development of the telecommunications industry. We steer mobile development in key areas such as the Connected Women Initiative promoting the use of mobile services to open up possibilities for women in the areas of education, healthcare, enterprise and business. Our OpCos, Dialog and Robi, are among the first GSMA members to have committed to Connected Women Initiative projects in Sri Lanka and Bangladesh respectively.

## Pillar 2

### Commitment to Nurturing People

We believe that the sustainability of our business depends on the quality of our people, the skills of our workforce and the leaders we develop, both internally and externally.

#### Building a Talent Factory

Internally across the Group, we spent RM26 million on our internal talent development programmes. This ensures a sustainable pipeline within the Group for talent to move into key leadership roles within the organisation. The Axiata Group Accelerated Development Programme and OpCo Accelerated Development Programme are focused on our internal talent development to provide them with the skillsets and capabilities for the Group's long-term success, as Axiata transforms into a New Generation Digital Champion. With these programmes, we now fill the majority of key management positions in our OpCos, including the CEO's position, with internal talent. At present, five out of eight CEOs at Axiata's major subsidiaries are internally developed talents.

**2.2 million**  
**M-Insurance subscribers**

across the Group

Spent

**RM26 million**

on internal talent development programmes in 2016

More than

**30,000**

of our total BTS are located in rural areas

Employees

make up of over

**40 different nationalities**

Women make up

**30%**

of our total workforce

**Dialog** and **Robi** are among the first GSMA members to commit to the

**Connected Women Initiative**

## PRESIDENT & GROUP CEO'S STATEMENT

Reduced

**Carbon Emissions by**

**29%**

in Malaysia and

**25%**

in Bangladesh

**1,129** students

benefitted from the

**Axiata Young Talent Programme**

**Axiata Digital Innovation Fund**

invested

**RM30 million** in **12 Digital Companies**

### Developing Future CEOs

In terms of our external focus on talent development and nurturing future CEOs, our flagship Axiata Young Talent Programme (AYTP) grooms local students into becoming future CEOs. Axiata has committed RM100 million over ten years to fund the programme. Since AYTP's inception in 2011, over 1,120 students have benefitted with more than 100 AYTP alumni securing job placements in top multinational companies and government-linked companies. In 2016, we graduated our first cohort of 26 students from the School Leadership Development Programme. At the same time, our OpCos are adopting and deploying their own corporate responsibility programmes focused on education, such as XL Future Leaders in Indonesia which was launched in 2015.

### Inclusivity and Diversity in the Workforce

We are also driving the principles of inclusivity and diversity in all areas of talent management. Our employees are made up of over 40 different nationalities with women making up 30% of our total workforce and 16% of senior leadership positions. We have zero-tolerance policies against discrimination to ensure that our people are remunerated fairly regardless of their ethnicity, religion or gender, with no instances of discrimination accepted.

### Uncompromising Integrity and Exceptional Performance Culture

In 2014, Axiata introduced the culture of Uncompromising Integrity and Exceptional Performance (UI.EP) across the Group as its guiding principles and common values. We conduct training workshops that gauge and assess behaviour standards based on judgement tests. We also incorporate a UI.EP behavioural component in our employees' annual performance review which contributes to their overall performance evaluation.

### Engaging our Employees

Across the Group, our employee engagement survey also includes questions on their level of UI.EP understanding from which a Sustainability Engagement Index (SEI) is constructed. In 2016, our SEI measured score for the Group was 86%, which is within the range of the Willis Towers Watson Global High Performance Companies Norm.

#### Pillar 3

#### Commitment to Process Excellence and Governance

Axiata believes in the ethos of doing "the right thing, doing it right, and in the right way". This includes applying global best practices to drive efficiency, upholding strong governance to ensure fair and balanced business operations and having strong processes for responsible business conduct.

### Upholding Strong Governance

Our adherence to compliance and governance has seen us go beyond mere compliance to incorporate best practices in our various policies such as the Axiata Regulatory Compliance Framework and the establishment of a Cyber Security Operations Centre (CSOC) in 2016. In working with suppliers and vendors, Axiata has established a Group-wide Supplier Code of Conduct where all our business practices and policies are standardised and which we make certain all our vendors adhere to. Our overarching UI.EP culture is further applied in our business dealings.

### Working and Developing Local Vendors

Operating in a diverse footprint across Asia within developing economies, we recognise the importance of sourcing from the local market. Our OpCos run their own vendor development programmes with their suppliers and business partners. In 2016, 41% of our procurement spend was on local vendors. As long-term investors, our local procurement is part of our nation-building



# PRESIDENT & GROUP CEO'S STATEMENT

efforts and we have seen its multiplier effect on economies. We work together with our vendors to develop process and operational excellence based on our Group Procurement Policy. Through our Group Procurement Assessment, three suppliers were recognised at the inaugural Axiata Supplier Awards 2016 for their outstanding performance.

### Digitising Everything

In becoming a New Generation Digital Champion, Axiata is committed to the digitisation of its internal processes to optimise efficiencies within the Group and, on a larger scale, to implement digital tools in the management of our network infrastructure. On this journey we are also introducing digitisation in our products to improve customer experience through innovations such as Dialog's pioneering Smart Home offering which leverages on the Internet-of-Things (IoT).

**Pillar 4**  
**Commitment to Planet and Society**

As a Group, we are mindful of the environmental impact of our industry. We are also cognisant of the social role we play in our operating countries and are committed to community development in our markets, especially in times of adversity.

### Ambitious Emissions Targets

The Group has identified an ambitious target of reducing the carbon footprint of our passive infrastructure by 40% from 2013 levels by 2018. Our commitment to greener operations is being spearheaded by the edotco Group, our infrastructure and tower company. By the end of 2016, edotco had 480 solar sites and remote monitoring systems deployed on approximately 7,000 of the 25,000 towers managed by edotco. These initiatives, together with improved tower designs, remote surveillance

technology and the use of alternative power sources - also known as our GOOD (Get Out of Diesel) programme - have reduced our carbon emissions by 29% and 25% in Malaysia and Bangladesh respectively.

### Investing in Disaster Response

A major focus for the Group is investing our resources and technology in disaster response, as many of the countries we operate in are prone to natural disasters such as tsunamis, earthquakes and floods. The Group-wide Disaster Readiness Programme (DRP) identifies processes, procedures and roles of OpCos in responding to natural disasters in these countries. In 2016, Ncell signed a landmark Memorandum of Understanding (MoU) to provide SMS disaster warning alerts in Nepal.

### Recognition

Axiata's sustainability performance has been acknowledged at both local and international levels. Ncell received the Global Mobile Award for "Mobile in Emergency or Humanitarian Situations" in 2016 from the GSMA. Robi also received the "Best Mobile Innovation for Education and Learning" from the GSMA for its 10-Minute School Programme.

At Group level, we received the Procurement Leaders Award: External Collaboration in 2016 which recognises our collaboration with suppliers and vendors. Our corporate governance practice was acknowledged at the Minority Shareholder Watchdog Group's (MSWG) Malaysia-ASEAN Corporate Governance Awards 2016 where we received the Excellence Award for ESG Practices for the fourth consecutive year. Our sustainability disclosures continued to receive recognition at ACCA's Malaysia Sustainability Reporting Awards (MaSRA) 2016 with a Commendation Award for Innovation.

### Moving Forward

Axiata is intent on making a long-term positive difference in the markets where we operate - from the macro level in terms of contributing to GDP and jobs creation to the micro level where we develop local capabilities and provide assistance to targeted communities. We leverage on our role as a tech innovator and a leading mobile innovator to empower and enrich stakeholders, and use our expertise to steer mobile development towards areas that will best enrich and empower the less fortunate in our societies. However, we also recognise that there is much more that we can do.

Sustainability is the responsibility of all. As one of the first companies in Malaysia producing a sustainability report, we welcome the new guidelines introduced by the Malaysian stock exchange regulator requiring companies to manage and disclose their sustainability impacts. As for Axiata, we remain committed to our sustainability goals and will continue to acknowledge that the way we integrate and measure our deliverables will become increasingly important as we transition to become a New Generation Digital Champion.

I would like to thank all our stakeholders - regulators, governments, investors, employees, management and the Board - for their support, guidance and contributions in helping us to this point. I look forward to another productive year in delivering on our sustainability promises and as we continue on to the next phase of our sustainability journey.

### TAN SRI JAMALUDIN IBRAHIM

President & Group Chief Executive Officer

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# OUR MANAGEMENT APPROACH

At its core, our business is about helping our customers across Asia better connect with each other and the world by piecing together the best in innovation, connectivity and talent. Our presence in ten major Asian countries has given us a unique opportunity to grow our business while helping to improve the overall quality of life for our customers and communities through the provision of digital connectivity.

For Axiata, sustainability is a priority business imperative. Our sustainability management adopts a similar perspective and addresses the ways we can best maintain our presence in these countries over the long term while building positive value in them.

We have identified four key areas instrumental in achieving the aforementioned goals. These areas have been mapped onto our 4Ps framework, and collectively form the foundation of our sustainability framework.

Sustainability Pillar	Key Focus Area
<b>Beyond Short-Term Profits</b>	Long-term Value Creation
<b>Nurturing People</b>	Talent Development
<b>Process Excellence and Governance</b>	Operational Excellence
<b>Planet and Society</b>	Community Outreach

The 4Ps are specific and unique to our goals and vision, and guide our growth as a regional telecommunications company.



Our commitment to the long-term development of our businesses in the countries where we operate ensures that our investments create long-term value. These investments, involving substantial infrastructure development projects, not only contribute to the economic development of these countries but also provide vital connectivity services that improve the quality of life. Our commitment to the long term also extends to the development of digital ecosystems in our markets, and to leading developments in the global mobile industry. Axiata, a member of the GSMA and GSMA Foundation, is helping develop mobile innovations that empower and enrich communities.

Axiata delivers initiatives to develop talent both internally and externally. Our internal initiatives are designed to help our employees reach their full potential in both their personal and professional lives through our comprehensive development programmes. These programmes equip our employees with skills they need to succeed at Axiata and to become future leaders for the Group. Meanwhile, we also focus our efforts on developing external talent through the Axiata Young Talent Programme (AYTP). AYTP is a unique learning opportunity that aims to nurture and develop future CEOs and leaders from the youth in Malaysia.



## OUR MANAGEMENT APPROACH



Axiata has established common best practice standards across the Group to ensure that our entire value chain meets our sustainability benchmarks. We take measures including directed engagement with our vendors, retailers and business partners to ensure they meet the sustainability requirements of our processes. Axiata also takes its customer engagement process seriously and tracks customer experience levels via a set of KPIs. We continue to work on enhancing our internal and external processes by introducing digitisation and automation. The Axiata Group is governed by the Axiata Regulatory Compliance Framework to ensure that we comply with the regulatory requirements in each of our markets. Finally, Axiata has a robust governance framework that oversees processes throughout our organisation from the Group level down to each individual OpCo.

In mitigating the environmental impact of our business activities, edotco, our infrastructure company, is focused on green technology and spearheads our efforts to reduce the Group's carbon footprint. edotco works towards our target of reducing the greenhouse gas (GHG) emissions of our passive network infrastructure by 40% from our baseline year of 2013. At the same time, our OpCos deliver corporate responsibility (CR) initiatives that are designed to empower and enrich the communities and societies where they operate. Under Phase 2 of our sustainability journey, we have started standardising our CR efforts, which has seen all OpCos participate in three core CR initiatives:

- (i) Education
- (ii) Green Initiatives
- (iii) Disaster Management and Response

### Moving Forward

Our sustainability management approach will evolve in tandem with our business activities and operations, which are changing to meet our goal of becoming a New Generation Digital Champion. Our management approach will also change in line with new developments in the industry to ensure that our sustainability initiatives remain relevant, and will continue to address our stakeholders' concerns.

One of our key priorities over the next few years is to continue harmonising and standardising our sustainability practices across the Group. We have already started to do so in relation to the delivery of initiatives on education, green initiatives and disaster response, and we intend to continue intensifying our efforts in this area. Our goal is to ensure that all OpCos are assigned individual roles in these key areas, and that these roles harmonise with the rest of the Group, including the Corporate Centre, to maximise the effectiveness of our efforts.

Once we have completed the integration of our sustainability initiatives throughout the Group, our aim is to start looking at further innovating on our sustainability initiatives to establish Axiata as a regional leader in the areas of sustainability practice and disclosure. We plan to start looking at new innovations beginning in 2019.

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# RISK MANAGEMENT

The Board is responsible and accountable for maintaining the processes of risk management and internal control practices to safeguard shareholders' investments and the Group's assets.

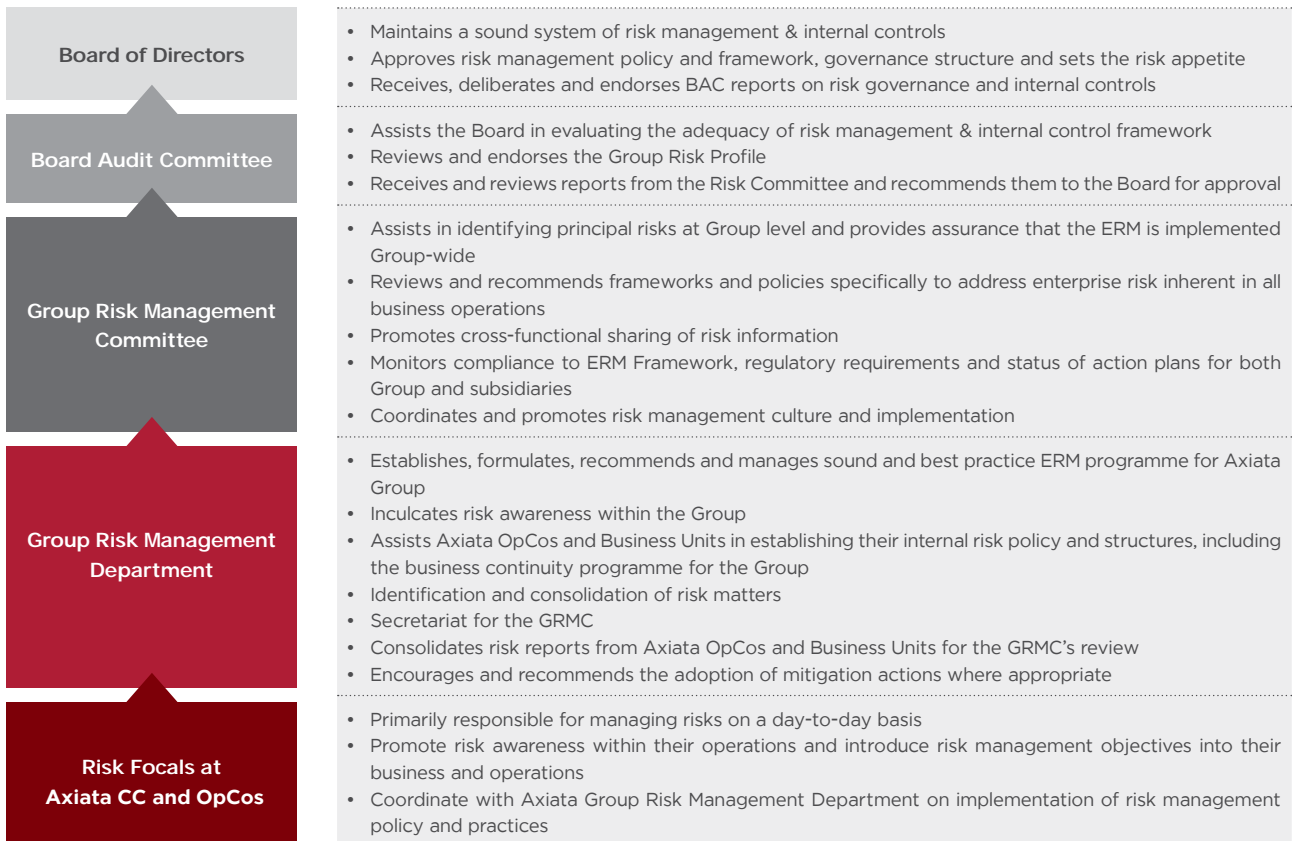
The Board Audit Committee (BAC), via the Axiata Group Risk Management Committee (GRMC), has put in place a risk management framework and process to identify, evaluate and monitor principal risks, and implement appropriate internal control processes and procedures to manage these risks across the Group, excluding Associate Companies and joint ventures which are not within the Group's control.

The Group is committed to the continuous improvement of risk management processes and ensures that the processes remain relevant to the operating environment. The GRMC, which consists of all the members of Axiata Group's Senior Leadership Team (SLT) and is chaired by the Axiata Group BAC Chairman, plays a key role in driving Axiata's ERM Framework. With the assistance

of the Group Risk Management Department, the GRMC ensures systematic implementation and monitoring of the effectiveness of a risk management culture and processes across the Group.












Axiata's risk management process is guided and principally aligned to ISO31000:2009 where risk is managed to ensure the achievement and implementation of strategic objectives. The Group's risk management process typically involves identifying particular events or circumstances relevant to our objectives and risk appetite, assessing them in terms of likelihood and magnitude of impact, determining a response strategy, evaluating the adequacy of existing controls, and monitoring the implementation of the response. The objective is to protect and create value for our key stakeholders.

## Key parties within the Group's Risk Governance Structure



# RISK MANAGEMENT

Principally, the Group’s key risk factors are categorised into the following 11 areas:

Risk Category	Mitigation
 <b>Financial Risk</b>	The Axiata Treasury Management Centre has been tasked to oversee and control the Group’s treasury and funding matters, by developing 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.
 <b>Market Risk</b>	The Group takes necessary measures to drive efficiencies and innovations through investments in new technologies, establishing strategic ties with “Over-the-Top” (OTT) or other digital product developers in order to create products and services that meet evolving customer needs, increase the Group’s share of customers’ wallets and rebuild customer loyalty.
 <b>Regulatory Risk</b>	The Group advocates strict compliance, transparency and putting our case before the relevant authorities. The Group has also been at the forefront in engaging regulatory officials, participating in government consultations and sharing knowledge and best practices in the development of healthy regimes for the telecoms sector. Underpinning the Group Regulatory Policy is the understanding that the Group shall comply with all applicable laws and regulations, regulatory obligations and governmental policies in the jurisdictions in which it operates, and that regulatory advice should be obtained in an efficient and cost effective manner as and when required.
 <b>Cyber Risk</b>	The Group has established a Cyber Security Steering Committee focused on the accelerated implementation of security initiatives. The committee is at the forefront of safeguarding the Group by ensuring strict compliance with security policies, procedures and putting in place technologies and tools to minimise the risk of security breaches.
 <b>Operational Risk</b>	The Group continuously addresses issues such as network congestions, dropped calls, upgrades to network coverage, etc. to ensure better quality network and service delivery. As at the end of 2016, the Group has completed the implementation of its Business Continuity Management (BCM) Framework for selected OpCos including the Axiata Corporate Centre.
 <b>Geopolitical Risk</b>	The Group works closely with the respective OpCo Management, leveraging on local expertise, knowledge and ability to continually assess the political situation and have in place various measures to ensure a timely response in the event of geopolitical-related events.
 <b>Strategic Risk</b>	The Group closely monitors the competitive landscape, explores and makes appropriate investments to upgrade its technology and platform and reviews the relevance of its products and services. Prudent cost management keeps our budget lean while maintaining strong strategic alliances with network vendors helps us to keep pace with technology shifts.
 <b>Investment Risk</b>	We have put in place a Mergers and Acquisitions Committee that oversees all acquisitions and divestments, and at the same time maintain a robust due diligence process to evaluate and manage the potential risks involved. Post-acquisition, transition teams are put together to ensure that organisational, cultural and mind-set changes that are required are implemented appropriately.
 <b>People Risk</b>	We develop our people through robust talent development programmes, attractive performance-based rewards and by providing a safe and healthy work environment. Employee engagement is also critical for the Group.
 <b>Technology Risk</b>	The Group constantly reviews and refreshes its technology while maintaining financial prudence. The Group has recently reviewed and revamped its capital expenditure (capex) governance and business planning process, focusing on prudent cost management and capex productivity.
 <b>Governance and Integrity Risk</b>	The Group’s Code of Conduct sets out rules and guidelines on how personnel acting for or on behalf of the Group are expected to conduct business. The Group will continue its focus on maintaining and further developing its strong ethical platform and corporate governance standard to support Axiata’s business integrity and strong performance.

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# STAKEHOLDER ENGAGEMENT

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Axiata has a diverse stakeholder base in its presence across Southeast Asia and South Asia, and from its myriad roles, which include being an employer, communications provider, technology innovator and infrastructure developer.




Our stakeholders have a direct influence on our business as customers, observers, regulators and vendors, but are also important barometers that gauge the impact of our business activities and sustainability initiatives.

To fairly and accurately determine the concerns of our various stakeholder groups, we have started to conduct targeted stakeholder engagement sessions to assess our identification of their concerns.

We will continue to enhance our targeted engagement sessions over the next few years to create a comprehensive database of stakeholder concerns.





In ensuring that we are comprehensive in our identification of our stakeholders, Axiata adopts an engagement methodology that is based on the principles of inclusivity, materiality and responsiveness as defined by the AA1000SE Principle Standard. Our OpCos are instrumental in identifying and engaging with our stakeholders in their respective markets, as they are best positioned to hold regular and direct engagements with them.

Feedback from all stakeholders is collated and indexed at the Group level and reported in this Sustainability Report. The following table provides a comprehensive list of our stakeholders and engagements.

Stakeholders	Frequency	Types of Engagement	Focus Areas
 <b>Customers</b> Our customers are key contributors to our success as a commercial enterprise and therefore a direct gauge of the efficiency and effectiveness of our products and services. It is imperative for us to maintain high levels of customer satisfaction given the competitive nature of our industry and we can only achieve this by fully understanding the needs of our customers. Customer satisfaction levels are benchmarked through the Net Promoter Score system that is conducted annually.	○ ●	<b>Customer Satisfaction via Net Promoter Score (NPS)</b>	<b>Customer experience, product affordability and network availability</b>
 <b>Employees</b> Our employees are our most important assets and a key resource for all our activities. We therefore take employee satisfaction very seriously to ensure that morale remains high in all our business units. Axiata assesses employee satisfaction levels through its annual Employee Engagement Survey, which is conducted by an independent research agency. Employees are also encouraged to interact with Senior Management and express their concerns at town hall meetings that are held every quarter.	● ○	<ul style="list-style-type: none"> <li>Employee Engagement Survey (EES) by Willis Towers Watson (an independent research agency)</li> <li>Town hall meetings</li> </ul>	<b>Career development, employee feedback, employee communication</b>
 <b>Shareholders</b> As owners of the Company, shareholders 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. Our engagements with our shareholders are conducted regularly at our Annual General Meeting, Investor Roadshows and analyst meetings, where we provide relevant Company updates and where they can share their thoughts with us.	○	<ul style="list-style-type: none"> <li>Annual General Meeting (AGM)</li> <li>Investor Roadshows</li> <li>Meetings with the Top 100 Investors</li> <li>Analyst Meetings</li> </ul>	<b>Business performance and strategy, social responsibility initiatives</b>

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# STAKEHOLDER ENGAGEMENT

Stakeholders	Frequency	Types of Engagement	Focus Areas
 <b>Regulators and Authorities</b> <p>Our regulators and authorities specify the laws and regulations that determine the scope and extent of our activities in our respective countries. We maintain open channels of communication with them, as they are the ones best positioned to provide advice and clarification in relation to our operations and obligations. Axiata works proactively with local regulators and authorities from every jurisdiction as local requirements vary from one country to the next.</p>	○	<ul style="list-style-type: none"> <li>• Compliance with the Malaysian Communications and Multimedia Commission (MCMC)</li> <li>• Compliance with Bursa Malaysia</li> </ul>	Information security, PDPA, pricing, tax issues
 <b>Suppliers</b> <p>Axiata engages a broad range of suppliers to support all aspects of our business. Our suppliers range from vendors supplying infrastructure components to professional corporate service providers. As providers of vital services that are key enablers for us, it is important that we maintain a professional relationship of trust where views from either party can be freely exchanged. We also use our engagement sessions to apprise them of changes to our procurement policy and to seek relevant feedback and information from them.</p>	○	<ul style="list-style-type: none"> <li>• Request for Proposals (RFP)</li> <li>• Supplier Code of Conduct</li> <li>• Vendor Satisfaction Survey</li> </ul>	Payment practices, delivery and definition of vendor performance
 <b>Media</b> <p>The media is our primary channel of communicating with the public at large. We engage with the media to share information such as our Company's financial performance and changes to our products and services, as well as information on our CR programmes. We conduct regular stakeholder engagement sessions with media practitioners to brief them on developments and to solicit feedback on any general concerns or views that the public may have about us.</p>	○ ●	<ul style="list-style-type: none"> <li>• Media Meetings/ Survey</li> <li>• Media Releases/ Conferences</li> </ul>	Company performance, strategy, future business aspirations
 <b>Community</b> <p>The communities within each of our operating countries are the key beneficiaries of our CR projects. Our engagement with these communities is primarily to ensure that our CR programmes are making a positive difference in their lives, and to ascertain how they can be further improved to better serve them. In addition to seeking feedback on our core Group-wide CR programmes - Axiata Young Talent Programme (AYTP), Green Initiatives and Disaster Management and Response - our OpCos also conduct targeted community engagements in relation to specific initiatives.</p>	○	<ul style="list-style-type: none"> <li>• AYTP</li> <li>• Axiata's Corporate Responsibility Programmes</li> </ul>	Social requirements and specific feedback on programmes

● Annually   ○ Ongoing   ● Quarterly

## Moving Forward

Our stakeholder engagements have yielded important lessons to both our organisation and our stakeholders, and substantially changed the way we conduct our operations and sustainability programmes. We believe we can further improve on our stakeholder engagement going forward by holding direct stakeholder engagement on specific topics that will further build trust and credibility in the outcomes of our stakeholder engagement. While we had planned on conducting directed stakeholder engagement in 2016, other prevailing priorities prevented the implementation of the exercise during the year. Nevertheless, it remains a key priority and will be revisited in the future.

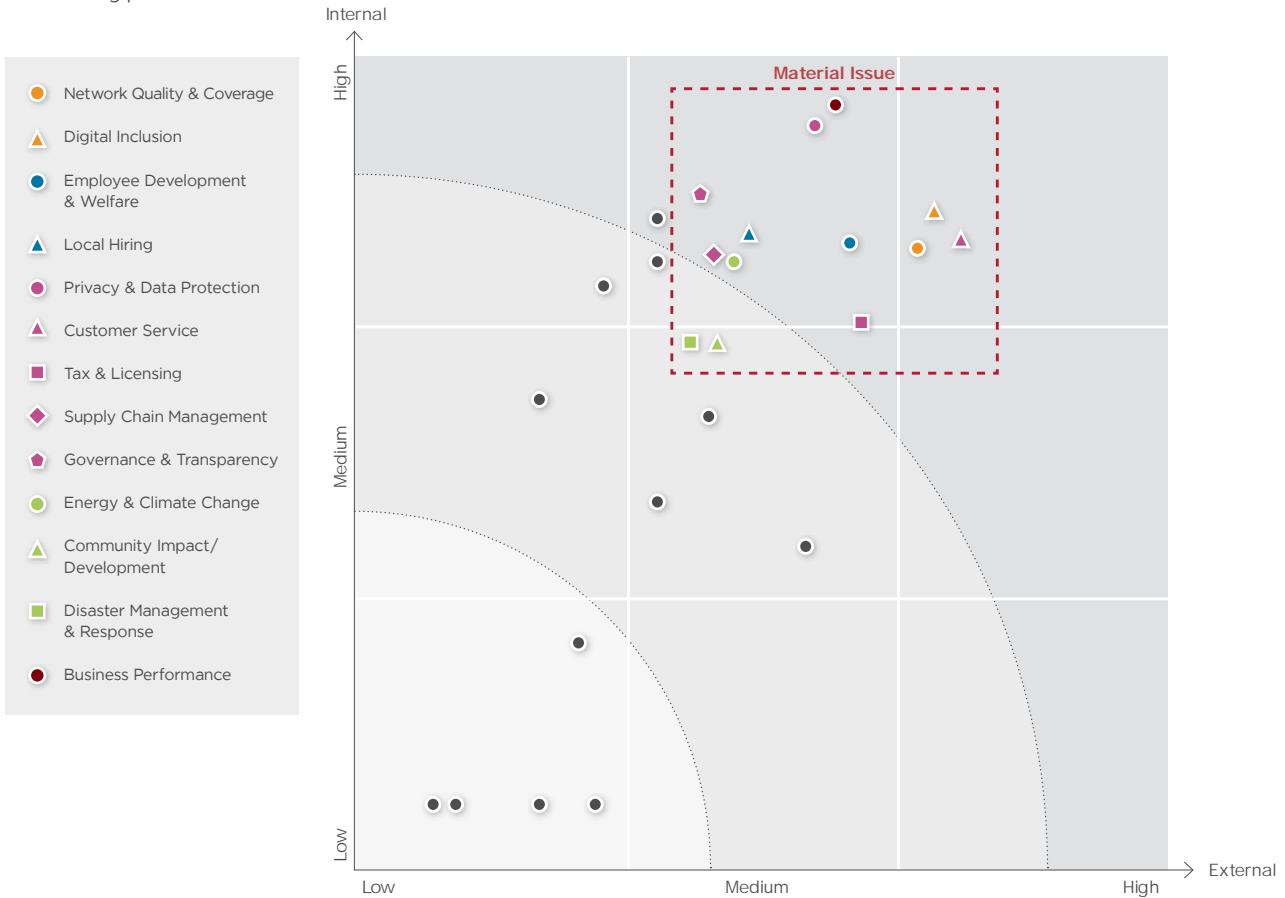
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# MATERIALITY

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## Axiata's Sustainability Framework addresses key material indicators identified by our stakeholders

We use a comprehensive methodology to identify these indicators which are subsequently addressed by our sustainability initiatives and disclosed in this report. In identifying our material issues, Axiata consulted various sources including stakeholders, industry groups and existing peer literature.



We have grouped these either as internal sources or external sources:

External Sources		
Industry Perception	Regulatory Perception	Stakeholder 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.	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.	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



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# MATERIALITY

## Group Materiality Matrix

The following materiality matrix provides a summary of the outcome of our materiality assessment process at the Axiata level. A brief description of our material issues is as follows:

Material Issue	Description	Page
Network Quality & Coverage	The availability and reliability of our mobile service within the markets in which we operate	24
Digital Inclusion	Our product offerings and special initiatives undertaken to ensure people at all socioeconomic levels can afford digital connectivity	24
Employee Development & Welfare	Our initiatives to promote employee development and welfare such as training and remuneration policies	38
Local Hiring	The way that we emphasise the hiring of local talent in our operating countries in order to help invest in the local economy	38
Privacy & Data Protection	The level of protection we offer our stakeholders in terms of their private data and other confidential information	48
Customer Service	The quality of service we provide our customers	48
Tax & Licensing	Ensuring that we effectively navigate all taxation and licensing requirements in our various operating countries	48
Supply Chain Management	The way in which we manage and interact with our suppliers to ensure that they observe best practices	48
Governance & Transparency	The way that Axiata governs our overall organisation and the transparency of our reporting to our stakeholders	48
Energy & Climate Change	Our initiatives to mitigate the impact of our business on the environment	56
Community Impact/ Development	The way our social programmes impact and create value in the communities we serve	56
Disaster Management & Response	Our preparation for disaster management in our operating markets	56
Business Performance	Our level of profitability and returns on investments to our shareholders	Annual Report 2016

### Internal Sources

Group KPI	Group Policy	Top Management Perception	Risk Management Matrix
We review the Group's Key Performance Indicators (KPIs) and their relevance to sustainability issues	We review the coverage of the Group's policies in relation to sustainability	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	We assess the Group's Risk Management Matrix and the relationship of key risks across the Group to sustainability matters

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# MATERIALITY

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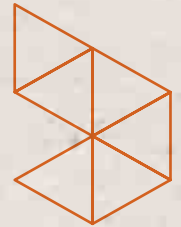
We derive our set of material indicators through a detailed identification process. The process is illustrated in the following diagram:



Material issues identified from each source are subsequently discussed in appropriate committees that then decide on the next course of action. Solutions are identified for key material issues deemed to have a significant impact on our stakeholders or our operations, and implementation plans drawn up. Targets are assigned to each initiative and serve as benchmarks measuring the effectiveness of the initiative. Results are subsequently communicated to our stakeholders via our Sustainability Report and other channels of communication.

In 2016, we identified and added a new material issue to our list of key material indicators, namely Local Hiring. Local Hiring refers to the practice of emphasising the hiring of local talent within each of our operating countries as part of our investment in the country. The remaining list of material issues is unchanged from the previous year.





# COMMITMENT TO BEYOND SHORT-TERM PROFITS

We are committed to long-term value creation in the countries where we operate by bringing the benefits of connectivity and digital access to all. In addition, our services are motivated by non-commercial considerations. We also invest in digital ecosystems and global mobile development to ensure the sustainability of our industry.



Long-Term  
Investments



Services Beyond  
Commercial Motivation



Digital Inclusion and  
Digitised Ecosystems



Global Mobile  
Development

# COMMITMENT TO BEYOND SHORT-TERM PROFITS

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Axiata's business approach prioritises long-term partnerships and looks beyond immediate profitability as the sole determinant of the feasibility of our business initiatives.

Of greater importance is the long-term value created by the initiative for our stakeholders and whether the value is aligned with our goals in the specific market. In every market, our aim is to build a sustainable digital ecosystem where we can create mutual benefits for both our business and our many stakeholders in those markets.

As a digital telecommunications operator, our business activities require substantial long-term investment in network infrastructure as well as other operational enablers. These typically involve substantial frontloading of cost which is borne by us, and which we aim to

gradually recover from our operations over time. At the same time, this investment into infrastructure translates into effective and comprehensive network coverage for our customers. In 2016, the Group invested a total of RM6.1 billion in capex.

Axiata is also committed to the goals of digital inclusivity and strives to bridge the digital divide by ensuring our services are accessible and affordable to all including those living in rural areas or coming from lower economic backgrounds. We see these efforts as part of our responsibility to create a more sustainable future for our business and our stakeholders, and to create a brighter digital future for all.

In addition, we also invest in the local digital ecosystems of our operating countries through our investments, partnerships and local procurement practice. In Malaysia, we created the Axiata Digital Innovation Fund (ADIF), a venture capital fund, to invest in and help promote the growth of young, innovative tech companies in the country.

This model was replicated in Cambodia where we launched the Smart Axiata Digital Innovation Fund (SADIF) in March 2017. SADIF has been mandated to invest in ideas and businesses in Cambodia's digital ecosystem to catalyse development in the sector.

Finally, as a global leader in telecommunications, we play an active role in the global mobile industry by participating in and leading global mobile development. We help steer industry priorities towards areas that are most relevant to our stakeholders and to help marginalised groups.

Our sustainability initiatives under this pillar are divided into four areas:

- Long-Term Investments
- Services Beyond Commercial Motivation
- Digital Inclusion and Digitised Ecosystems
- Global Mobile Development

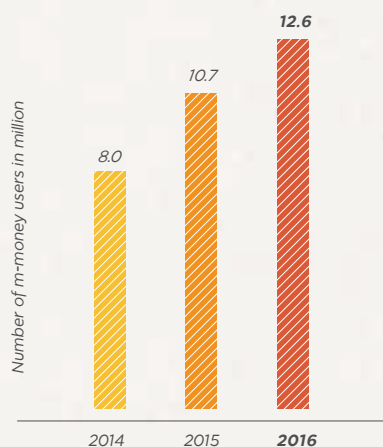
## Material topics covered under this pillar

Issue	Context	Approach	Outcome
<b>Network Quality and Coverage</b>	<ul style="list-style-type: none"> <li>• Network coverage and quality are top priorities for our business</li> </ul>	<ul style="list-style-type: none"> <li>• Pioneering new technological innovations to improve network quality and coverage</li> </ul>	<ul style="list-style-type: none"> <li>• Enhanced accessibility to our services in our markets and establishing Axiata as the coverage leader in our markets</li> </ul>
<b>Digital Inclusion</b>	<ul style="list-style-type: none"> <li>• The telecommunication industries of our operating markets are at different levels of maturity</li> <li>• There are socioeconomic variations in our markets leading to the exclusion of some segments of society from digital technology</li> </ul>	<ul style="list-style-type: none"> <li>• Offering digital products that are in line with our 4As model (affordable, accessible, applicable and available) for all segments of society</li> <li>• Diversifying our product line-up through new innovations from our tech innovator, Axiata Digital</li> </ul>	<ul style="list-style-type: none"> <li>• Provide affordable digital solutions to all our customers in our markets</li> </ul>

## Reporting Highlights

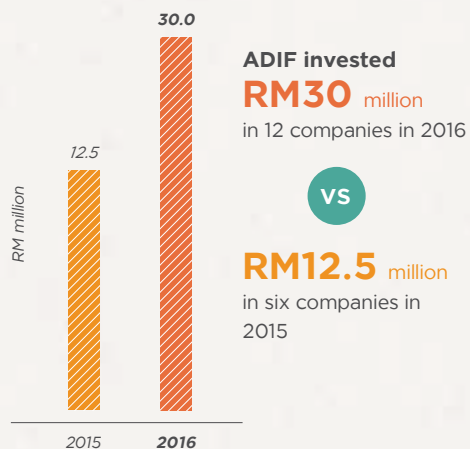
### Total m-money users growing steadily

Total m-money users grew 18% year-on-year in 2016 to 12.6 million users. Our m-money service was expanded to Cambodia during the year as part of the Group's effort to harmonise its offerings in all its operating countries.



### ADIF grows its investments in 2016

Total investments by the Axiata Digital Innovation Fund (ADIF) continues its strong growth momentum doubling its number of investee companies in 2016. The total amount invested grew more than double.



OPEN

## Sustainability Targets and Progress

### 2016 Target

Further improved impact study to be conducted and reported on our investments, products and returns

### Achievement/Progress

✓ Our National Contribution Report has been improved to include additional indicators and OpCos' contributions to forwarding identified national priorities under each country's respective National Agenda

### 2017 Targets

- Conduct stakeholder engagement sessions on Axiata's National Contribution Results and Highlights
- Continue to enhance the capabilities of ADIF investee companies with proven track records by growing their businesses through funding, know-how and market access

# COMMITMENT TO BEYOND SHORT-TERM PROFITS

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Axiata's business approach prioritises long-term partnerships and looks beyond immediate profitability as the sole determinant of the feasibility of our business initiatives.

Of greater importance is the long-term value created by the initiative for our stakeholders and whether the value is aligned with our goals in the specific market. In every market, our aim is to build a sustainable digital ecosystem where we can create mutual benefits for both our business and our many stakeholders in those markets.

As a digital telecommunications operator, our business activities require substantial long-term investment in network infrastructure as well as other operational enablers. These typically involve substantial frontloading of cost which is borne by us, and which we aim to

gradually recover from our operations over time. At the same time, this investment into infrastructure translates into effective and comprehensive network coverage for our customers. In 2016, the Group invested a total of RM6.1 billion in capex.

Axiata is also committed to the goals of digital inclusivity and strives to bridge the digital divide by ensuring our services are accessible and affordable to all including those living in rural areas or coming from lower economic backgrounds. We see these efforts as part of our responsibility to create a more sustainable future for our business and our stakeholders, and to create a brighter digital future for all.

In addition, we also invest in the local digital ecosystems of our operating countries through our investments, partnerships and local procurement practice. In Malaysia, we created the Axiata Digital Innovation Fund (ADIF), a venture capital fund, to invest in and help promote the growth of young, innovative tech companies in the country.

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Our sustainability initiatives under this pillar are divided into four areas:

- Long-Term Investments
- Services Beyond Commercial Motivation
- Digital Inclusion and Digitised Ecosystems
- Global Mobile Development

## Material topics covered under this pillar

Issue	Context	Approach	Outcome
<b>Network Quality and Coverage</b>	<ul style="list-style-type: none"> <li>• Network coverage and quality are top priorities for our business</li> </ul>	<ul style="list-style-type: none"> <li>• Pioneering new technological innovations to improve network quality and coverage</li> </ul>	<ul style="list-style-type: none"> <li>• Enhanced accessibility to our services in our markets and establishing Axiata as the coverage leader in our markets</li> </ul>
<b>Digital Inclusion</b>	<ul style="list-style-type: none"> <li>• The telecommunication industries of our operating markets are at different levels of maturity</li> <li>• There are socioeconomic variations in our markets leading to the exclusion of some segments of society from digital technology</li> </ul>	<ul style="list-style-type: none"> <li>• Offering digital products that are in line with our 4As model (affordable, accessible, applicable and available) for all segments of society</li> <li>• Diversifying our product line-up through new innovations from our tech innovator, Axiata Digital</li> </ul>	<ul style="list-style-type: none"> <li>• Provide affordable digital solutions to all our customers in our markets</li> </ul>

## Pillar Underpinnings

The Beyond Short-Term Profits Pillar is focused on long-term value creation in the countries where we operate in terms of the value we create through our investments into infrastructure and through our products and services.

### The '4i' Aspects of the Pillar

Our initiatives under this Pillar are described through the '4i' Aspects:

- 1 Improvement**  
 Our initiatives introduce improvements to the lives of our stakeholders through digital means
- 2 Innovation**  
 Our initiatives bring about new innovations that include new products and services for targeted communities, as well as our efforts to drive innovation, such as through the Axiata Digital Innovation Fund
- 3 Investment**  
 Our initiatives invest in the network infrastructure of the countries where we operate to expand our network coverage and enhance our technological offerings
- 4 Impact**  
 Our initiatives make an impact in terms of increasing network coverage, especially in rural areas; in providing much needed essential services to rural and remote communities; and in substantially uplifting the livelihoods of specific communities

## Championing Inclusivity in Our Products and Services

The inclusivity of our products and services is a key priority of ours. We strive to ensure that our offerings bridge the digital divide and create positive value for all our stakeholders.

### Inclusivity of Our Products

Example of our 4A Model - Dialog Suraksha

#### Affordability

- 1 Affordable at SLR4990 (USD32)
- 2 Instalment payment plans available

#### Availability

- 1 Provides connectivity for children to help parents ensure their safety at all times
- 2 Available at all Dialog Customer Care Centres island wide

#### Applicability

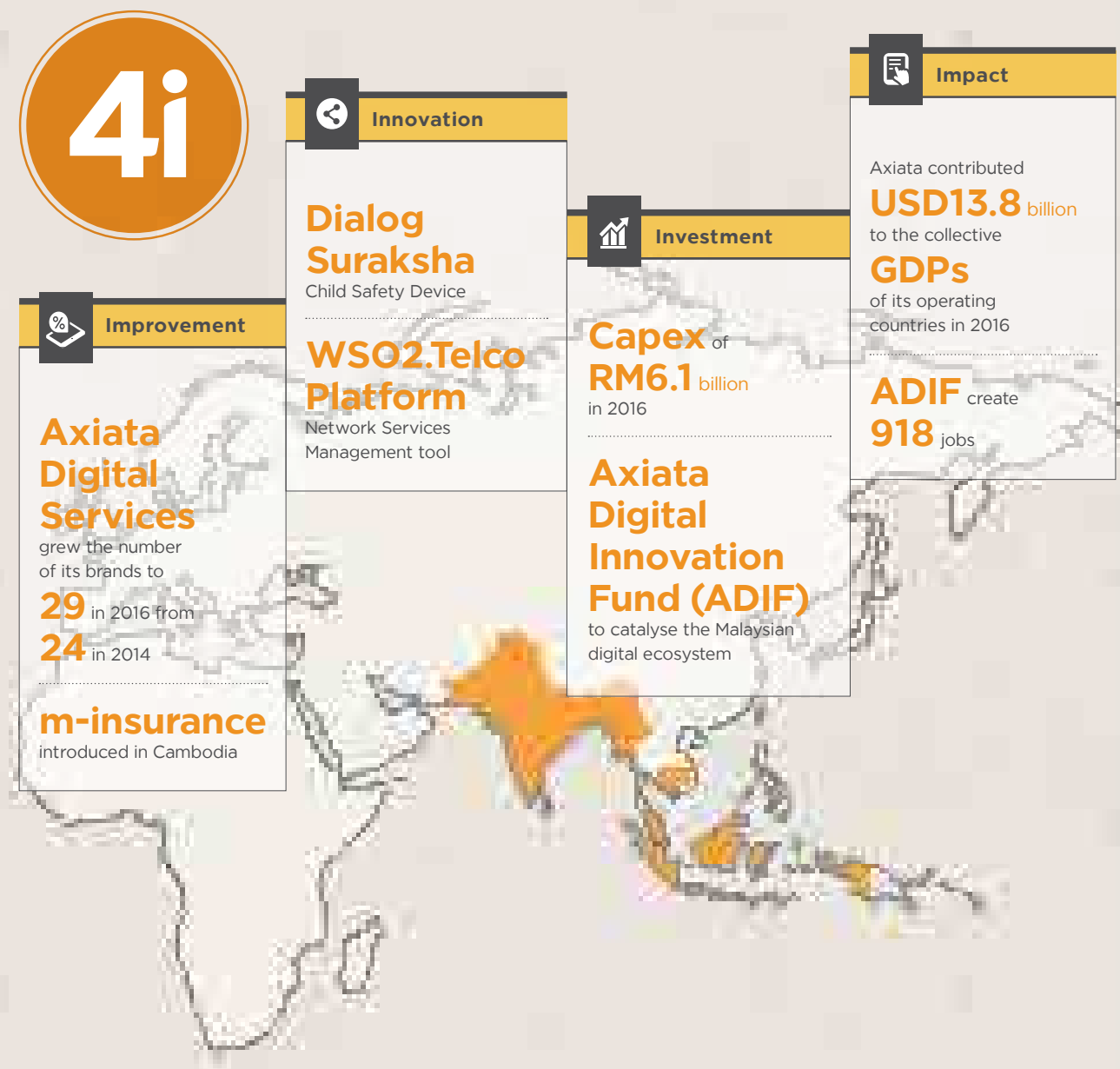
- 1 No SMS facility, GPRS or internet connectivity for children
- 2 Allows parents to track their children's location via SMS to ensure their safety

#### Accessibility

- 1 Designed for children
- 2 Minimum number of buttons
- 3 Predefined settings

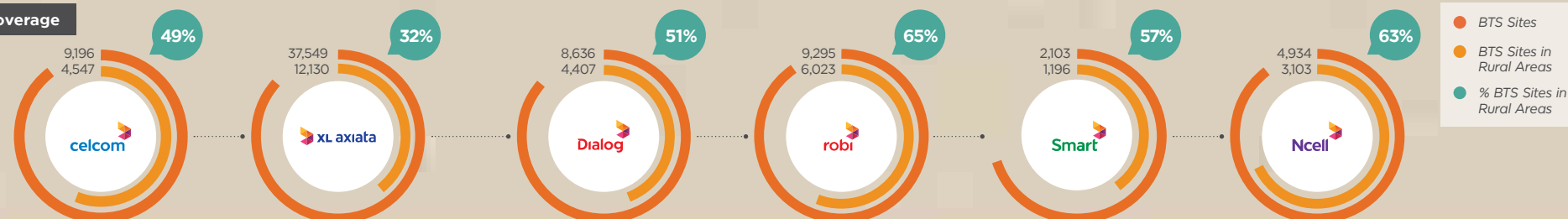
## Beyond Short-Term Profits

In 2014, we introduced the '4i' aspects of each of our Sustainability Pillars. We continued to describe our sustainability initiatives in 2016 based on these four aspects:



### Inclusivity in Terms of Coverage

Our investments in technology and coverage extend to both urban and rural communities.



# BEYOND SHORT-TERM PROFITS

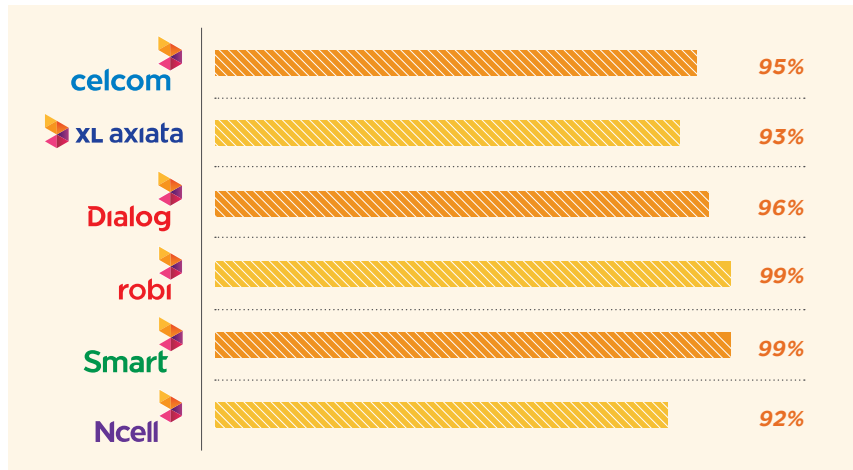
As a long-term development partner in the countries where we operate, we have made substantial investments in the infrastructure of our operating countries to ensure comprehensive network coverage and to bring the latest in digital communication technology to our customers. Our investments have extended beyond 20 years in Malaysia, Bangladesh, Cambodia and Sri Lanka, and over ten years in Indonesia.

Our investments contributed approximately **USD13.8 billion** in Gross Value Added to the GDP of our operating countries

## Long-Term Investments

Axiata views itself as a long-term developmental partner in the countries where we operate with our investments extending beyond 20 years in Bangladesh, Cambodia, Malaysia and Sri Lanka, and over ten years in Indonesia. Over these years, we have made substantial investments in the infrastructure of our operating countries to ensure comprehensive network coverage and bringing the latest in digital communication technology to our markets.

### Population coverage in all our markets



Our long-term investments are the foundation of our presence in our markets enabling the delivery of value-adding products and services to our customers. Capital expenditure (capex) incurred in the expansion of our network is part and parcel of our commitment to expand digital connectivity and improve network quality.

These investments also represent a direct contribution to the GDP of our operating countries. In 2016, our investments contributed approximately USD13.8 billion in Gross Added Value to the GDP of our operating countries. Additional information is available in our National Contribution Report on page 65.

## Services Beyond Commercial Motivation

The priority we place on long-term value creation requires that we look beyond commercial returns to determine the feasibility of our initiatives. Our approach takes long-term social and non-commercial values created by our initiatives into consideration such as rural coverage and inclusivity. In this way we secure the long-term sustainability of both our presence and our markets.

## BEYOND SHORT-TERM PROFITS

### Investing in Coverage

Our investment in infrastructure is not based only on commercial considerations, but also on the non-financial values that we create for our stakeholders. Our OpCos strive to expand their network coverage in the country to connect the previously unconnected and to enrich lives by facilitating access to digital connectivity. While our network expansion plan extends coverage to areas that are less commercially viable than others, for example to rural regions rather than key population centres, we believe these initiatives will result in greater social uplift and will make a greater impact on the market as a whole over the long term.

As at the end of 2016, more than 30,000 of our base transceiver stations (BTS), or approximately 44% of our total number of BTS, were located in rural areas.

### Investing in Technology

Our investment in technology has made us the widest 4G LTE service provider in many of our markets. We strive to expand 4G LTE services in these areas as the service is essential in supporting new beneficial innovations such as e-banking, e-commerce and online education.

Our OpCos continually explore ways in which to improve the quality and service of their offerings. One example is Dialog's USD34.5 million effort to connect Sri Lanka to the Ultra High Capacity 100G-PLUS Bay of Bengal Gateway (BBG) Submarine Fibre Optic Cable via its state-of-the-art Cable Landing Station (CLS) at Mount Lavinia (South Colombo). With this connection, Sri Lanka is linked to one of the world's most technologically advanced cable systems and this represents the single largest global bandwidth infusion into the country.

The new cable system delivers over 6.4 terabits per second (Tbps) of international bandwidth to Sri Lanka thereby representing a significant step-up with respect to connectivity. The BBG cable

means greater speed and capacity for Dialog's 3G HSPA+, 4G and Fibre Optic networks, which in turn means better connectivity and service for its customers.

Dialog was also a part of South Asia's first 4.5G demonstration featuring download speeds in excess of 1Gbps. A demonstration of 4.5G capabilities was held at Dialog's Iconic Centre, which also included explanation as to how 4.5G will affect customer experience. Some of the key benefits of the higher bandwidth include the ability to stream ultra-high definition video and data transfer capabilities.

The BBG investment and 4.5G demonstration exemplify Dialog's commitment to provide the best in connectivity and enterprise solutions to Sri Lankan businesses and internet users.

### Inclusivity in Products and Services

To complement connectivity, we develop inclusive products and services that fit the unique context of our customers. While these products may not be as commercially viable as products with mass appeal, they have been designed for a specific context and can significantly create greater social value than a generic product. These products are typically aimed at a specific segment to help improve their livelihoods and empower them. As a matter of practice, all Axiata products are designed in accordance with our 4A Model: Affordability, Availability, Applicability and Accessibility.

### Digital Inclusion and Digitised Ecosystems

Axiata innovates on its digital offerings to meet the needs of all our communities including those located in rural regions. We focus on developing digital ecosystems that provide basic services such as access to capital (m-money) and trade transactions (m-commerce). We also focus on the specific contextual needs of specific segments of the community, such as the 'Govi Mithuru' service that was launched for Sri Lankan farmers by Dialog.

### 'Govi Mithuru'

service was launched for Sri Lankan farmers by

### Dialog

Developing digital ecosystems to provide basic services such as

**m-money** and **m-commerce** services

# ADIF: BUILDING LOCAL DIGITAL CAPABILITIES

Target fund size

**RM100**

million

Committed

**RM30**

million  
in 12 Companies

Job Creation

**918**

Direct Jobs

Investment in  
Bumiputera companies

**50%**

of ADIF's Portfolio

Average Y-o-Y revenue growth

**240%**

in 2016

Revenue

**RM56.6**

million



The Axiata Digital Innovation Fund (ADIF) was created in 2014 to encourage and spur innovation and growth of Malaysia's digital ecosystem.

The fund, the largest digital services corporate venture capital fund in Malaysia, also aims to increase the participation of Bumiputera in the domestic tech space by supporting Bumiputera-led companies.

In addition to funding, ADIF's investee companies also receive unparalleled access to Axiata's network of partners across ten countries in Asia and network subscriber base of approximately 320 million customers. Investees also receive access to Axiata's digital ecosystem to explore possible synergies or collaborative efforts to enhance their products and services. They also benefit from the experience and expertise of a professional investment team that will help guide them in meeting their business objectives and growth plans beyond Malaysian borders.

ADIF is aiming to create at least five regional digital companies by 2020, and is presently one of the most active venture capital funds in the region with investments in 12 companies, half of which are Bumiputera companies. The fund has committed RM30 million of its RM100 million mandate, following which the companies have shown an average year-on-year revenue growth of 240%. Investee companies reported a collective revenue of RM56.6 million and created 918 jobs. ADIF invests up to RM10 million in each of its investee companies.

Moving forward, Axiata hopes to replicate ADIF in its various operating countries with plans in place to create SADIF in Cambodia. As with ADIF, SADIF will focus on developing the local digital ecosystem in Cambodia by providing funding and value-added assistance to investee companies.



## ADIF: BUILDING LOCAL DIGITAL CAPABILITIES

ADIF's investee companies are active in various tech spaces including:



**KFIT**  
www.kfit.com

**Service Sector**

- Service has achieved breakeven at gross margin level
- Revenue is stabilising

KFit is a fitness sharing platform that gives its subscribers access to fitness studios, gyms, spas and salons wherever they might be. The platform aggregates memberships and offers them to subscribers at a discount of up to 70%. Meanwhile, partner businesses benefit from an increased client base and greater brand exposure.



**SUPAHANDS**  
www.supahands.com

**Service Sector**

- More than 200 clients in Malaysia, Singapore and Australia

Unlike traditional outsourcing companies, Supahands is a service for businesses that want to scale on demand. Supahands' distributed workforce of awesome SupaAgents, made better with in-house innovative cloud technology to produce optimum output, provide Lead Generation, Data Management, Online Support and Content Moderation services to businesses of all sizes.



**SLURP!**  
www.getslurp.com

**F&B POS**

- Serves over 400 F&B establishments
- Processed over RM127 million worth of transactions

Slurp! is a cloud-based iPad-enabled Point of Sale (POS) system for F&B establishments that helps them grow revenue, improve business efficiency and enhance customer experience. F&B establishments that use Slurp! tend to generate higher revenue and lower operational costs compared to the average restaurant due to Slurp!'s analytics platform that tracks key performance metrics and prescribes corrective actions as needed.



**TRIPFEZ**  
www.tripfez.com

**Travel & Hospitality**

- Launched Salam Standard at Arabian Travel Mart 2016

Tripfez is a niche online travel marketplace that curates Muslim-friendly hotels & tours globally for travellers. Owned by Lagisatu Travel Sdn Bhd, Tripfez incorporates the Salam Standard to create a global reference site for Muslim travellers worldwide looking for travel solutions. Accommodations are rated based on their hotel class, and information on Muslim-friendly facilities is also provided.

## BEYOND SHORT-TERM PROFITS



### Helping Sri Lankan farmers improve yields and health through mobile technology

Almost three-quarters of Sri Lanka's population reside in rural areas and depend on agriculture for their livelihoods. Despite the prevalence of mobile phone ownership - the majority of farmers have mobile phones - there remains inadequate access to relevant farming information leading to stunted farm growth.

Govi Mithuru (Farmer's Friend or 'Ulavar Tholan' in Tamil) is a mobile advisory service created by Dialog in partnership with the GSMA for farmers to address the information gap.

By January 2017, over 267,000 farmers were registered with the Govi Mithuru service, which has expanded

its crop advice to include paddy, maize, potato, tomato, aubergine and big onion cultivation. Farmers from all over Sri Lanka have welcomed Govi Mithuru with growth particularly strong in agriculturally strong areas such as the North Central, Central and Eastern provinces.

Under the programme, voice recordings providing customised information on land preparation, cultivation, harvesting and post-harvest activities are available to farmers for Rs. 1 per day. The service also provides advice on seed selection, pest and disease control and family nutrition. Implementing this advice leads to better agricultural practice and onwards to improved crop security, greater profitability, better family nutrition and enhanced engagement with officials.

Officials overseeing agricultural activity have also benefitted from the implementation of Govi Mithuru. In terms of planning, the service helps promote

the cultivation of strategic crops and disseminates time-critical information on weather and disease control. It also provides important analytics information by offering insights into yield availability and better insight and tracking of farmers' progress and needs.

Govi Mithuru is also being observed as a pilot programme by global development agencies including the Department for International Development, UK and the GSMA who are following its progress and developing best practices from its implementation. The project is part of the mAgri Challenge Fund, a GSMA initiative designed to improve the livelihoods of smallholder farmers in African and South Asian countries using mobile services. Dialog is among the six operators worldwide to have been chosen as a winner of the Challenge Fund by the GSMA.



### Bridging the digital divide in Indonesia

XL Axiata is playing a part in bridging the digital divide in Indonesia through its 1,000 Broadband Schools Programme as part of the national agenda of securing 1 billion internet

connections by the national telecommunications industry.

In 2016, XL Axiata outfitted 50 schools with mobile broadband connectivity benefitting some 15,000 students throughout the country. XL also conducted an internet literacy programme in the schools to

help students familiarise themselves with online access and to learn how to benefit from connectivity. Through programmes such as these, XL Axiata is ushering in a new technologically literate generation and bringing connectivity to the previously unconnected.

## BEYOND SHORT-TERM PROFITS



### Helping pensioners access their retirement funds

Dialog is a participant of the eZ Cash mobile money network, which allows pensioners across Sri Lanka to receive their monthly pension payments through their mobile wallet.

By subscribing to the service, pensioners are able to request for up to Rs. 25,000 of their pension to be instantly remitted to their eZ Cash account. These funds can then be used to pay for their utilities, insurance premiums and other payments from the convenience of their mobile phones. The funds can also be transferred to other users or withdrawn in part or full from any of the 16,000 eZ Cash merchants across the country.

The service, a collaboration with the Sri Lanka Department of Pensions, leverages on the security and speed of mobile money transfers to ensure that pensioners receive their funds promptly and securely. It also gives pensioners better control of their funds, as they will be the sole custodians through their mobile phones. eZ Cash is a pioneering service and the largest licensed mobile money service in Sri Lanka. All pensioners are eligible for this service after submitting the application documents to the Department of Pensions.



### Empowering women's enterprises

Robi launched Maya Apa Plus, a personal digital well-being assistant, in collaboration with Maya Apa, a woman-led technology startup. Aimed at Robi subscribers, Maya Apa Plus provides credible advice on personal, health or psychological issues which is often difficult to obtain in Bangladesh.

This can sometimes put lives at stake when dealing with health emergencies such as heart attacks or depression.

The Maya Apa Plus service provides Robi users with around-the-clock support from Maya experts, with responses to questions answered typically within ten minutes. The service also includes an offline SMS-based pay-per-use model to access Maya Apa Plus services. The SMS service lets Robi users ask health and psychological questions either in Bangla or English. The service also offers subscription-based SMS tips from the experts on health and psychosocial issues.

The launch of the service underlines Robi's and Maya's commitment to taking digital healthcare and well-being services to everyone in Bangladesh. At present, the service receives over 500 questions from users across the country every day. Maya Apa received the ICT Innovation Fund Award from the Government of Bangladesh in 2016 in recognition of its efforts to promote healthcare in the country.

## BEYOND SHORT-TERM PROFITS

Smart Axiata added **80,000 m-insurance subscribers**

every month between December 2015 and February 2016

With Robi's m-insurance offering, subscribers receive free life insurance covering up to

**USD740**

Dialog offers Personal Accident insurance from as low as

**USD0.20**

per month



### Empowering farmers through digitisation

XL Axiata launched its Petani App in 2016 as part of its effort to bring the benefits of digitisation and connectivity to the Indonesian farming community in Central Java.

The application is a platform that provides farmers with digital facilities providing them with timely and relevant information, communication and education. The Petani App is delivered through High Throughput Satellite (HTS) internet connectivity in order to reach remote areas that fall outside the conventional

cellular network. The satellite access provided by XL is capable of providing high speeds and efficient spectrum use in a localised area.

Axiata is keenly aware that agriculture remains an important business activity in many of its operating countries, and has been a staunch supporter of leveraging on digitisation and technology to improve agricultural productivity. The Petani App joins other agriculture-based services such as the Farmer's Friend initiative in Sri Lanka. The focus on specific community groups is an essential component of Axiata's sustainability strategy to maximise the impact of our presence in our operating markets.

### Enhancing safety nets for our stakeholders

M-insurance offers much needed financial safety nets to our customers who are uninsured. Our OpCos provide affordable insurance coverage as part of customer subscriptions to reach out to segments of the population who, for financial or other reasons, cannot afford insurance through regular channels. One of our key insurance partners is BIMA MILVIK, a leading provider of mobile-delivered insurance and health services in emerging markets.

As at the end of 2016, BIMA had successfully partnered with Dialog, Robi and Smart to offer insurance to their subscriber base, and is in talks of doing the same with Celcom. In the case of Celcom, surveys show that the bottom 40% of the Malaysian population are uninsured, and will stand to benefit significantly should they enroll in m-insurance.

For example, with Robi's m-insurance offering, subscribers receive free life insurance covering up to USD740 based on their mobile usage. They can also opt to subscribe to a Doctors Consultation service for USD0.40 per month, which gives them unlimited calls to a panel of doctors for immediate advice over the telephone. In Sri Lanka, Dialog offers Personal Accident (PA) insurance for between USD0.20 and USD1.00 per month which translates to USD7,400 to USD37,000 in coverage. Table 1 gives an overview of our existing m-insurance programmes offered in collaboration with BIMA.

We have seen encouraging take-up numbers in our existing markets, particularly in Cambodia where Smart Axiata has added 80,000 new m-insurance subscribers each month between December 2015 and February 2016. As a result, Smart is now the top provider of life insurance for Cambodians, especially to low-income households. In addition to coverage, our partnership with BIMA also takes on an educational component as BIMA's agents actively engage with subscribers to educate them on the importance of insurance.

# BEYOND SHORT-TERM PROFITS

Given the escalating costs of healthcare, we believe that m-insurance is one way in which we can leverage on our mobile offering while creating positive social value for our communities. We plan on further expanding our m-insurance offerings in the future to our other OpCos.

**Table 1: Axiata Group’s m-insurance offerings in partnership with BIMA**

Country	Product	Monthly price	Insurance cover (USD)	Registered customer	% of mobile operator base	Achievements
Bangladesh	Life Insurance	Free	Up to \$740	7m	28%	Cover 4% of Bangladesh population
	Doctors Consultation	\$0.40	Unlimited doctor calls	0.2m	0.5% (new)	
Sri Lanka	Personal Accident	\$0.20-\$1.00	\$7,400-\$37,000	1m	13%	Dialog Gold Award winner for best business creation 2016
	Hospital Insurance	\$0.70	Up to \$200	0.7m	10%	
Cambodia	Life Insurance	\$0.80-\$1.60	\$1,000-\$2,000	0.5m	10%	No. 1 Insurer in Cambodia
	Hospital Insurance	\$1.60	Up to \$300	<0.1m	<0.1% (new)	



## Providing safety nets against health threats in Indonesia

Dengue fever and typhoid are common diseases in Indonesia. Both are crippling and, if left untreated, potentially fatal. The impact of these diseases is worst felt by the less privileged in Indonesian society who may not be able to afford or choose not to seek immediate medical help.

In order to lighten the burden of seeking medical help for these afflictions, XL Axiata, together with Bank Mega, has launched the Mega XL Sehat Mobile Insurance Programme, which provides coverage specifically against dengue and typhoid. The micro-insurance scheme which costs Rp. 4,950 per month will compensate policyholders for medical costs should they be hospitalised for more than two days. Policyholders will receive Rp. 500,000 each day of hospitalisation for up to 10 days.

XL Axiata’s Mega Sehat M-insurance scheme was designed to leverage on mobile services to provide an essential service in an affordable and accessible way. All XL Axiata subscribers are eligible for the scheme thereby making the service available to all throughout the nation.

## BEYOND SHORT-TERM PROFITS

### Creating Value through Digitisation

We established Axiata Digital to manage and develop the Group’s digital products and services. Axiata Digital enhances the Group’s core business revenue by creating new sources of value and contributing to long-term upside creation through partnerships and acquisitions in the digital ecosystem. Axiata Digital plays a key contributing role in our third phase of growth, which is focused on becoming a Digital Champion.

Axiata Digital caters to online customers on smartphones, tablets and broadband, and aims to increase its share of online wallets.



It also leverages on the Group’s strength as a leading regional telecommunications operator by building on existing customer relationships within all our mobile markets. Axiata Digital plays a key contributing role in the following areas:

- Generating revenue from adjacent digital businesses that also increases customer engagement within our core mobile business
- Supplementing our core business with value creation opportunities by unlocking assets within the core
- Transforming our core business to an Over-the-Top (OTT) and Internet-of-Things (IoT) ready business

- Building and expanding digital skills, mindsets and capabilities across Axiata

Axiata Digital has investments in five key business verticals namely Digital Advertising, e-commerce/Marketplaces, Mobile Money, Digital Entertainment and Education, Disruptor Models and OTT Enablement Platforms. As at the end of 2016, it has 29 digital brands under its portfolio.

Some of Axiata Digital’s companies and products are detailed below.

Company	Description
<p><b>StoreKing</b></p> 	<p>StoreKing was established in India in 2012 to enhance rural retail business. Under the platform, rural retail shops become franchisees and are outfitted with customised kiosks equipped with a mobile tablet and 3G connection. The tablet connects customers to StoreKing’s inventory of over 1,000,000 products and various digital services, and the customer can make the purchase in cash through the franchisee. The goods are subsequently delivered to the franchisee store for pickup by the customer.</p> <p>StoreKing essentially transforms rural convenience shops into points of sale for online transactions, serving as both the payment point as well as the pickup point. Franchisees act as advisors, taking the customers through the shopping process on the StoreKing app. Some of the products and services on offer via StoreKing include:</p> <ul style="list-style-type: none"> <li>• Fashion</li> <li>• Electronics</li> <li>• Insurance</li> <li>• Bill payments</li> <li>• Hotel and travel bookings</li> </ul> <p>StoreKing is available across nine states and 106 districts in India, covering over 1,200 towns and 20,000 retailers. StoreKing aims to be the digital touch point for rural India by leveraging on existing rural retail stores as the point of intersection between digital and traditional.</p>
<p><b>Twig</b></p> 	<p>Twig is a mobile lock screen advertising and rewards app incubated by Axiata Digital. It was launched in Malaysia in November 2015 and has been downloaded over 180,000 times to date. It has plans to launch in other Axiata markets.</p> <p>At its core, Twig functions as a mobile advertising platform that displays ads directly on the lock screen of a mobile device. Clicking on the ad takes the user to a landing site, and users simultaneously earn reward points for engaging with the ads. They also earn points by watching videos, trying new apps and completing “missions”. These points can subsequently be used to redeem various items including mobile reloads, virtual coins or credits, and vouchers.</p> <p>Twig therefore helps our advertisers reach out to our customers while encouraging our customers to engage with new trends and offerings through the rewards system. As a commercial enterprise, Twig generates revenue from both the advertisers as well as its mobile and e-commerce partners who will pay Twig a commission for all redemptions.</p>

# BEYOND SHORT-TERM PROFITS


## Global Mobile Development

Axiata influences global mobile development through our role in the GSMA Foundation. Our commitments on the global stage are aimed at steering mobile development towards areas that are relevant to our stakeholders. In 2016, we signed on as a participant of the GSMA's Connected Women Commitment Initiative (CWCI), which opens up possibilities for women in the areas of education, healthcare, enterprise and business through the use of mobile services.

Our commitment to the CWCI is filtered down to our OpCos which are responsible for implementing initiatives towards this goal. We are pleased to note that Dialog and Robi are among the first GSMA members to have made CWCI commitments in Sri Lanka and Bangladesh. Through their initiatives, we have increased the participation of female users of technology to forward the goals of gender equality and women's empowerment.

In 2016, we signed on as a participant of the

## GSMA's Connected Women Commitment Initiative



### Building ICT capabilities in Bangladeshi women

**Robi has provided two buses fully equipped with ICT training facilities as part of the Bangladesh Government's Digital Training Bus Project.**

The project reaches out to Bangladeshi women unable to venture out of their homes or localities to provide them with basic ICT training.

Under this three-year-long project, six buses will provide training to 240,000 young and talented women across 64 districts in the country. The project is designed to encourage women to pursue entrepreneurship through ICT, especially those in rural areas. These special purpose buses will be air-conditioned, soundproof, and equipped with 25 workstations in each vehicle. Training facility infrastructure includes one laptop per trainee, large format LED screens, sound system, WiFi data facility, customised training modules, learning software and a stand-by generator.

The project is the first of its kind in Bangladesh and aims to facilitate the country's journey towards its aspiration of Digital Bangladesh. At the same time, it will help develop the hundreds of thousands of underprivileged women in the country by providing them with the ICT skills they need to make positive changes to their livelihoods and to their own households. With better ICT skills, women will have better access to education, healthcare and business opportunities.

## BEYOND SHORT-TERM PROFITS



### XL launches digital “home” for women in Indonesia

Sisternet, XL’s digital home for Indonesian women, is an online portal that helps empower, equip and inspire women, and better include them in the digital economy.

The portal publishes informative articles that empower and enrich the lives of Indonesian women. Information available on Sisternet includes health and career tips, lifestyle information, family life and shopping. It also offers mentorship through the Sisternet Academy.

A study in Indonesia showed that women are lagging behind men in the use of digital services including the use of mobiles to support their day-to-day lives. The study goes on to note that the level of internet use by Indonesian women was between 30% and 40% lower than other countries in ASEAN. Sisternet aims to address the gender disparity and to encourage greater female participation in mobile use.


Sisternet is offered for free for non-premium services, which includes informational articles, games and forum access. There is also a section of premium services that will incur a charge of Rp. 5,000 per month. The website is accessible at [www.sisternet.co.id](http://www.sisternet.co.id) and also through a free app on Android-based operating systems.

### Moving Forward

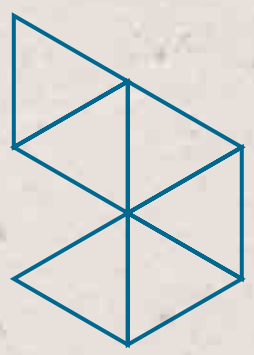
The Group will need to accelerate its investments in infrastructure and product development going forward towards achieving our goal of becoming a New Generation Digital Champion. This is necessary not only to secure the stability of our commercial interests, but also in building a sustainable and empowered community that participates in the digital economy. It is, therefore, critical for us to contribute to development initiatives aimed at expanding participation, particularly to underserved communities who have fallen behind due to a variety of reasons.

We have seen positive traction in the development of our digital products and services, and the efforts we have put in to develop local digital ecosystems are yielding fruit. However, we recognise that we are still at the very early stages of becoming a full-fledged digital economy in our operating markets. Thus, we remain focused on our investment commitments and will continue to introduce new innovations and technologies to our markets.





# COMMITMENT TO NURTURING PEOPLE



We are building a sustainable internal pipeline of world-class talents to secure our leadership succession plan and ensure that our operations are staffed by the best people. Our commitment to nurturing people is also underscored by the Axiata Young Talent Programme (AYTP) which aims to create a generation of future CEOs among the youths within our operating markets.



Nurturing  
Future Leaders



Culture of Integrity  
& Performance



Inclusivity



Conducive  
Workplace

# COMMITMENT TO NURTURING PEOPLE

G4-20  
G4-27

Axiata's approach to talent management is linked to our ambition of building a New Generation Digital Champion. We spend over RM20 million annually to develop the very best people that will guide us towards becoming a Digital Champion.

Our total workforce of 25,000 employees across the Axiata Group are provided ample opportunities to participate in a range of training and personal development programmes to realise their latent potential. Meanwhile, we continue

to intensify efforts to transform our workplaces into inclusive environments conducive for productivity and are actively engaging our employees to obtain feedback about what works.

Our talent management strategy focuses on four key areas of the talent development process:

- Establishing Axiata as an attractive employer that nurtures and rewards skilled talent
- Identifying top candidates with leadership potential and enrolling them in accelerated development programmes

- Immersing our general workforce in a culture of integrity and excellence
- Transforming our workplaces into inclusive and caring areas conducive to productivity for all our employees.

These strategies are anchored in four focus areas under this pillar:

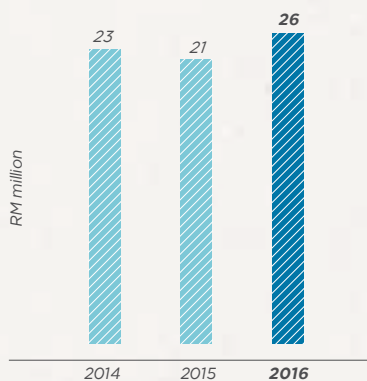
- Nurturing Future Leaders
- Developing a Culture of Integrity and Performance
- Embracing Inclusivity
- Building Conducive Workplaces

Material topics covered under this pillar			
Issue	Context	Approach	Outcome
<b>Employee Development and Welfare</b>	<ul style="list-style-type: none"> <li>• Diverse geographic footprint</li> <li>• Dynamic industry where talent requirements change quickly alongside developments in technology</li> </ul>	<ul style="list-style-type: none"> <li>• Opportunities and platforms for talent development and retention</li> <li>• Cross-cultural exposure to different markets</li> <li>• Inculcating core UI,EP values</li> </ul>	<ul style="list-style-type: none"> <li>• A sustainable internal pipeline of talent that will meet our leadership succession needs</li> <li>• Building the capabilities of the local workforce</li> </ul>
<b>Local Hiring</b>	<ul style="list-style-type: none"> <li>• Our operating markets</li> </ul>	<ul style="list-style-type: none"> <li>• The '7-2-1' Philosophy for senior leadership positions</li> <li>• Recruitment policies are non-discriminatory and based on merit</li> </ul>	<ul style="list-style-type: none"> <li>• Building a sustainable internal pipeline of talent to fill leadership positions throughout the Group</li> </ul>

## Reporting Highlights

### Amount spent on Training & Development

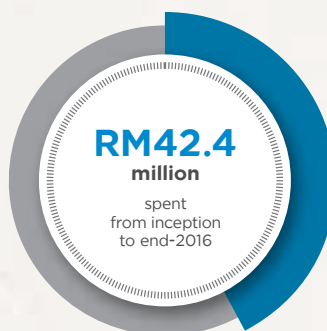
Axiata spends more than RM20 million each year on employee training and development. Our internal Accelerated Development Programme, held at both the Group and OpCo levels, is designed to build an internal pipeline of talent to staff key leadership positions within the Group.



Source: Axiata

### AYTP's total spend to date from RM100 million

Since launching AYTP in 2011, the Group has spent RM42.4 million from its pledged RM100 million in delivering unique learning and training opportunities to Malaysian youth. Through this effort, we are building the next generation of CEOs for the country.



Source: Axiata



### Sustainability Targets and Progress

2016 Target	Achievement/Progress	2017 Target
Create a support system and implement policies to strengthen the UI.EP values across the Group	<ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> UI.EP refresher sessions held during staff town hall sessions</li> <li><input checked="" type="checkbox"/> UI.EP made a part of new recruit's on-boarding and induction training</li> </ul>	To continue cultivating UI.EP values within our employee ranks through various means such as incorporating the values into our staff handbook

# COMMITMENT TO NURTURING PEOPLE

G4-20  
G4-27

Axiata's approach to talent management is linked to our ambition of building a New Generation Digital Champion. We spend over RM20 million annually to develop the very best people that will guide us towards becoming a Digital Champion.

Our total workforce of 25,000 employees across the Axiata Group are provided ample opportunities to participate in a range of training and personal development programmes to realise their latent potential. Meanwhile, we continue

to intensify efforts to transform our workplaces into inclusive environments conducive for productivity and are actively engaging our employees to obtain feedback about what works.

Our talent management strategy focuses on four key areas of the talent development process:

- Establishing Axiata as an attractive employer that nurtures and rewards skilled talent
- Identifying top candidates with leadership potential and enrolling them in accelerated development programmes

- Immersing our general workforce in a culture of integrity and excellence
- Transforming our workplaces into inclusive and caring areas conducive to productivity for all our employees.

These strategies are anchored in four focus areas under this pillar:

- Nurturing Future Leaders
- Developing a Culture of Integrity and Performance
- Embracing Inclusivity
- Building Conducive Workplaces

Material topics covered under this pillar			
Issue	Context	Approach	Outcome
<b>Employee Development and Welfare</b>	<ul style="list-style-type: none"> <li>• Diverse geographic footprint</li> <li>• Dynamic industry where talent requirements change quickly alongside developments in technology</li> </ul>	<ul style="list-style-type: none"> <li>• Opportunities and platforms for talent development and retention</li> <li>• Cross-cultural exposure to different markets</li> <li>• Inculcating core UI,EP values</li> </ul>	<ul style="list-style-type: none"> <li>• A sustainable internal pipeline of talent that will meet our leadership succession needs</li> <li>• Building the capabilities of the local workforce</li> </ul>
<b>Local Hiring</b>	<ul style="list-style-type: none"> <li>• Our operating markets</li> </ul>	<ul style="list-style-type: none"> <li>• The '7-2-1' Philosophy for senior leadership positions</li> <li>• Recruitment policies are non-discriminatory and based on merit</li> </ul>	<ul style="list-style-type: none"> <li>• Building a sustainable internal pipeline of talent to fill leadership positions throughout the Group</li> </ul>



## Pillar Underpinnings

The Nurturing People Pillar details our approach in developing skilled talent both for the Axiata Group as well as for the countries in which we operate.

Our inclusive talent development initiatives ensure that we secure our leadership succession plan and that skilled professionals staff our operations. The Axiata Young Talent Programme (AYTP) together with other OpCo initiatives, meanwhile, are focused on developing future CEOs and leaders in the region by offering young talents unique training and learning opportunities.

### The '4i' Aspects of the Pillar

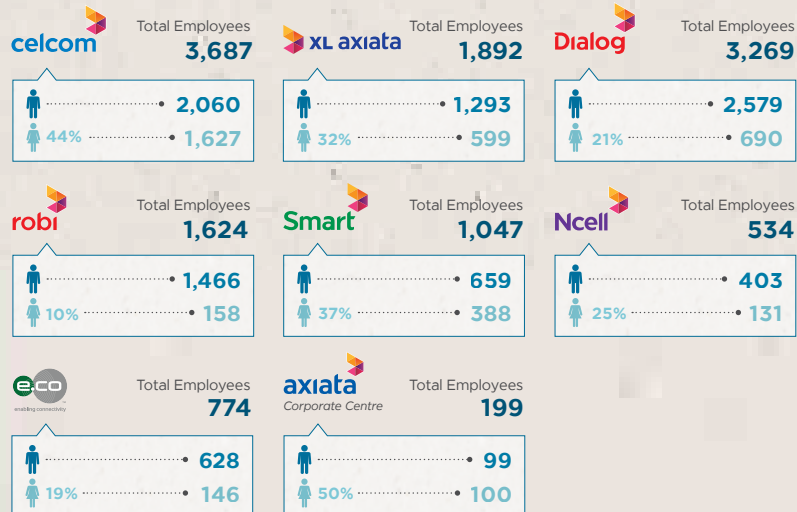
Our initiatives under this Pillar are described through the '4i' Aspects:

- 1 Improvement**  
 Our initiatives introduce improvements to the welfare and development of our employees, as well as to the level of education and training of the youth in our communities
- 2 Innovation**  
 Our initiatives bring about new innovations that include our hiring policies and learning programmes such as AYTP
- 3 Investment**  
 Our initiatives invest in the development of Axiata employees and youth in the region
- 4 Impact**  
 Our initiatives are forwarding the national training agenda, promoting the best qualified people in our organisation and graduating future CEOs for the region

## Building a World-Class Workforce

Axiata has a team of 13,026 employees of which 30% are female employees. They are guided by our 'Uncompromising Integrity, Exceptional Performance' (UI.EP) core value to seek out excellence in all they do and to observe the highest codes of conduct at all times.

### Gender Breakdown of Our Employees by OpCo



## Nurturing People

In 2014, we introduced the '4i' aspects of each of our Sustainability Pillars. We continue to describe our sustainability initiatives in 2016 based on these four aspects:



### Improvement

Sustainable Engagement Index (SEI) Score of **86%**

**806** Employees in accelerated development programmes

### Innovation

Embracing Inclusivity through '7-2-1' philosophy

**Axiata Champion** recognises the top performing **0.5%** of the Group's total population

edotco introduced its **Technical/Functional Mobility Programme** to develop employees in the Tower business via cross country exposure

### Investment

**RM26 million** for training in 2016

More than **RM20 million** spent on **Employee Training & Development** annually

### Impact

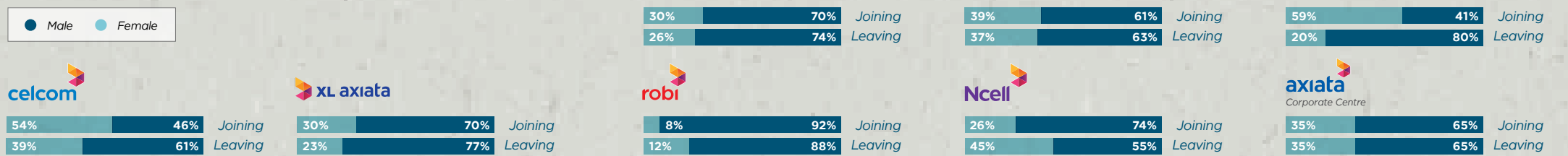
**622 SL1M** trainees in 2016

**59%**

**Senior Leadership** positions filled internally

More than **40 different nationalities** across the Group

### Gender Ratios of Employees Joining and Leaving the Group in 2016



# NURTURING PEOPLE

Our leadership development initiative is spearheaded by two flagship programmes: the Group Accelerated Development Programme (GADP) and OpCo Accelerated Development Programme (OADP).

At present,

**59%** of the Group's senior leadership positions are staffed by internally promoted talents

There are presently

**806 staff** members Group-wide enrolled in the

**GADP** and **OADP**

In Malaysia, Celcom runs the

**First Line Manager (FLM)**

Programme and the

**Skim Latihan 1Malaysia (SL1M)**

## Nurturing Future Leaders

At Axiata, we understand that our ambition to become a New Generation Digital Champion is a long-term goal that requires sustained effort as we make incremental improvements in all aspects of our business. Successive leaders in our organisation must understand the necessity of sustaining the effort and recognising the importance of maintaining continuity in our activities.

By staffing management positions with internally groomed and trained people, we ensure that the key roles of our organisation are occupied by qualified individuals who recognise the importance of our long-term initiatives and objectives. It also grants assurance that leaders who embody Axiata's culture and values are ready to take on positions of leadership. From a recruitment standpoint, an internal pipeline of talent reduces our reliance on external talent and mitigates concerns that external appointees may not have the right culture-fit.

Our leadership development initiative is spearheaded by two flagship programmes: the Group Accelerated Development Programme (GADP) and OpCo Accelerated Development Programme (OADP). Both programmes help groom our staff with leadership potential by giving them the necessary training and exposure to prepare them for leadership opportunities when they arise.

Candidates are put through a focused training regime and given greater attention by management staff to aid in their development. Through these programmes, we have now filled the majority of key management positions in our OpCos, including the CEOs, with internally groomed talent. At present, 59% of the Group's senior leadership positions are staffed by internally promoted talents.

Candidates are encouraged to form mentorships within the Group, and must display an aptitude for self-learning in order to succeed in the programme. We also make use of our diverse geographic footprint to send our staff on secondment programmes, thereby exposing them to various markets and operating environments. There are presently 806 staff members Group-wide enrolled in the GADP and OADP.

Axiata's OpCos also implement leadership development initiatives independently within their own localities. In Malaysia, Celcom runs the First Line Manager (FLM) Programme and the Skim Latihan 1Malaysia (SL1M).

## NURTURING PEOPLE



### Identifying the Right Talent: Our Talent Councils

Identifying the right talent for the right position is an important process. At Axiata, we look beyond tenure and competencies to ensure that the right person is assigned the right job. Talent Councils have been formed at both the Group and OpCo level to assess candidates in the talent pipeline for competencies and culture-fit.

The Talent Councils are a part of our commitment towards ensuring that the right talent is placed in the right position. Some of the key considerations deliberated include the 'culture-fit' of the candidate as well as the adaptability of the candidate to be successful in a new ecosystem. The process of identifying talent through our Talent Councils is resource and time consuming, but significantly reduces the risk of putting the wrong person in a key position.

Each of our six OpCos as well as our infrastructure company edotco and technology company Axiata Digital Services have formed their own Talent Councils. Largely made up of senior management, the councils meet at least

twice a year and are responsible for combing through candidates within their companies and discussing their suitability for key positions. They also identify candidates suitable for reassignment to the Group level.

These candidates are then assessed by the Group's Talent Council, which comprises the Group CEO as well as the CEOs of the other eight companies. The Group council conducts a similar process and makes appointments based on the findings of the council. Axiata's use of this mechanism ensures that appointments receive the general assent of the council and that appointees are thoroughly vetted by more than one individual.



### Building Local Leadership Capacities

We are committed to investing in the local talent capacity of our operating countries, and aim to preserve national diversity when we expand our footprint into new markets.

Towards this end, we practise a '7-2-1' philosophy (70% appointments of local talent, 20% from elsewhere in the Group and 10% external talent), in appointing leaders for our OpCos. This is followed by the establishment of local talent pipelines in each of our operating countries in creating a more sustainable pipeline of talent.

Axiata is pleased to report that we appointed a Bangladesh national, Mahtab Uddin Ahmed, as the new CEO of Robi

Axiata in November 2016. Mahtab was seconded to the Axiata Group on a special assignment prior to his appointment to Robi's top position. He was previously the Chief Operating Officer (COO) of Robi from April 2014 to March 2016. Meanwhile, Supun Weerasinghe, the previous CEO and native Sri Lankan, has returned to Dialog Axiata where he will succeed Dr Hans Wijayasuria as the next CEO of Dialog.



# AXIATA YOUNG TALENT PROGRAMME (AYTP)

**RM100 million**  
pledged to AYTP

**1,129 participants**  
benefitting from the AYTP as at the end of 2016

## Developing Young Talent

At Axiata, we believe that nation building begins with nurturing young talented individuals who aspire to be the CEOs of tomorrow. At the Group level, we have consolidated our nation-building efforts in the Axiata Young Talent Programme (AYTP) – our flagship education initiative. Axiata committed RM100 million in 2011 to this initiative, and has spent RM42.4 million between the years 2011 and 2016.

Thus far, AYTP has impacted 1,129 individuals since its inception in 2011.

Following the success of AYTP in Malaysia, our OpCos have since replicated AYTP in their own respective countries. By learning from AYTP, OpCos such as XL in Indonesia have built up the XL Future Leaders programme which is aimed at addressing specific educational needs within its communities – building a brighter future for its youth.

## Our Approach

### Experience-based Development

- Business challenges
- Business simulations

### Relationship-based Development

- Networking
- Mentoring

### Personal Development

- Debriefing sessions
- Coaching
- 360° evaluation

### Education-based Development

- Classroom training
- Workshops



## The AYTP Journey

AYTP is an umbrella programme with three leadership development tracks under it. These are:



**School Leadership Development Programme**



**University Leadership Development Programme**

### Nurture the Leader in You

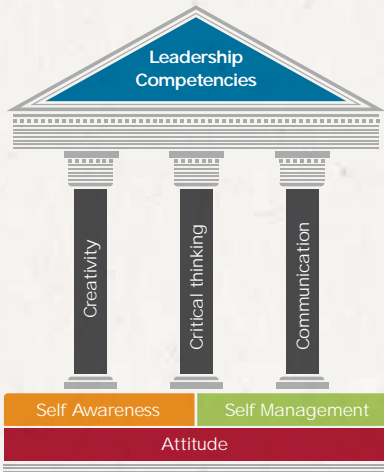
SLDP is a five-year programme currently available to all students at Kolej Yayasan Saad Melaka. Starting from Form 1 up to Form 5, students develop their critical skills and command of leadership competencies through an array of activities and workshops. SLDP has been running since 2011, and has touched the lives of up to 583 individuals.

### Discover Your CEO DNA

ULDP is a two-week 'summer camp' style programme designed for top local and overseas undergraduate students. Participants undergo immersive business simulations and workshops before completing the CEO Challenge toward the end of the programme.



# AXIATA YOUNG TALENT PROGRAMME (AYTP)



## Our Framework

AYTP is anchored on a holistic framework aimed at building essential values, attitudes and competencies to equip young Malaysians with leadership skills to be future CEOs.

### Leadership Competencies:

- Strategic Thinking
- Business Acumen
- Results Achievement
- Coalition Building
- Customer Orientation
- People Management & Development



**Hazril Hafiz**  
Cohort 1, Young CEO Development Programme

“I’m glad that I applied for the Young CEO Development Programme, and I’m even more thankful that I was selected to be part of it.

Apart from having my confidence level leap up, I’ve met an incredible bunch of individuals. To top that off, although it’s only been a year since I joined the programme I’ve learnt a lot of new skills and practical knowledge! I’m very much looking forward to the second year because we’re going to immerse ourselves into understanding the complexities of businesses turned large corporations!

### Young CEO Development Programme



#### Develop Your CEO DNA

YCDP is a two-year leadership development programme open to all Malaysian youths aged 20-25 years. The programme, which incorporates the Ax-Factor curriculum in the form of four residential boot camps per year, equips participants with the personal and professional leadership skills essential to become world-class CEOs.

### AYTP Alumni Association



#### Expand Your Network

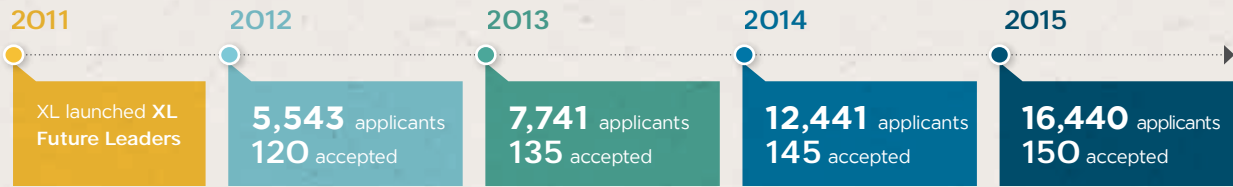
Participants who have completed any of AYTP’s leadership development tracks are invited to join the AYTP Alumni Association. Run by an annually elected council, the association focuses on promoting personal and professional development, as well as strengthening the bond between its members through numerous activities.

# NURTURING PEOPLE



## XL Future Leaders

The Indonesian public has responded well to the programme with demand greatly exceeding the number of places available:



**42,165**

applicants since 2012

**550**

students accepted

**90+**  
**innovations**

generated for the telco industry

**1,920**

enrolled in XL E-Learn

**3,500+**

hours of intensive mentoring sessions

**62**

student-led projects in education, technology, food, environment and women's empowerment

The XL Future Leaders (XLFL) Programme is part of XL's efforts to build future leaders in Indonesia in line with the goals of the AYTP. Since the start of the programme in 2011, some 20,690 students have benefitted from its initiatives.

These include 9,300 participants in the XLFL Global Thinking Programme; 10,890 through online learning courses; and 500 scholarship recipients.

XLFL is a youth-focused programme designed to prepare university students for the rigours of leadership. Its Global Thinking programme is a two-year long developmental programme, making XLFL the most comprehensive and longest youth programme in Indonesia.

XLFL also provides online and offline workshops to participants, one-on-one mentoring sessions, scholarships, and an e-learning platform accessible by the general public.

The programme is designed to develop leaders that are socially informed, creative and confident among young people across Indonesia by:

1. Developing capabilities through self-reflection
2. Building an awareness of Indonesia's development needs
3. Inspiring confidence and encouraging independent thinking
4. Creating hands-on entrepreneurial experiences
5. Developing innovation that positively impacts society

To ensure that XLFL is aligned with global best practice, XL conducts an annual evaluation process using an evidence-driven framework to assess the educational impact of the programme. It was also discovered that XLFL benefits not only the student participants but also other sectors including government, businesses, universities and XL as well.

Since its start in 2011, XL Future Leaders has received four awards including the Best CSR Award from the Perhumas Awards 2016. The programme has been innovated to meet Indonesian education objectives and has evolved from one subject programme in 2011 to eight in 2016. As with the AYTP, XL Future Leaders is helping build capabilities and capacities of our future generations.

## NURTURING PEOPLE

### Developing a Culture of Integrity and Excellence

Axiata places high expectations on its general workforce in terms of their integrity and their level of performance. This is codified in our core value system of UI.EP (Uncompromising Integrity, Exceptional Performance), which has been disseminated to all our OpCos. While our OpCos may have other values incorporated into their culture, UI.EP is pervasive throughout the entire Group.

Under UI.EP, we expect our staff to act with integrity and respect towards their colleagues and customers, and to

be honest, fair and accountable in all relationships with stakeholders, customers, colleagues and suppliers. Axiata has instituted a zero-tolerance policy on unfair treatment and discrimination which covers all Axiata employees from the Board all the way down to our auxiliary staff and suppliers and contractors.

In 2016, we continued to hold UI.EP refresher workshops throughout the Group. Participants of the UI.EP workshops receive a briefing on company expectations and also sit a Situational Judgement Test, which assesses the employee behaviour and standards based on given situations. The level of our employees' UI.EP understanding

is included as a component of their annual performance evaluation, and forms part of each individual employee's overall assessment.

At the Group level, the measure of our employees' UI.EP immersion is gauged through our Sustainability Engagement Index (SEI), which is constructed by an independent surveyor. In 2016, our SEI measured score for the Group was 86%, which is within the range of the Willis Towers Watson Global High Performance Companies Norm.



### Engaging Our Employees

Axiata places great stock on the opinions of its employees and seeks their feedback in addressing issues of productivity and staff morale. As the day-to-day implementers of our business activities, they are among the best gauge of what works and what does not.

We believe that there must be open lines of communications between all employees regardless of their function, and we nurture the development of an open culture that encourages employees to freely communicate and report misconduct or concerns to Management.

The Group's annual Employee Engagement Survey (EES) is the main tool used by the Group to obtain feedback from our employees. A third-party subject expert is commissioned yearly to conduct the survey to ensure greater objectivity in the findings of the survey. Questions included in the poll vary from year to year, and have included

topics such as sustainability and the effectiveness of Axiata in supporting employees in their work.

Findings from the survey are shared with Management and all employees, and follow-up sessions are conducted with staff via focus groups. Managers are also expected to use the data to address problems in their respective departments, through an online management tool introduced in 2015. The tool helps managers identify systemic problems based on aggregated employee data and base solutions on these findings.

## NURTURING PEOPLE

Axiata places

### High Expectations

on its general workforce in terms of their integrity and their level of performance

In 2016, our

### Sustainability Engagement Index (SEI)

measured score for the Group was

**86%**

### Embracing Inclusivity

Axiata believes there is strength in diversity, and leverages on the multicultural and multi-ethnic backgrounds of its workforce across the region to build a stronger and more sustainable organisation. Presently, our workforce is made up of over 40 different nationalities and has a male-to-female ratio of 71:29. Women make up 30% of our total workforce and 16% of our senior leadership positions.

Our commitment to inclusivity extends to our recruitment as well as to our policies governing fair treatment at the workplace. As part of that commitment, we ensure that hires are made based exclusively on talent and qualification. We have an 'equal pay for equal work' principle in our remuneration policy, which assures that no pay distinctions are made in regards to gender or ethnicity in any of our OpCos.

The Group also practises inclusivity in the workplace by providing facilities catering to specific groups including people with disabilities, pregnant employees and new mothers. Each of our OpCos implement facilities such as dedicated parking and day care centres.

### Building Conducive Workplaces

Our workplaces are designed to help our employees conduct their roles safely and efficiently. All our OpCos have occupational health and safety (OHS) management systems in place, while care is taken to ensure the health and safety of everyone at work including non-employees and visitors. Each OpCo has a dedicated OHS committee, and Floor Wardens have been appointed at each floor of the building.

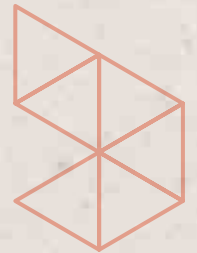
### Moving Forward

The telecommunications business is at a crossroads where new digital capabilities are arising more regularly than before. These innovative technologies may potentially disrupt our business, and we must embrace digital trends in order to remain relevant. To do so, we will need the right talent and skills that will be able to make the most of the opportunities that accompany these developments, which in turn requires targeted and effective recruitment, training and retention programmes.

On the other hand, we must also maintain the continuity of the Axiata culture. Changes to the employee population cannot be wholesale, which is why we are instead focusing on enhancing our internal development capabilities to make incremental changes. Our people will be the core to the future growth of the company and the source of innovation and leadership. They will also remain the most important assets in the Axiata Group.



# COMMITMENT TO PROCESS EXCELLENCE & GOVERNANCE



We focus on improving our processes throughout the value chain to ensure we operate at peak efficiency and to maintain high levels of customer satisfaction. To these ends, we work together with various stakeholders including our vendors and business partners to ensure our entire supply chain remains sustainable. We also take customer feedback very seriously and conduct regular and thorough engagement with them to determine their evolving digital needs.



Best Practices Across  
the Value Chain



Customer  
Centricity



Digitising  
Processes



Strong  
Governance

# PROCESS EXCELLENCE & GOVERNANCE

We believe that the quality of our processes and the level of our organisational governance are important factors contributing to improved customer and supplier relations, greater cost efficiencies and enhanced organisational oversight.

Each of our OpCos has its own specific set of tax, licensing and other regulatory requirements. We have a subscriber base of approximately 320 million customers across ten countries to whom we have made a commitment to meet their expectations and protect their personal data.

Our sustainability initiatives under this pillar have been formulated to ensure that we meet all our commitments to our stakeholders in an efficient and effective manner. The initiatives are categorised under five focus areas:

- Best Practices Across the Value Chain
- Customer Centricity
- Privacy and Data Protection
- Digitising Processes
- Strong Governance

Material topics covered under this pillar			
Issue	Context	Approach	Outcome
<b>Supply Chain Management</b>	<ul style="list-style-type: none"> <li>• The majority of our procurement spend is on network-related technologies</li> </ul>	<ul style="list-style-type: none"> <li>• Centralised Axiata Procurement Centre that handles all network-related procurement to improve efficiencies</li> <li>• Conduct Supplier Performance Management assessments for continuous improvement in vendor performance</li> </ul>	<ul style="list-style-type: none"> <li>• Optimised procurement budget and the development of a network of suppliers and vendors that are committed to best practices and enhanced corporate governance.</li> </ul>
<b>Customer Service</b>	<ul style="list-style-type: none"> <li>• We are a highly customer-centric operation and operate in a changing environment where customer expectations are constantly evolving</li> </ul>	<ul style="list-style-type: none"> <li>• OpCos measure customer satisfaction levels regularly and take all feedback seriously to identify issues and anticipate changes in their expectations</li> </ul>	<ul style="list-style-type: none"> <li>• Improve customer experience in each market to be the best amongst service providers</li> </ul>
<b>Privacy and Data Protection</b>	<ul style="list-style-type: none"> <li>• We have access to confidential customer information</li> <li>• Digitisation has increased the risk of data breaches</li> </ul>	<ul style="list-style-type: none"> <li>• Adherence to local and industry regulations</li> <li>• Incorporating best cybersecurity standards into our practices</li> </ul>	<ul style="list-style-type: none"> <li>• Build customers' trust in us to safeguard their personal data</li> <li>• A secure environment ensuring the careful handling of sensitive information</li> </ul>
<b>Governance and Responsible Business Conduct</b>	<ul style="list-style-type: none"> <li>• We operate in six different markets each of which have their own regulatory frameworks</li> <li>• The telecommunications business is a highly regulated industry involving numerous stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>• Setting our own standard of conduct using UI.EP</li> <li>• Axiata's Enterprise Risk Management Framework has been adopted as a standard approach throughout the Group</li> </ul>	<ul style="list-style-type: none"> <li>• A strong reputation as a reliable business partner in the region</li> <li>• Best practices in governance and compliance practices.</li> </ul>
<b>Tax and Licensing</b>	<ul style="list-style-type: none"> <li>• The telco industry is generally subject to stringent regulations and high taxes in our operating markets</li> </ul>	<ul style="list-style-type: none"> <li>• Proactive engagements with local tax and regulatory bodies</li> </ul>	<ul style="list-style-type: none"> <li>• Arrive at solutions where tax and fees are balanced with the long-term sustainability of the industry.</li> </ul>

## Reporting Highlights

### Building Sustainable Supply Chains

2014

2015

2016

Held the first Axiata Supplier's Forum to share best practices and obtain feedback from our vendors

- Introduced the Axiata Supplier's Code of Conduct to establish the Group's expectations from our vendors and suppliers
- Held our first Supplier Innovation Workshop to develop the capabilities of our vendors and suppliers, and to explore possible innovations that would be beneficial to the Group

Held the inaugural Axiata Supplier Awards to recognise our top-performing vendors

### Sustainability Targets and Progress

#### 2016 Targets

- Review the Sustainability Governance structure including new developments in the area of Governance and Transparency
- Set up an internal task force to institutionalise a strong governance structure for the Group on privacy and data security
- Sustainability and Ethics to be included as key supplier evaluation criteria by 2016
- Continue with customer satisfaction surveys and include a customer study to gauge the Group's sustainability performance
- Proactively engage with our key stakeholders to manage the risks and opportunities of tax and licensing

#### Achievement/Progress

- ✓ Made continuous effort to expand and enhance sustainability initiatives
- ✓ Established the Cyber Security Steering Committee (CSSC) to accelerate the implementation of cybersecurity initiatives
- ✓ Sustainability and ethics assigned a weightage of 20% in the supplier's performance evaluation

#### 2017 Targets

- Improve our measurement and tracking of sustainability initiatives and raise our sustainability reporting standards
- Implement privacy initiatives across the Group and OpCos under a new Group Privacy Framework
- Hold formal supplier development feedback sessions
- Enhance our measurement of customer satisfaction with new initiatives such as social listening
- Hold directed stakeholder engagement sessions to obtain greater feedback



OPEN

# PROCESS EXCELLENCE & GOVERNANCE

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## Pillar Underpinnings

The Process Excellence & Governance Pillar details our initiatives to streamline and optimise our processes and enhance internal governance frameworks.

We have in place a comprehensive procurement process managed by the Axiata Procurement Centre, which also works collaboratively with our vendors and suppliers to promote best practices and sustainability. Our OpCos are also constantly revisiting their processes to increase customer satisfaction while ensuring that they meet all data privacy protection regulations.

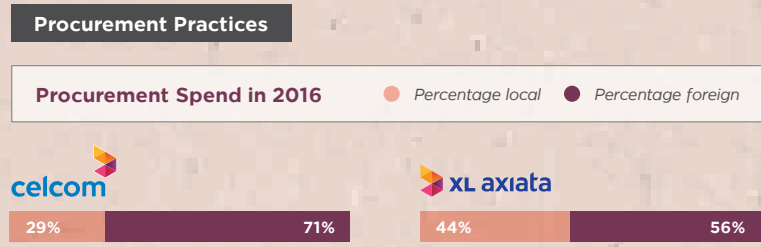
### The '4i' Aspects of the Pillar

Our initiatives under this Pillar are described through the '4i' Aspects:

- 1 Improvement**  
 Our initiatives introduce improvements to the Group's procurement processes as well as those of our suppliers and vendors throughout the value chain
- 2 Innovation**  
 Our initiatives introduce innovations such as our Cyber Security Operations Centre and the Axiata Supplier Awards to support our improvement efforts
- 3 Investment**  
 Our initiatives invest in the development of local vendors in the countries where we operate
- 4 Impact**  
 Our initiatives have developed the capabilities of our vendors, ensuring our customers receive the highest levels of service and ensuring our organisation complies with best international practice

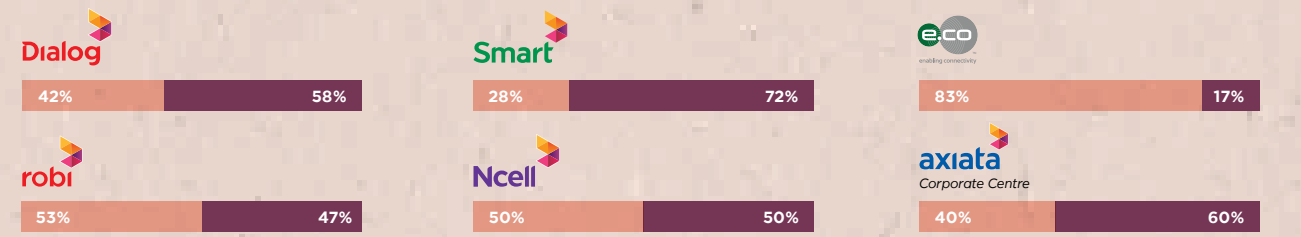
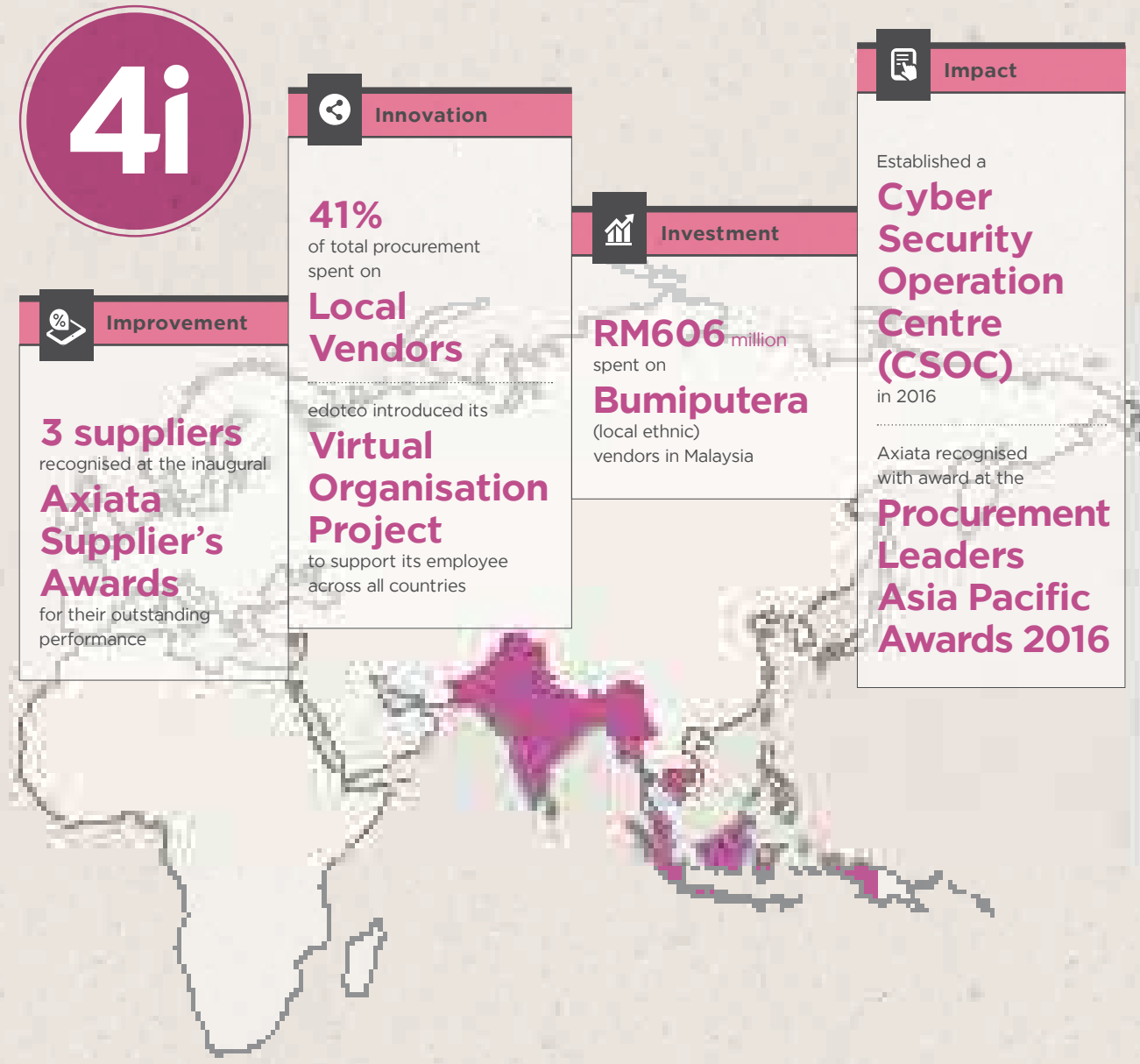
## Strengthening Our Data Security

We are constantly enhancing the level our commitment to privacy and data security initiatives beyond the baseline level of compliance and governance. Axiata's CSOC was established to drive our security initiatives and implement our IT security policy across the Group. We also comply with all applicable data security and privacy laws and regulations in the countries where we operate.



## Process Excellence & Governance

In 2014, we introduced the '4i' aspects of each of our Sustainability Pillars. We continue to describe our sustainability initiatives in 2016 based on these four aspects:



# PROCESS EXCELLENCE & GOVERNANCE

We are committed to maintaining optimal efficiency and upholding best ethical business practices throughout Axiata, and this commitment extends to our third-party suppliers and vendors.

Recognised  
**3 suppliers**  
 at our inaugural  
**Axiata Supplier Awards**  
 in 2016 for their excellent track record and performance

## Best Practices along the Value Chain

We are committed to maintaining optimal efficiency and upholding best ethical business practices throughout Axiata, and this commitment extends to our third-party suppliers and vendors. Our robust procurement practices ensure that our business partners uphold our expectations of them in the areas of ethical practice and sustainability which have been codified in our Axiata Supplier Code of Conduct. Additionally, Axiata works closely with its vendors to minimise procurement costs by leveraging on Group-wide volumes and exploring alternative solutions with our partners.

Some of our ongoing initiatives with our procurement partners and suppliers include:

### Supplier Code of Conduct

We introduced the Axiata Supplier Code of Conduct in 2015 requiring our suppliers to meet our expectations in the areas of:

- Business Integrity and Ethics
- Management Responsibility
- Quality Management System
- Labour and Human Rights
- Health and Safety
- Reliable Supply Chain
- Environment Management
- Disaster Recovery Management

Suppliers are expected to conduct a self-assessment of their services to ensure that they meet these stipulations. The programme has been steadily expanded to include more of our suppliers and, in 2016, was expanded to all our suppliers.

## Supplier Performance Management (SPM)

The SPM is a process implemented by the Axiata Procurement Centre (APC) which creates a common framework across the Group to communicate transparent and objective feedback to our key suppliers for the purpose of driving continuous improvement. In the past, SPM was managed by individual OpCos using different methodologies and evaluation criteria.

The Axiata SPM framework assesses suppliers along four key pillars :

- **Commercial and Contract Compliance:**
  - o Supplier's compliance to contract terms
  - o Commercial competitiveness
  - o Proactive initiative to drive cost optimisation
- **Quality and Operational Performance**
  - o Delivery lead time per contract
  - o Fulfilment of quality and competence standards in execution and customer service
  - o Resolution of operational issues
  - o Ease of communication
- **Ethics and Sustainability**
  - o Compliance to Axiata's sourcing process governance
  - o Demonstrates integrity in business relationship
  - o Commitment to sustainable business practice
  - o Commitment to the principles of Axiata's Supplier Code of Conduct
- **Strategy and Roadmap**
  - o Execution of a sustainable roadmap aligned to Axiata's strategies
  - o Strategic alignment with Axiata's business strategies



## PROCESS EXCELLENCE & GOVERNANCE

The first assessment cycle in 2016 involved 235 cross-functional evaluators across the organisation from various business functions and covered 23 key suppliers. It culminated in the inaugural Axiata Supplier Award given to three suppliers in recognition of excellent performance and collaboration amongst Axiata's supply base.

### Supplier Sustainability Self-Assessment

As part of the SPM process, APC conducted a Supplier Sustainability Self-Assessment. This assessment required references to any publicly available document, webpage or report to demonstrate our supplier's compliance to sustainable business practises. If the supplier had not formalised any public disclosure on any of the areas assessed, they were to provide reference to any internal policy or guidelines providing evidence of their sustainability practice.

The Sustainability Assessment builds on the Axiata Supplier Code of Conduct self-certification exercise in 2015 and assesses the following areas:

- Availability of a Sustainability Statement/ Report
- Policies on Anti-Corruption, Environment Protection
- Commitment to safe labour practices
- Efforts to ensure occupational safety
- Efforts to improve its supply chain

### Inaugural Axiata Supplier Awards

Regular engagements are held with our suppliers through our annual Axiata Supplier Forum where we share and discuss issues and solutions. Suppliers with excellent track records were recognised at the inaugural Axiata Supplier Awards following a performance evaluation of their performance.

### Axiata receives Procurement Award

Axiata's collaboration with its suppliers received an award at the Procurement Leaders Asia Pacific Awards 2016. Axiata was recognised for its work together with turnkey suppliers on large projects underlining our commitment towards developing mutually beneficial relationships with our suppliers.

### Strengthening our Procurement Policies

In addition to managing our relationships with our external partners, we strengthened our internal procurement policies in 2016 by introducing our Group-wide Capex Governance Framework. The formalising of our capex policy acknowledges the Group's involvement in managing our OpCos' capex. The new policy will help our OpCos reduce costs and discover alternative solutions by leveraging on the knowledge-base of the Group as a whole.

Internally, as part of building the capability of our procurement function, APC conducted a training on Category Management, an essential skill in strategic sourcing with the participation of team members from all OpCos and APC. As a follow-up to this workshop, category teams have been established across the Group to further enhance the collaboration and knowledge sharing within the procurement community.

In 2017, APC will continue to expand its training curriculum to build skills and capabilities in Axiata's procurement function to support Axiata's vision to transform into a digital company.

Axiata's collaboration with its suppliers was recognised at the

## Procurement Leaders Asia Pacific Awards 2016

in recognition of our work together with turnkey suppliers on large projects

The first assessment cycle in 2016 involved

## 235 cross-functional evaluators

across the organisation

## PROCESS EXCELLENCE & GOVERNANCE

The Group's approach to

### Protecting Customer Data

is grounded on the

### Group Privacy Framework

### To Fully Digitise

our process by 2020

#### Customer Centricity

Customer satisfaction is among our foremost priorities at Axiata, and we are committed to enhancing customer experience in their dealings with us. Customer feedback and comments are the primary gauge of our performance, helping us understand if we meet, surpass or fall short of their expectations. It also helps us identify issues in our products or processes that require further attention from our team.

To measure the level of customer satisfaction, a Group-wide Net Promoter Score (NPS) has been put in place to collate data on customer loyalty and satisfaction across the entire Group. The NPS is conducted annually, and has been used as an indicator for setting KPIs since 2014. Each of our OpCos' scores are benchmarked against the market regularly and problems addressed through mitigating action. In 2016, we started using more digital channels to gather feedback in calculating our NPS. The use of digital channels is an upgrade on our existing process to give us improved results.

We are also embarking on a social media monitoring/listening initiative to get a better sense of our customer's opinions of our services. Social media is a popular channel for our customers to express their satisfaction or dissatisfaction with products and services, and we plan to use it as an avenue for better understanding and serving our customers.

Further complementing our Group's efforts to gauge customer satisfaction are our OpCos' individual efforts to better engage customers or obtain feedback.

#### Privacy and Data Protection

The advent of digitisation has made user data a valuable commodity and thus subject to security risks and misuse. Our customers share a substantial amount of personal information with us by subscribing to our services, and we are bound by both ethical and legal requirements to keep this data confidential. Strict policies have been put in place throughout the Group to keep customer data from being disclosed or accessed by third parties without explicit consent.

Our commitment to customer privacy and data protection has been set at the highest level based on the Personal Data Protection Act (PDPA) 2010 in Malaysia and the ISO27000 information security standard. Our OpCos also comply with local regulations in their respective countries, and make best efforts to secure their systems from breaches and unauthorised access.

#### Strengthening Cybersecurity

Significant emphasis was placed on mitigating cybersecurity risk in 2016. This resulted in the creation of the Cyber Security Steering Committee (CSSC) comprising members from Axiata's Board Audit Committee, Celcom and XL. One of the first initiatives of the CSSC was to assess the cybersecurity risks of the Group and come up with recommendations on ways to mitigate the risk. These were presented to the Axiata Board in February 2017.

The Group's approach to protecting customer data is grounded on the Group Privacy Framework which is focused on enhancing security to improve data safety, proactive engagement with our customers about protecting their information and seeking explicit consent in the use of their personal details. We conduct periodic audits on our systems and ensure that customer data is deleted when no longer required.

## PROCESS EXCELLENCE & GOVERNANCE



### Bringing Smart Technology to the Home

Dialog, in collaboration with a technology partner, introduced its pioneering Smart Home product, which provides a range of connectivity solutions and packages to suit all customer needs.

Dialog's Smart Home leverages on the Internet-of-Things (IoT) technologies to give customers the ability to connect and control household systems and appliances anytime and anywhere. Through their mobile phones, Smart Home subscribers can engage with

various components of their homes including:

- home security systems,
- lighting,
- air conditioning,
- entertainment systems, and
- smart switches and power points.

Smart Homes are designed to save energy and related costs for homeowners while providing greater convenience, flexibility and control. They grant greater ease of mind as homeowners will be able to check in on the state of their homes at any time through the use of a mobile device, and make appropriate adjustments as the situation warrants.

IoT has been identified as the emerging revolution in technology-enabled futures, designed to optimise and change the way people live and interact with their environment.

With a growing number of household appliances and security products being fitted with IoT capabilities, Dialog is committed to further develop the technologies required to sustain the ecosystem.

However, customer information does play a vital role in helping us tailor new products and services that will add value to them. In mining data from our customer base, we will either seek explicit consent from our customers or use extraction techniques that process data without identifying specific individuals. Nevertheless, we continue to take precautions to ensure that customer privacy is not violated at any stage of the data mining process.

### Digitising Processes

As an aspiring Digital Champion, Axiata is making considerable effort to digitise both its customer-facing and internal processes. We have set a target of having 100% of our processes digitised by 2020 as part of our overall effort to improve efficiency and transparency in our internal operations as well as our dealings with external stakeholders.

We are also committed to the digitisation of our internal processes to optimise efficiencies within the Group and, on a larger scale, increase the implementation of digital tools in the management of our network infrastructure. We are introducing digitisation in our products to improve customer experience through innovations such as Dialog's pioneering Smart Home service, which leverages on the Internet-of-Things (IoT) to create a digital home environment for our customers.

## PROCESS EXCELLENCE & GOVERNANCE

### 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 countries 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.

We are committed to the principles of transparency and accountability in our governance practices. In 2016, our corporate governance record was acknowledged by the Minority Shareholder Watchdog Group (MSWG), which presented us with several awards including the Excellence Award for ESG Practices for the fourth consecutive year.

### Regulatory Compliance Framework

The telecommunications industry is heavily regulated by local authorities in all our operating markets. The Axiata Regulatory Compliance Framework ensures OpCos meet local regulatory requirements and the Group provides direction as to how these needs are to be met. The Framework stipulates the principles by which regulatory compliance is to be approached by our OpCos.

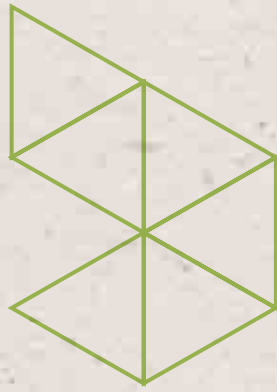
### Tax and Licencing

We are cognisant of the fact that we operate in a heavily taxed environment and we take every step to comply with all local requirements, including those covering licensing issues. In 2016, we complied with all tax and licensing requirements in all our markets with no instances of breaches or violations reported.

### Moving Forward

In our bid to become a New Generation Digital Company, we are taking measures to ensure that we are an end-to-end digitised company. This is not only to take advantage of the new capabilities offered by new technology, but also to cater to our customers who are living increasingly digital lifestyles. Customers today expect immediate responses from their service providers in relation to their queries or requests for new services, which in turn requires new investments on our side. At the same time, we have also put in a lot of processes to tighten data security to ensure that our customers' personal information is protected from unauthorised use.

The initiatives under this pillar which address our supply chain, our customers, our governance framework and our internal processes thus play key roles in helping us reduce our costs without sacrificing the quality and level of compliance of our Group.



# COMMITMENT TO PLANET & SOCIETY

We are dedicated to empowering people and communities while reducing our impact on the environment through our Planet and Society pillar. Axiata is making a concerted effort to create a strong and cohesive corporate responsibility identity across the Group with initiatives that make the greatest impact in our diverse operating countries. In addition to individual OpCo initiatives dedicated to the betterment of our communities, the Group has also embarked on a region-wide disaster response programme to leverage on our unique capabilities as a telecommunications provider.



Environment  
Management



Disaster Management  
& Response



Corporate  
Responsibility

# COMMITMENT TO PLANET & SOCIETY

G4-20  
G4-27

Responsible environmental stewardship and community empowerment are key factors enabling the long-term sustainability and viability of our business in all our markets.

Issues such as climate change, social unrest and an under-developed society can potentially disrupt our business and affect the long-term sustainability of our presence. In light of these challenges, we have made commitments to mitigate our impact on the environment and to give back to a society which has been supportive of our business presence and activities.

Our environmental efforts are focused on reducing the carbon emissions of our passive network infrastructure, which accounts for the highest amount of energy consumed within our operations. To reduce our impact on the environment, our infrastructure company, edotco, is leading the Group's environmental mitigation efforts and is aiming to reduce the Group's emissions by 40% from 2013 levels by 2018.

The Group is also working together as a unit to enhance the disaster preparedness and management of the countries in which we operate. We have implemented a Group-wide Disaster Response Plan as a key initiative to ensure the effective response from our OpCos in the event of a disaster.

Meanwhile, Axiata's OpCos also simultaneously deliver their own corporate responsibility programmes which have been tailored to the specific needs of their own communities. These range from educational programmes to initiatives targeted at specific groups depending on identified needs. While some of these initiatives have been disclosed in this report, we invite you to consult our OpCos' individual sustainability reports for more comprehensive disclosure.

Our sustainability initiatives under this pillar are divided into three focus areas:

- Environmental Management
- Disaster Management and Response
- Corporate Responsibility

Material topics covered under this pillar			
Issue	Context	Approach	Outcome
<b>Energy and Climate Change</b>	<ul style="list-style-type: none"> <li>• As a telecommunications player, our environmental impact is relatively smaller than most other industries</li> <li>• However, a substantial portion of our environmental impact is due to the construction and operation of our passive network infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>• Axiata will continue introducing green solutions including improved tower designs, innovative technology and the use of renewable energy sources to reduce its environmental impact</li> </ul>	<ul style="list-style-type: none"> <li>• To reduce the size of our carbon footprint</li> <li>• Be more environmentally responsible in our business activities</li> </ul>
<b>Disaster and Response</b>	<ul style="list-style-type: none"> <li>• Our operations are located in disaster-prone regions</li> <li>• Being a mobile network operator, we play a critical role in providing communications connectivity</li> </ul>	<ul style="list-style-type: none"> <li>• A comprehensive and robust business continuity management (BCM) to ensure the recovery of our network and our critical business processes in the event of a disaster</li> <li>• Committed to disaster management and response through our role as a signatory of the GSMAs Humanitarian Connectivity Charter</li> </ul>	<ul style="list-style-type: none"> <li>• Quick and effective deployment of disaster relief efforts by our OpCos in the event of a disaster in our operating markets</li> <li>• Ensure the minimum downtime of our networks in the event of a disaster</li> </ul>
<b>Community Impact</b>	<ul style="list-style-type: none"> <li>• We regard ourselves as a responsible member of the community to whom we owe a duty of care</li> </ul>	<ul style="list-style-type: none"> <li>• We focus our CR activities on supporting local education systems, improving awareness on environmental protection, and promoting health and sports</li> </ul>	<ul style="list-style-type: none"> <li>• Contribute to our countries' social development needs</li> </ul>



## Reporting Highlights

edotco targets to reduce the Group's carbon footprint from its passive infrastructure by 40% from 2013 levels by 2018

### Results in 2016

**29%** reduction in **Malaysia** and  
**25%** reduction in **Bangladesh**

edotco leads the Group's environmental conservation efforts through green initiatives such as:



1

Introducing new and optimised tower designs



2

Using remote surveillance technology: Over 7,000 sites are remotely monitored via edotco's echo system



3

Powering sites with alternative energy sources: Under edotco's Get Out of Diesel programme, an increasing number of our sites are being powered by alternative renewable energy sources. As at the end of 2016, approximately 480 sites were powered by solar hybrid energy



### Sustainability Targets and Progress

#### 2016 Targets

- Further introducing new green technology and operational efficiency initiatives in 2016
- Group-wide reporting and tracking impact on Core Corporate Responsibility Projects under Sustainability Phase 2
- Implementing a Group-wide Disaster Response guideline in 2016

#### Achievement/Progress

- ✓ Introduced a Group-wide Disaster Response Plan as a key Group initiative to coordinate and streamline OpCo responses in the event of a disaster in any of our operating countries
- ✓ Introduced a Group Sustainability Forum to share best sustainability practices within the Group to enhance our sustainability performance

#### 2017 Target

Specific disaster-related action items and roles to be identified and implemented across the Group to improve coordinated response in the event of disasters

# COMMITMENT TO PLANET & SOCIETY

G4-20  
G4-27

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## Pillar Underpinnings

The Planet & Society Pillar contains our initiative to mitigate the environmental impact of our operations and to create value in the communities where we operate.

Our environmental initiatives are primarily focused on reducing the carbon footprint of our passive network infrastructure while our community outreach programmes comprise our Group and OpCos' corporate responsibility (CR) projects.

### The '4i' Aspects of the Pillar

Our initiatives under this Pillar are described through the '4i' Aspects:

- Improvement**  
 Our initiatives introduce improvements to the environmental impact of our operations and bring positive change to the communities that we serve
- Innovation**  
 Our initiatives develop new innovations at the Group level such as our Group-wide Disaster Response Plan (DRP) and at the OpCo level through their targeted CR initiatives
- Investment**  
 Our initiatives invest in our infrastructure as well as in targeted CR programmes
- Impact**  
 Our initiatives have reduced the carbon emissions of our passive network infrastructure and supported the various national agendas of our operating countries

## Making a Positive Impact on Planet and Society

Our green and CR initiatives in our footprint across Southeast Asia and South Asia have reduced the environmental impact of our organisation. The implementation of our Group-wide DRP has ensured that disaster-relief efforts in any of our operating countries will receive the full support of the Group while our CR initiatives are helping uplift the lives of the less privileged.

**Our Impact**

**Dialog**

**Sri Lanka**

**Nenesa**  
Education Channel for 2,000 schools

Dialog Merit **Scholarship**

Disaster & Emergency Warning Network (**DEWN**)

**Rathmalana Audiology Centre**

**XL axiata**

**Indonesia**

**Sisternet**  
1,000 Broadband Schools

**Internet Literacy Education**

**celcom**

**Malaysia**

Sponsored **5,000** copies of relief organisation **Mercy Malaysia's Annual Report**

**Community Programmes** with the Traffic Police and sponsoring orphans

**robil**

**Bangladesh**

**10-Minute Schools**

**Free Wifi** in educational institutions for **16,000** users

**Smart**

**Cambodia**

Platinum Partner of **AIESEC** student youth organisation

**Homeless Football Programme**

## Planet & Society

In 2014, we introduced the '4i' aspects of each of our Sustainability Pillars. We continue to describe our sustainability initiatives in 2016 based on these four aspects:

4i

**Improvement**

**eco**  
enabling connectivity

**480 solar-powered sites**

**7,000 Towers** managed with echo remote surveillance system

**Innovation**

Smart's **National Literacy Programme** benefitting **92,000 adults**

edotco explores using **carbon fibre** as an alternative building material for its structures

**Investment**

Investing in national sports:

- Celcom**  
The main sponsor for Badminton Association Malaysia
- Robi**  
Sponsor Bangladesh's National Cricket Team and partner of the Bangladesh Cricket Board
- Dialog**  
Sponsor of Sri Lanka cricket

**Impact**

Robi Axiata provided electricity access to more than **4,000** people by installing solar home systems in **950 households**

Group disaster preparedness and response/support through **free SMS, calls** and **fundraising initiatives**

**Group Energy Consumption and GHG Emissions**

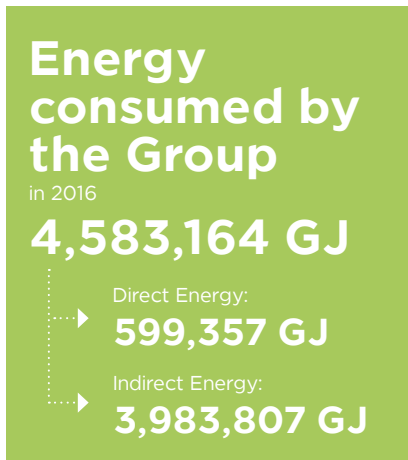
Axiata strives to reduce its carbon emissions to create a more sustainable and greener environment. edotco is leading the way.

Company	Direct Energy Consumption (GJ)	Indirect Energy Consumption (GJ)	GHG Emission Scope 1 + Scope 2 (Tonnes CO <sub>2</sub> )
celcom	3,653	303,538	122,161
Dialog	43,330	434,432	68,016
Smart	69,544	173,745	24,404
XL axiata	201,249	2,435,358	531,204
robil	161,166	706,910	229,019
Ncell	120,415	231,342	9,930

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# PLANET & SOCIETY

Axiata is committed to reduce its environmental footprint by mitigating the impact of our business activities on the environment. The biggest contributor of our environmental impact is the emissions resulting from powering our passive infrastructure such as our base transceiver stations.



## Environmental Management

Axiata is committed to reduce its environmental footprint by mitigating the impact of our business activities on the environment. The biggest contributor of our environmental impact is the emissions resulting from powering our passive infrastructure such as our base transceiver stations. The amount of energy required grows in tandem with the expansion of our network coverage, and results in increased carbon emissions if the power is drawn from the grid or generated on-site through diesel generators.

edotco, our infrastructure company, is actively working on reducing the Group’s environmental impact towards the goal of reducing carbon emissions of the Group’s network infrastructure by 40% from 2013 levels by 2018. Over the last few years, edotco has introduced a number of new innovations including new tower designs, remote surveillance systems and upgraded sites that are powered by solar energy to reduce the Group’s environmental impact.

In 2016, the Group consumed 4,583,164 GJ of energy of which 599,357 GJ comprised direct energy and the remaining 3,983,807 GJ drawn from the grid<sup>1</sup>. In determining our total energy consumption, we rely on data coming directly from our OpCos.

## Reducing our environmental impact through innovation

Since embarking on its journey to reduce the carbon emissions for the Group in 2015, edotco has implemented a number of initiatives to improve demand management, introduce new green technology and enhance operational efficiencies. This is

further supported by the implementation of its Get Out of Diesel (GOOD) project, which aims to convert existing sites that depend on diesel generators for power into using alternative sources of energy.

In addition to improved tower design, edotco has deployed its “echo” remote surveillance system to actively monitor variable factors affecting passive infrastructure including fuel and battery levels, site security, energy usage, site temperature and other factors that may affect performance and service levels. Data is analysed at edotco’s Cloud server and monitored throughout the day to ensure that our sites perform at optimal levels thereby maximising energy conservation. echo replaces the traditional manual inspection of sites by personnel, which can be a slow and resource-intensive process. By the end of 2016, approximately 7,000 of edotco’s sites were monitored under echo.

## Optimising tower design and processes

In 2016, edotco continued working on initiatives to improve tower designs and improving process efficiencies to optimise carbon reductions throughout the Group. Specifically, these initiatives include:

1. Reducing steel consumption by redesigning and re-specifying towers
2. Reducing the size of the construction plot
3. Reducing the consumption of diesel
4. Reducing the truck roll to site, i.e. petrol consumption
5. Increasing the use of renewable energy
6. Using alternative materials to steel on site

<sup>1</sup> Where numbers are not available, we use estimates based on the per site energy consumption data known to us. The measurement of our OpCo’s individual energy consumption and emission levels also takes the consumption and emission levels of edotco’s passive infrastructure operations in their country into consideration as edotco has started taking control of our passive infrastructure in our markets. We therefore add the energy consumption and emission levels of edotco’s passive structure to each respective country for the purposes of this report.



## PLANET & SOCIETY

To quantify the carbon reduction achieved from its initiatives, edotco commissioned independent research arm SIRIM to conduct a study on the savings resulting from optimised design. Specifically, the report measured the reduction in carbon emission achieved in two countries, namely Malaysia and Bangladesh. Based on the findings of the report, the optimisation of tower design which includes building lighter structures and the use of optimised site layout designs has resulted in carbon savings of up to 29% and 25% for each respective country.

According to the two studies conducted by SIRIM, the use of optimised tower design in Bangladesh reduced carbon dioxide emissions per site by approximately 435 tonnes over a ten-year period to 1,300 tonnes from 1,735 tonnes using pre-optimised design. In Malaysia, the use of optimised tower design could result in CO<sub>2</sub> savings of approximately 11,720kg to 28,394kg per site from 40,120kg using pre-optimised towers.

Additionally, edotco also started a programme exploring the use of carbon fibre as alternative material for its structures. Carbon fibre possesses a number of properties making it a viable material as it is 70% lighter than steel, 40% lighter than aluminium, has a high strength-to-weight ratio and corrosion resistance, as well as a low mass. Carbon fibre is an adaptable material that will incur lower installation costs and result in a 50% reduction in the foundation requirements.

The reduction in materials usage will be carbon positive, and result in significant emissions reduction if carbon fibre is found to be a feasible alternative.

### Disaster Management and Response

Our operations are located in countries that experience a number of natural disasters including earthquakes, floods and tsunamis which have significant impact on the lives of the local population. As a Group, we have decided to leverage on our collective strength and on our role

as a communications provider to make a bigger difference in the area of disaster relief, and have initiated a Group-wide Disaster Response Plan (DRP). The DRP is also in line with our commitments as a signatory to the GSMA's Human Connectivity Charter (HCC), which we helped found in 2015. The DRP enhances coordination between our OpCos, and strengthens partnerships between ourselves and the government and humanitarian sector.

### Business Continuity Management

The Group has implemented a Business Continuity Management (BCM) plan, which dictates the processes of recovering critical business processes and the continuity of day-to-day services. Axiata's BCM policy contains principles and guidelines that ensure coordinated and consistent deployment of BCM throughout the Group. It contains three key principles:

- Critical business functions shall be maintained or recovered in a timely manner in the event of a disruption to minimise operational, financial, legal, reputational and other material consequences.
- BCM shall encompass crisis management including emergency response, disaster recovery for IT and network systems and contingency planning.
- Each subsidiary is to develop and put in place a comprehensive BCM framework appropriate to the regulatory requirements, nature, size and complexity of its respective business activities based on key principles set out in the Axiata BCM Policy.

### Corporate Responsibility

The Axiata Group discharges its corporate responsibilities (CR) both as a Group entity and as individual OpCos. All efforts are focused on empowering and enriching lives within our communities and mainly concentrated on the areas of education, environmental protection, health and sports.

Optimised site designs have resulted in

## Carbon Savings

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**29%** and **25%**

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# PLANET & SOCIETY



## Empowering Malaysians through CR initiatives

Celcom, as a leading provider of telecommunications services in Malaysia, focuses its initiatives on education, entrepreneurship and on empowering the underprivileged.

CR initiatives delivered in 2016 include:

### #1 Cybersafe Talk for secondary school children

The increasingly interconnected online world has exposed youth to new risks and threats including cyber bullying and online predators. As a provider of online services, Celcom embarked on a nationwide campaign involving some 100,000 secondary school students across 964 schools to create awareness of these risks and issues. The campaign focused on helping students and teachers better understand what constitutes cyber bullying and the effects that these actions may have on other students. The programme also dispensed a number of do's and don'ts to discourage students from engaging in the activity as well as other undesirable online habits.

### #2 Strategic Entrepreneurial Collaboration with public and private universities

Celcom worked together with the Ministry of Higher Education to develop entrepreneurship among participating university students. Varying programmes were held at several institutions of higher education nationwide including:

- o Universiti Malaysia Terengganu
- o Universiti Utara Malaysia
- o Universiti Malaysia Perlis
- o Universiti Tun Hussein Onn
- o Universiti Teknologi MARA
- o Universiti Malaysia Kelantan

The aim of Celcom's participation was to aid students in the development of their own enterprises and to market their products via Axiata's 11street e-commerce platform. Activities also included:

- o Internship placements for students at Celcom and Celcom's business partners
- o Development of a Students' Lifestyle portal
- o Enhancing Celcom Business Solutions and Services for the universities
- o CR initiatives
- o Opportunities for Celcom employees to further their education
- o Developing income-generating activities

Ultimately, Celcom's collaboration with the universities is to nurture students and to work together with the institutions to develop mutually beneficial collaborations.

### #3 Digital Communication Partner of MDEC's e-Usahawan Programme

Celcom became the official Digital Communication Partner for MDEC's e-Usahawan Programme aimed at students through the country's Technical Vocational Education and Training (TVET) institutions nationwide. Under the terms of the MoU, Celcom will support the programme by providing 4G connectivity on campus as well as WiFi infrastructure in TVET campuses. The programme benefits over 400,000 TVET students across 462 institutions including universities and colleges. Presently, Celcom has 4G coverage and set up Celcom WiFi at 95 and 45 TVET campuses respectively. Through Celcom's participation, TVET students enjoy better and faster connectivity to further develop their entrepreneurial projects.

### #4 Unlimited calls for rubber smallholders through XPAX@KKLW

In its efforts to bridge the digital divide within pockets of Malaysian communities, Celcom has agreed to provide unlimited calls within its network to registered members of the Rubber Industry Smallholders Development Authority (RISDA). Some 1.5 million members have registered with the service as at the end of 2016. The aim of the programme is to enhance connectivity among smallholders whose estates may be located in remote regions of the country. Through XPAX@KKLW, Celcom hopes to modernise the community and improve their respective economic livelihoods. The programme also sees the setting up of WiFi Hotspots in strategic locations.

## PLANET & SOCIETY



### Expanding our disaster preparedness into Nepal

We have integrated Ncell in Nepal into the DRP to respond in the event of natural disasters. In 2016, Ncell signed a Memorandum of Understanding (MoU) with the Government of Nepal to develop a pro-active early warning system using mobile technology.

Under the new early warning system, relevant data from the Department of Hydrology and Meteorology (DHM) will be logged, analysed and transmitted to Ncell subscribers to provide advance warning of impending disasters. In

2016, this system was used to warn subscribers of potential floods through SMS messages. The system, which receives immediate rainfall and water information from the DHM in flood-prone areas of the country, issued more than 20 alerts covering 48 areas and eight river basins.

Additionally, Ncell received a Global Mobile Award in 2016 for Mobile in Emergency or Humanitarian Situations. The award, presented by the GSMA, recognised the aid and humanitarian relief Ncell provided to displaced Nepalese post the 2015 earthquake. The earthquake was the worst to strike the region in over 80 years and affected the lives of over eight million people in the country.



### Senehe Siyapatha Initiative

The ‘Senehe Siyapatha’ disaster relief fund was launched by Dialog following the floods of May 2016. The fund enabled Dialog subscribers to donate funds through a special charity app, which was matched 1:2 by Dialog.

This initiative quickly collected Rs. 14.9 million from customers and staff, and was matched with a donation of Rs. 35 million from Dialog to reach its targeted donation of Rs. 50 million.

The collected funds were disbursed in three phases. Under the first phase, 50 water pumps were donated to the Disaster Management Centre to help with immediate flood relief. In the second phase, the fund distributed footwear worth over Rs. 11 million to 10,373 flood-affected students from 33 schools. In the third phase, ‘Senehe Siyapatha’ widened its scope to provide housing facilities to families displaced by the landslide in the Kegalle District.

The ‘Senehe Siyapatha’ fund is a model of the way Axiata approaches disaster response management. OpCos, in addition to supporting Group-wide efforts, provide immediate relief to disaster-afflicted communities.

### Moving Forward

Axiata will continue exploring ways to further mitigate its impact on the environment through the implementation of green initiatives. We believe that much more can be done in the area of renewable energy and tower design, and we aim to apply our innovations in all markets within our footprint.

At the same time, we will further enhance the Group’s disaster response plan. We are exploring ideas including improving our pre-emptive warning systems and leveraging on mobile technology in providing disaster relief. The Group will also intensify the sharing of best practices between all our OpCos who have developed invaluable experience in providing disaster relief.

Finally, we will continue to deliver initiatives empowering and enriching the lives of all our community stakeholders. The sustainability of our communities is an essential precondition of our ability to continue doing business, and we hope to develop mutually beneficial solutions benefitting all stakeholders.



M1 is Singapore's most vibrant and dynamic communications company, providing mobile and fixed services to over two million customers. Since the launch of commercial services in 1997, M1 has achieved many firsts, including being the first operator to offer nationwide 4G service, as well as ultra high-speed fixed broadband, fixed voice and other services on the Next Generation Nationwide Broadband Network (NGNBN).

M1 is committed to conducting its business in a responsible, ethical and sustainable way. M1 aims to create long-term value for its stakeholders, make a positive impact on its community and minimise its environmental footprint.

#### Investments in Network and Systems

Since inception, M1 has invested more than S\$1.9 billion to expand and upgrade its mobile and fixed network infrastructure. M1 announced the deployment of Singapore's first nationwide commercial HetNet (heterogeneous network) in 2016. In addition, it also announced the deployment of the nation's first commercial NB-IoT (narrowband Internet-of-Things) network.

#### Quality Products and Services

M1 collaborated with the Info-communications Media Development Authority (IMDA) in 2016 to provide broadband access to students and persons with disabilities from low-income households under the NEU PC Plus Programme. Through this programme, eligible applicants receive a complimentary 4G or fixed fibre broadband connection for three years. Additionally, M1 launched an integrated Smart Activity Monitoring Service enabling caregivers to non-intrusively monitor the safety of vulnerable seniors, particularly those who live alone.

#### Regulatory Compliance

M1 is committed to the responsible and ethical conduct of its business, in compliance with all applicable laws and regulations. It also supports voluntary codes and best practice guidelines for the benefit and protection of its stakeholders and society at large.

#### Data Protection

M1 respects customers' privacy and does not collect, use or disclose customers' personal data in ways other than as permitted under applicable laws, including the Personal Data Protection Act 2012 (Act). All M1 employees are trained on their obligations under the Act, and undergo e-learning refreshers annually to ensure they are kept up-to-date with the Act.

#### Employee Welfare and Development

M1 offers employees competitive remuneration packages commensurate with their experience, performance and job responsibilities. The M1 Share Plan, adopted in 2016, helps retain talent and align the interests of eligible employees with shareholders of the company.

M1 is also committed to employees' physical and mental health and well-being, and provides full-time employees with outpatient and inpatient medical coverage, regular health screenings, and group insurance coverage.

#### Environmental Footprint

Energy from both renewable and non-renewable sources continued to be the main resource consumed in the provision of M1's services. In 2016, M1's mobile networks, offices and data centre operations used 62,387,979kWh of electrical power, 2.5% higher than 2015. The greater energy consumption supported the increase in business requirements including the deployment of approximately 200 new base stations to enhance coverage.

#### Corporate Responsibility Initiatives

##### M1 and the Arts

M1 has been supporting the arts since 1997. Over the years, M1 has worked with various arts groups to help grow the quality, diversity and depth of the Singapore arts scene. In recognition of its contributions to the arts, M1 was presented with an award at the National Arts Council's Patron of the Arts Awards in 2016 for the 17<sup>th</sup> consecutive year.

##### Sports with a Cause

M1 works with Netball Singapore in promoting netball to the community and schools. Some of its key initiatives include the M1 Schools Challenge League, the M1 Talent Identification Programme and the M1 Age Groups KL Tour, which help create fresh opportunities for young sporting talent to excel.





Idea Cellular is a pan-India integrated GSM operator offering 2G, 3G and 4G services with its own National Long Distance (NLD) and International Long Distance (ILD) operations, and ISP licence. Idea is among the top three mobile operators in India, with annual revenue in excess of USD5 billion and a revenue market share of 19%. With nearly 200 million subscribers, Idea ranks sixth in the global rankings of operators in terms of subscribers for single country operations.

Idea is listed on the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE) in India. Idea's pan-India network covers over 400,000 towns and villages across the country and is further expanding network infrastructure to make high-speed mobile broadband services available to over a billion people. Idea executed the fastest 4G roll-out in the country in 2016 - with one broadband site being installed every ten minutes - taking the overall tally of Idea sites to nearly 230,000 and connected by a fibre network of over 128,000km. By March 2017, Idea's 4G services will have expanded to 20 circles covering 94% of its revenue market.

Idea Cellular has played a key role in the development of mobile telephony, particularly in rural India. As a socially responsible corporate group, Idea adopts policies and business strategies to effectively integrate emerging environmental, social and economic considerations with its business activities. Efficient power management, infrastructure sharing, use of eco-friendly renewable energy sources, leveraging on the latest technology and smart logistics are some of the best practices implemented in our network infrastructure and day-to-day business operations to ensure sustainable operations.

Idea endeavours to become the leading Indian conglomerate for sustainable business practices across all its operations by 2017. It aims to establish a sustainability programme in Idea's current operations, under the heading 'Responsible Stewardship', which will see the company voluntarily aligning itself with international standards set by the global bodies.

#### Network Access and Coverage

To reduce the collective carbon footprint of the telecom sector in India, Idea pioneered the concept of 'Shared Telecom Infrastructure' services along with other industry leaders. This initiative is committed towards continuous innovation; the optimisation of tower rollouts; and enhanced operational efficiencies leading to a substantial reduction of the carbon footprint.

Idea is also part of the Fuel Cell project aimed at exploring the usage of hydrogen as an alternate energy source to power mobile base stations. Currently being trialled, this programme has the potential of reducing the usage of a regular power generator to zero.

#### Idea's Employees: Flag Bearers of Sustainability

Idea is committed to attracting and retaining the best talent, encouraging innovation, and creating an engaging and motivating workplace environment. Idea's Human Resources operations and communications to its employee base of over 13,000 are done mainly through smart ICT solutions such as teleconferencing, video conferencing, web

chats, and internal social networking platforms to minimise commute time and increase productivity.

The company through an Aditya Birla Group initiative has engaged the services of an international agency for implementation of an IT system capable of providing management with all data required to be managed and published in a Sustainable Development Report. Idea is all set to develop its first dedicated Sustainability Report as per GRI Guidelines in FY2017.

Going forward the company is working hard to further improve/strengthen its systems and processes especially those linked to (a) supply chain and contractor management practices, (b) waste handling and disposal practices, (c) external stakeholder engagement practices, and (d) occupational health and safety.

#### Ethics and Integrity

Idea's governance philosophy rests on five basic tenets:

- Board accountability to the company and shareholders
- Strategic guidance and effective monitoring by the Board
- Protection of minority interests and rights
- Equitable treatment of all shareholders
- Superior transparency and timely disclosure

# NATIONAL CONTRIBUTION REPORT





# NATIONAL CONTRIBUTION REPORT

As one of the leading telecommunications groups in Asia with a presence in ten countries and a customer base of approximately 320 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 in ten countries across ASEAN and South Asia.

Additionally, as a committed long-term investor in all its countries of operations, 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 a real economic difference in the countries and communities served, Axiata has been measuring its investment impact in its National Contribution Report annually over the past three years. In its National Contribution Report 2016, the Group has extended the rigour of the methodology and assessment used in its report to include the non-economic or dollar value imprint as well as the support that the Group and its operating companies bring to all its major markets.

### 2016 National Contribution Report: Key Report Findings

- Contributed USD13.8 billion to the respective national GDPs of the countries it has a presence in
- Collective direct operational and capital expenditures reached USD7.7 billion and 2.5 billion respectively in 2016
- Every USD1 spent by the Group translated to between USD1.0 and USD2.3 contribution to GDP in its six key operating markets
- Across Asia, both directly and indirectly, 1.2 million jobs are supported by Axiata companies

### 2016 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 their:
  - a. economic contribution to the nation
  - b. investment and innovation for the long term
  - c. contribution to public finance
  - d. talent development
2. Impact assessment on Axiata companies' contribution and support to national priorities.

This Report has been developed together with KPMG based on its economic impact modelling and methodology. All information, financial and economic data contained in this report has been calculated and verified by KPMG.

<p><b>USD 13.8 billion</b> Contribution in 2016</p> <p><b>GDP</b></p> <p>Employed more than <b>25,000</b> employees across Asia</p>	<p>Spent <b>USD 7.7 billion</b> on operating expenditure</p> <p>Capital Investment in 2016 <b>USD 2.5 billion</b></p>	<p>Supported more than <b>1.2 million</b> jobs across Asia for 2016</p> <p>Every <b>US\$1</b> spent on <b>Capex and Opex</b></p>	<p>Served approximately <b>320 million</b> subscribers</p> <p>translated to</p> <ul style="list-style-type: none"> <li><b>US\$1.4</b> Malaysia</li> <li><b>US\$1.2</b> Indonesia</li> <li><b>US\$1.2</b> Sri Lanka</li> <li><b>US\$1.0</b> Bangladesh</li> <li><b>US\$1.4</b> Cambodia</li> <li><b>US\$2.3</b> Nepal</li> </ul> <p><b>GDP contribution</b></p>
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## National Contribution

### Contribution to Gross Value Added

**USD1,646** million  
(0.5% of the nation's GDP)



Operational Direct GVA  
**USD770** million



Capital Investment  
**USD142** million



Operational Indirect and Induced GVA  
**USD733** million

### Direct Employees

**3,687**  
Staff



Total Employees  
**44%** Female



**99.5%** Malaysian Citizens

### Total Jobs Supported

**46,181**  
Jobs



Directly Employed **3,687**



Supported Indirectly - Operations **34,872**



Supported Indirectly - Capital Investment **7,622**

### Capital and Operational Expenditure

**USD1,311** million  
in 2016



Capital Expenditure  
**USD321** million



Operational Expenditure  
**USD990** million

Every

**USD1**

Spent on Capex and Opex

translated to

**USD1.4**

GVA Contribution

Contributed

**USD200** million in taxes in 2016

(0.5% of the total tax revenue of the Malaysian Government)

Celcom Axiata Bhd is Malaysia's premier mobile telecommunications company and provides postpaid mobile and digital services to close to 11 million subscribers. Celcom has the widest network in Malaysia with population coverage of 95% for 2G, 90% for 3G and 90% for 4G/LTE networks.

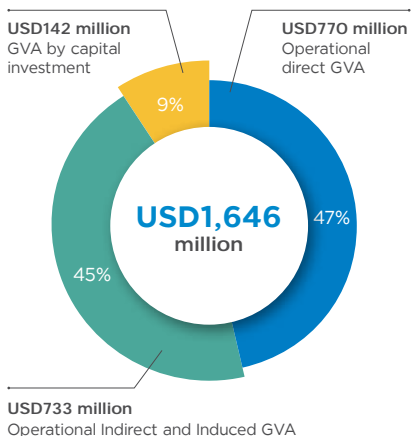
Malaysia continues to make steady progress towards becoming a high-income nation by 2020. In 2016, the Malaysian economy expanded by 4.2% driven mainly by domestic demand and government-led infrastructure projects under the National Transformation Programme.

Due to growing affluence, Malaysian consumers have become increasingly tech savvy resulting in a highly competitive telecommunications market. The mobile penetration rate in Malaysia in 2016 was approximately 141.6% comprising 43.9 million subscribers, while the broadband penetration rate reached 77.9%.



# NATIONAL CONTRIBUTION REPORT

**Figure 1: GVA contribution to the Malaysia economy 2016**



### Economic and Financial Contributions

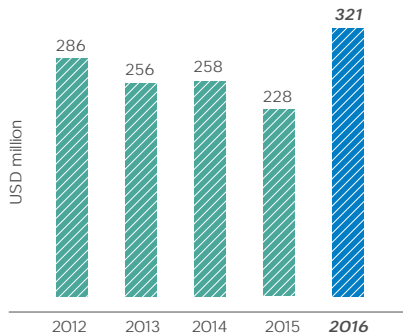
Celcom's Gross Value Added (GVA) in 2016 was estimated at USD1,646 million comprising direct operational contributions of USD770 million, indirect operational contributions of USD733 million and capital investments of USD142 million (see Figure 1). Total GVA of USD1,646 million was derived from Celcom's total opex of USD990 million and capex of USD321 million, which means that every USD1 spent by Celcom in Malaysia through its operations and capital investment added USD1.4 to the Malaysian economy.

### Investing and Innovating for the Long Term

Celcom invested a total of USD1,350 million between 2012 and 2016 towards improving its products and services, expanding its network coverage, introducing new technology and enhancing its infrastructure for the Malaysian market. Total investment of USD321 million in 2016 represented a 41% increase compared to USD228 million in 2015 (see Figure 2). The strong trend of investment supports the OpCo's long-term development and continuing contributions to the Malaysian economy.

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

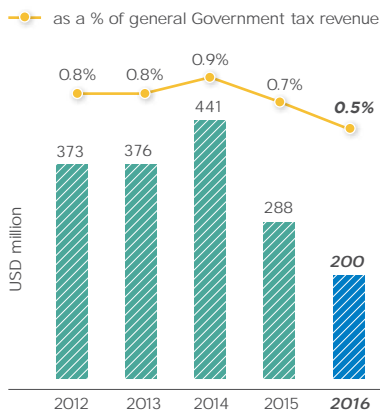
**Figure 2: Total capital investment: 2012-2016**



### Contributions to Public Finance

Total tax contributions for Celcom over the last five years totalled USD1,677 million. In 2016, Celcom contributed USD200 million in tax, accounting for 0.5% of the Malaysian Government's total tax revenue (see Figure 3). Celcom's tax commitments in Malaysia include 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, 2012-2016**

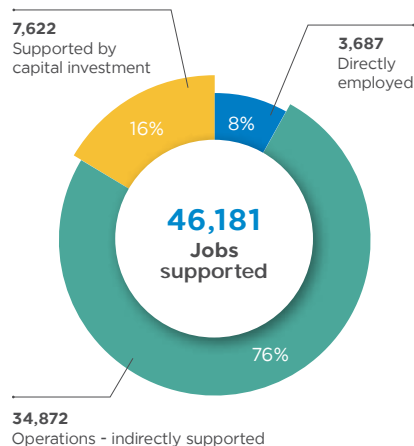


Note: Total tax revenue for the Federal Government. (Source: 2012-2016 budget, Ministry of Finance)

### Talent Development

Celcom provided 3,687 direct jobs in 2016 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 38%. During the year, Celcom engaged six graduate management trainees as part of its goal to provide young people with specialist skills required in the digital economy. Celcom's operations also indirectly supported an additional 34,900 jobs through its engagement with suppliers, and a further 7,622 jobs through Celcom's capital investments.

**Figure 4: Total employment impact 2016**



### In Support of the National Agenda

Celcom is committed to forwarding the national agenda of developing the capacities and capabilities of Bumiputera and other stakeholders. In addition to its vendor development programme, Celcom sets key performance indicators benchmarking its contribution to national development. These include:

- (i) **Developing Entrepreneurs**
  - Measuring procurement spend through Bumiputera vendors (73% or RM606 million in 2016)

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NATIONAL CONTRIBUTION REPORT

# NATIONAL CONTRIBUTION REPORT

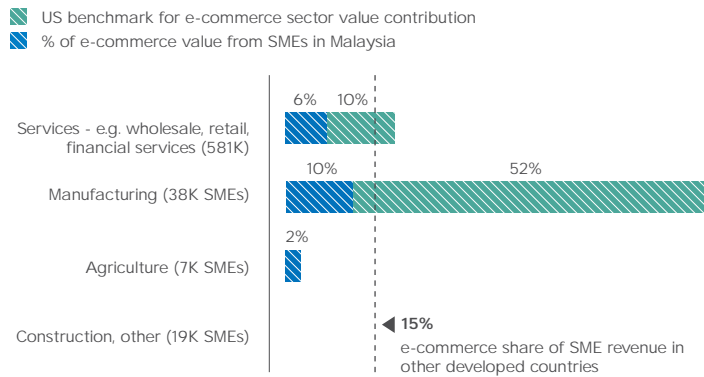
- Partnerships with Anchor Partners including Government regulatory agencies to fund Bumiputera SME and SMI companies, as well as funding through Axiata Digital Innovation Fund (ADIF)
- (ii) **Developing Employees**
  - Trained 127 employees under the Celcom Accelerated Development Programme
  - Hired 622 Skim Latihan 1Malaysia (SLIM) trainees to provide fresh graduates with practical working experience
  - Conducted an entrepreneurship training programme with the Ministry of Higher Education (MoHE) in 2016 to develop student entrepreneurial abilities
- (iii) **Contributing to Society**
  - Contributed RM8 million to the Badminton Association of Malaysia (BAM) to develop the sport

## Supporting our Local Business Partners and SMEs

At the Group level, Axiata established ADIF, to fund and develop local digital businesses. ADIF has also been directed to ensure that 50% of its investees are Bumiputera majority-owned businesses. By end 2016, ADIF has invested RM23 million in 12 companies.

At the OpCo level, Celcom supports local industry development through its Local Partner Development Programme (LPDP) and its Vendor Development Programme (VDP). The LPDP is focused on developing Bumiputera vendors while the VDP expands its scope to include all Malaysian vendors. These programmes are designed to help vendors become more competitive by providing guidance and creating networking opportunities in the industry. Celcom also runs development programmes for its business and strategic partners through its Business Development Programme (BDP) and Strategic Partners Development Programme (SDP).

**Figure 5: % e-commerce value from SMEs in Malaysia - by SME sector**



Source: Jehangir et al, "Towards Digital Economy: The Development of ICT and E-Commerce in Malaysia", 2011

SMEs – the engine of the Malaysian economy

SMEs contributed 36% of Malaysia’s total GDP in 2014, and this is expected to reach 41% by 2020. However, many SMEs have yet to take advantage of e-commerce to grow their business.

The National eCommerce Strategic Roadmap seeks to increase e-commerce penetration among SMEs to improve their productivity and ability to compete with domestic and international brick-and-mortar stores. Specific goals include:

- (i) Establishment of a one-stop eBusiness resource for SMEs
- (ii) Increased promotion and marketing of e-commerce to SMEs.

The Roadmap estimates e-commerce to account for 6% of SMEs’ total revenues by 2020 (see Figure 5).

Digitisation increases productivity and competitiveness of SMEs

Only 20-25% of Malaysia’s SMEs have adopted ICT in their business operations, partly due to a lack of awareness of the benefits of digital platforms. This hampers their productivity and competitiveness,

and prevents SMEs from offering their products to online consumers. As a result, less than 10% of SMEs’ GDP contribution is derived via e-commerce, although this could rise with increased engagement with ICT.

Dialog offers the best Tourist Mobile Plans for tourists to get connected when enjoying the beauty of this paradise island.

The Malaysia External Trade Development Corporation uses ICT in its eTRADE programme to help SMEs to reach out to new buyers in international e-marketplaces. The programme includes training and online assistance to participating SMEs, and on-boarding them onto the e-marketplace.

## Expanding Connectivity to Underserved Areas

The Malaysian Government implemented its National Broadband Initiative in 2010 to make high-speed internet accessible and affordable to all Malaysians, with particular emphasis on rural populations. Online access has been viewed by the Government as necessary for the social and economic uplift of rural Malaysia, particularly in the areas of commerce and education.

# NATIONAL CONTRIBUTION REPORT

As a leading provider of connectivity services in the country, Celcom has been playing a key role supporting the Government initiative through various programmes including its Kampung Tanpa Wayar (KTW) and Pusat Internet 1Malaysia (Pi1M) programmes. Through KTW and Pi1M, Celcom is bridging the digital divide of the underserved communities, and promoting greater use of technology and digitisation.

## Talent Development

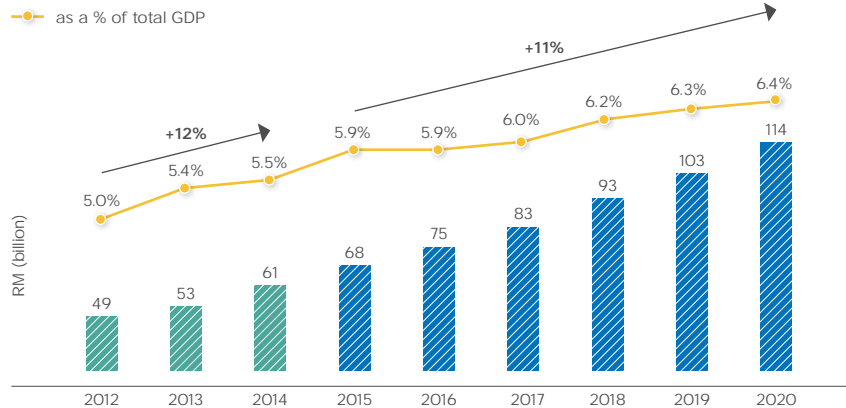
Our efforts to develop talent in Malaysia is delivered primarily through our Axiata Young Talent Programme (AYTP), which provides training and grooming to youths at different stages of development. Celcom also develops partnerships with relevant education authorities such as the MoHE to hold training classes on selected topics. In 2016, Celcom collaborated with MoHE to develop greater entrepreneurship in university students by providing workshops as well as by providing distribution access through its e-commerce platform 11Street.

Celcom continues to be a keen participant of the Government's SLIM programme, which is designed to provide fresh graduates with practical working experience. SLIM trainees are taken by Celcom to give them valuable exposure in various aspects of the business. Successful trainees may be offered full-time positions upon the completion of the programme.

## E-commerce

ICT is one of the most important determinants for the rapid growth of e-commerce which is being driven by the rising growth of internet users, online spending and adoption of new technologies such as mobile wallets. Celcom is contributing significantly to Malaysia's position as an e-commerce hub by creating a secure ICT infrastructure for vendors and consumers.

**Figure 6: E-commerce contribution to GDP**



Source: IDC Bullish on Malaysia's digital economy potential, Enterprise Innovation, November 2016; Department of Statistics Malaysia; National eCommerce Strategic Roadmap

## National eCommerce Strategic Roadmap

The Government of Malaysia launched the National eCommerce Strategic Roadmap in October 2016. The Roadmap highlights the need to provide good and affordable broadband and mobile phone penetration for connectivity, physical infrastructure and the widespread use of payment cards, eWallets and mobile wallets for convenient electronic payments.

The Roadmap forecasts that e-commerce's contribution to GDP will increase at a CAGR of 11% from RM68 billion in 2015 to RM114 billion under a business-as-usual scenario (see Figure 6).

ICT supports the implementation of the Roadmap

Data from International Data Corporation (IDC) indicates that total IT spending, including infrastructure, software and services, will grow by 3.3% to USD21.6 billion in 2017. This is expected to boost the adoption of e-commerce. Key foundations for this are strong internet penetration (68%), and the 16 million Malaysians who are already digital consumers.

Celcom has launched three new e-commerce portals since 2013. They are Bachabooku (an online store providing local electronic books and magazines), Buzzaar (an online specialty store that offers delivery of popular regional specialties) and Crescent (an Islamic lifestyle hub). The portals are aligned with Celcom's goal to develop more online business avenues as a key revenue pillar, and support the development of a dynamic e-commerce ecosystem in Malaysia.

Celcom is also the owner of 11street, an optimised e-commerce platform launched together with SK Planet Ltd, a South Korean e-commerce company. This initiative underlined Celcom's expanding digital services portfolio, and increased revenue streams that would eventually benefit customers, service providers and content developers, as well as the traditional brick-and-mortar merchants.

## National Contribution

### Contribution to Gross Value Added

**USD3,058** million  
(0.3% of the nation's GDP)



Operational Direct GVA  
**USD698** million



Capital Investment  
**USD104** million



Operational Indirect and Induced GVA  
**USD714** million



Productivity GVA  
**USD1,543** million

### Direct Employees

**1,892**  
Staff

Total Employees



**32%**  
Female



**99%**  
Indonesian Citizens

### Total Jobs Supported

**158,409**  
Jobs



Directly Employed  
**1,892**



Outsourced  
**930**



Supported Indirectly - Operations  
**89,568**



Supported Indirectly - Capital Investment  
**66,019**

### Capital and Operational Expenditure

**USD1,485** million  
in 2016



Capital Expenditure  
**USD487** million



Operational Expenditure  
**USD998** million

Every

**USD1**

Spent on Capex and Opex

translated to

**USD1.2**

GVA Contribution

Contributed

**USD120** million in taxes in 2016

(0.1% of the total tax revenue of the Indonesian Government)

PT XL Axiata 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 is transforming itself into a leading mobile data provider, serving the burgeoning demand for data amongst Indonesians.

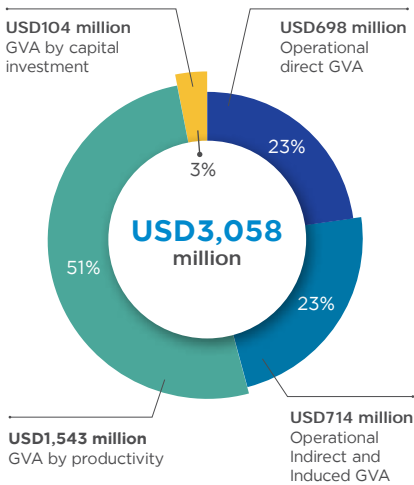
Southeast Asia's largest economy, Indonesia has charted impressive economic growth post the Asian financial crisis of the late 1990s. Gross national income per capita has risen steadily resulting in a quickly emerging middle-class in the fourth most populous country in the world. The country has made enormous gains in poverty reduction, having reduced the poverty rate by more than half since 1999.

Growing affluence translated into strong mobile growth rate over the past ten years although the rate has started to moderate. Increasing pressure from competitors in the market coupled with market maturity has prompted the growth of VAS as an important revenue source for mobile telecommunications players.



# NATIONAL CONTRIBUTION REPORT

**Figure 1: GVA contribution to the Indonesian economy 2016**



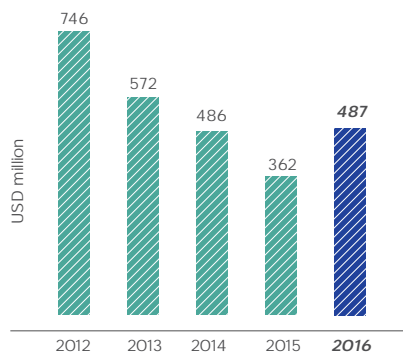
### Economic and Financial Contributions

XL's total Gross Value Added (GVA) to the Indonesian economy was approximately USD3,058 million comprising direct operational contributions of USD698 million, indirect operational contributions of USD714 million, capital investment contributions of USD104 million and productivity gains of USD1,543 million (see Figure 1). Productivity gains are defined as the improvement in national productivity due to the rise in the mobile penetration rate. The total GVA of USD3,058 million was derived from XL's total opex and capex of USD998 million and USD487 million respectively, and the 10.9% increase in the mobile penetration rate. Every USD1 spent by XL in Indonesia through its operations and capital investment added USD1.2 in GVA to the Indonesian economy in 2016.

### Investing and Innovating for the Long Term

XL invested a total of USD2,652 million between 2012 and 2016 to improve its network and in launching new innovative products and services (see Figure 2). The OpCo's total investment of USD487 million in 2016 represented a 34.6% increase from USD362 million in 2015. XL further invested in the country and continued to innovate on its VAS and quality of services to grow its presence in the country.

**Figure 2: Total capital investment: 2012-2016**



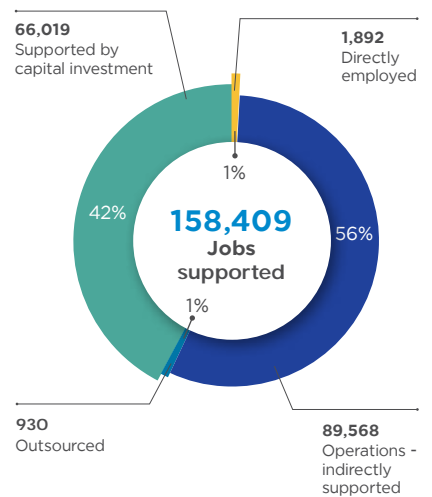
### Contributions to Public Finance

XL contributed USD120 million in taxes to the Indonesian Government in 2016, accounting for 0.1% of the country's total tax revenue. XL's tax commitments in Indonesia include direct taxes such as corporate and withholding tax, as well as indirect taxes such as value-added tax and licensing fees.

### Talent Development

XL provided 1,892 direct jobs in 2016 of which 99% of positions were staffed by Indonesian citizens. About 32% of XL employees were women. During the year, XL engaged 46 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 89,600 jobs and outsourced a further 930 jobs. Its capital investments, meanwhile, supported 66,000 jobs (see Figure 3).

**Figure 3: Total employment impact 2016**



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

## NATIONAL CONTRIBUTION REPORT

### In Support of the National Agenda

E-commerce and SMEs, identified as priorities under the Indonesian Government's National Agenda, are areas that stand to benefit significantly from the growth of mobile connectivity and the use of digital technology. These areas represent opportunities for XL to play a role in advancing Indonesia's national goals and to contribute to society. The following section provides an overview of these national priorities and XL's contribution towards them.

#### E-commerce

ICT is an essential support to the development of e-commerce, as the development of ICT infrastructure creates channels for retailers to do business online. Growing use of the internet and smartphones also creates demand for ICT services. Indonesia is expected to be the largest e-commerce market in Southeast Asia.

E-commerce drives economic growth

Indonesia was the largest e-commerce market in ASEAN in 2014. E-commerce is expected to grow at an accelerated rate given the country's demographics that have made Indonesia the world's fourth largest country by population.

To support Indonesia's goal of becoming the biggest digital economy in Southeast Asia by 2020, the Indonesian Government released the E-commerce Roadmap in 2016 which forecasts the value of e-commerce transactions to reach USD130 billion by 2020.

ICT supports the expansion of e-commerce

The Government of Indonesia launched the Indonesia Broadband Plan in 2014. A key priority under the Broadband Plan is delivering improved logistics infrastructure, to enhance e-commerce efficiency and competitiveness. The improved infrastructure would be necessary to support growing demand for e-commerce services which is correlated to the rapid growth of the internet and social media users in Indonesia.

The number of internet users in Indonesia is expected to increase from 72.8 million in 2013 to 123 million in 2018, at a CAGR of 11.1% whereas the number of smartphone users is expected to reach 100 million by 2018. There are approximately 333.6 million active mobile numbers in Indonesia, translating to a mobile penetration rate of 130%. Meanwhile, there are more than 69 million active Facebook users in Indonesia, which is the fourth largest Facebook user base in the world. Exposure to social media drives demand for e-commerce, as this provides convenient channels to connect with the global market.

XL Axiata is involved in the e-commerce marketplace through PT XL Planet, a joint venture company.

### SMEs

Indonesia's SME sector plays an important role in the Indonesian economy. Digitisation helps to lower costs and enhance efficiency of the SME supply chain. Indonesia's annual GDP growth rate could increase by 2% by improving SMEs' digital engagement. XL has invested more than IDR500 billion to set up DigiBiz, a service to help SMEs strengthen their marketing initiatives and grow their businesses.

SMEs as drivers of growth

In 2014, 57.9 million SMEs contributed to 58.9% of total GDP and employed 97.3% of the country's workforce. Recognising the importance of SMEs in Indonesia, the Government of Indonesia has introduced various initiatives such as tax incentives, lower lending rates, reduced restrictions on foreign investments, and support for market expansion opportunities to boost the sector's growth.

#### Nurturing Young Talent

XL is committed to nurturing young talent in Indonesia through its XL Future Leaders (XLFL) programme. XLFL replicates the aims and objectives of AYTP in Indonesia to provide unique learning and training opportunities to Indonesian students. From the programme's implementation in 2011 to end 2016, some 20,690 Indonesian students have benefitted from the programme, which also offers scholarships on top of training workshops and online learning courses.



# NATIONAL CONTRIBUTION REPORT

Since its start in 2011, XL Future Leaders has received four awards including the Best CSR Award from the Perhumas Awards 2016. New innovations have been introduced to the programme such that it now meets Indonesian education objectives and has evolved from one subject programme in 2011 to eight in 2016. As with the AYTP, XL Future Leaders is helping build capabilities and capacities of our future generations.

## Driving Inclusivity

Some of XL's key contributions to national development are its initiatives to bridge the digital divide within the Indonesian community. In 2016, XL focused its efforts on bringing connectivity and digital services to Indonesian women, whose rate of internet use lags 30% to 40% behind their counterparts in other ASEAN countries. Sisternet, XL's digital home for Indonesian women, was introduced to empower and enrich women's online experience, and to encourage their participation in the digital economy.

The portal publishes informative articles that empower and enrich the lives of Indonesian women. Information available on Sisternet includes health and career tips, lifestyle information, family life and shopping. It also offers mentorship through the Sisternet Academy.

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## National Contribution

### Contribution to Gross Value Added

**USD804** million

(1.0% of the nation's GDP)



Operational Direct GVA

**USD250** million



Capital Investment

**USD93** million



Operational Indirect and Induced GVA

**USD257** million



Productivity GVA

**USD203** million

### Direct Employees

**3,269**

Staff

Total Employees



**21%** Female



**99.8%** Sri Lankan Citizens

### Total Jobs Supported

**53,531**

Jobs



Directly Employed

**3,269**



Outsourced

**611**



Supported Indirectly - Operations

**25,165**



Supported Indirectly - Capital Investment

**24,485**

### Capital and Operational Expenditure

**USD567** million

in 2016



Capital Expenditure

**USD180** million



Operational Expenditure

**USD386** million

Every

**USD1**

Spent on Capex and Opex

translated to

**USD1.2**

GVA Contribution

Contributed

**USD217** million in taxes in 2016

(2.2% of the total tax revenue of the Sri Lankan Government)

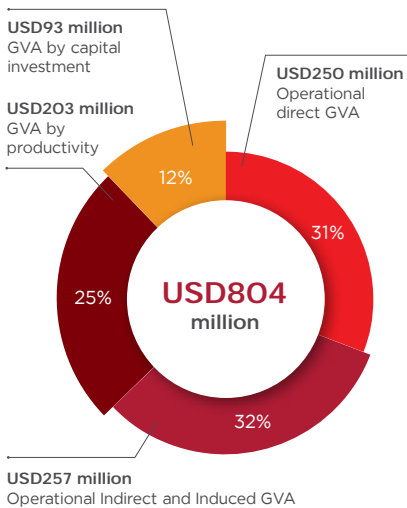
Dialog Axiata PLC operates Sri Lanka's largest and fastest growing mobile telecommunications network and is also Sri Lanka's largest Foreign Direct Investor (FDI) with investments totalling over USD2 billion. Dialog, a winner of six GSMA Mobile World Awards, has topped Sri Lanka's Corporate Accountability rankings for the past six years in succession.

Sri Lanka's economy has grown at an average of 6.4% between 2010 and 2015. Sri Lanka's economy transitioned from a predominantly rural-based agriculture economy towards a more urbanised economy driven by services.

The country's strong economic growth over the last decade has seen the population grow more affluent while poverty rates are steadily declining. Increasing wealth in the population has translated into healthy mobile subscriber growth. Although mobile penetration has historically been relatively low compared to more developed Asian markets, the rate is now catching up. Between 2011 and 2016, mobile penetration rate increased from 87% to 123%.

# NATIONAL CONTRIBUTION REPORT

**Figure 1: GVA contribution to the Sri Lankan economy 2016**

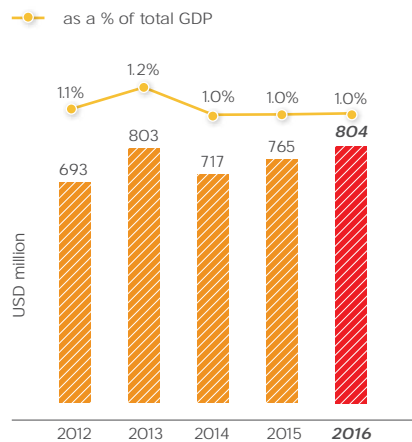


### Economic and Financial Contributions

Dialog's Gross Value Added (GVA) in 2016 was estimated at USD804 million comprising direct operational contributions of USD250 million, indirect operational contributions of USD257 million, capital investment contributions of USD93 million and productivity gains of USD203 million (see Figure 1). Productivity gains are defined as the improvement in national productivity due to the rise in mobile penetration rate. The total GVA of USD804 million was derived from Dialog's total opex and capex of USD386 million and USD180 million respectively, and the 4.8% increase in the mobile penetration rate. Every USD1 spent by Dialog in Sri Lanka through its operations and capital investment added USD1.2 in GVA to the Sri Lankan economy in 2016.

Dialog's total GVA contribution increased to USD804 million in 2016 from USD693 million in 2012, translating to a CAGR of 3.8% (see Figure 2). The improving trend was due to increased operational profits and a surge in the number of subscribers. Over the last five years, total operational profit grew to USD208 million in 2016 from USD142 million in 2012. The total number of mobile subscribers in Sri Lanka expanded to 26 million from 19 million during the same time period translating to a mobile penetration rate of 122% in 2016 (95% in 2012).

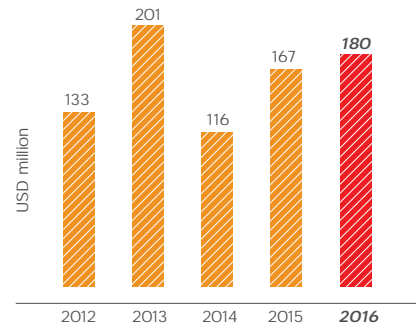
**Figure 2: GVA contribution to the Sri Lankan economy, 2012-2016**



### Investing and Innovating for the Long Term

Dialog invested a total of USD799 million between 2012 and 2016. The OpCo's total investment of USD180 million in 2016 represented a 7.9% increase from USD167 million in 2015 (see Figure 3). Dialog is committed to further investing in Sri Lanka so as to enhance its network coverage and service quality in an increasingly competitive market.

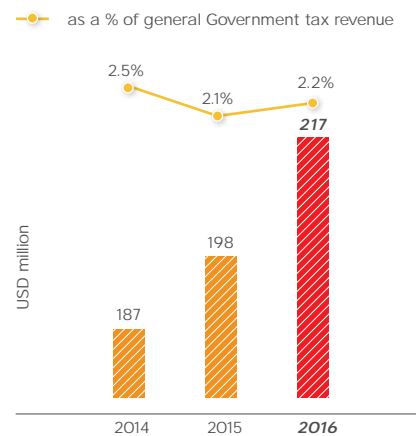
**Figure 3: Total capital investment: 2012-2016**



### Contributions to Public Finance

Total tax contributions for Dialog from 2014 to 2016 totalled USD603 million, expanding to USD217 million in 2016 from USD198 million in the previous year (see Figure 4). Dialog's tax contributions in 2016 accounted for 2.2% of the Sri Lankan Government's total tax revenue. Dialog's tax commitments in Sri Lanka include 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, 2014-2016**



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

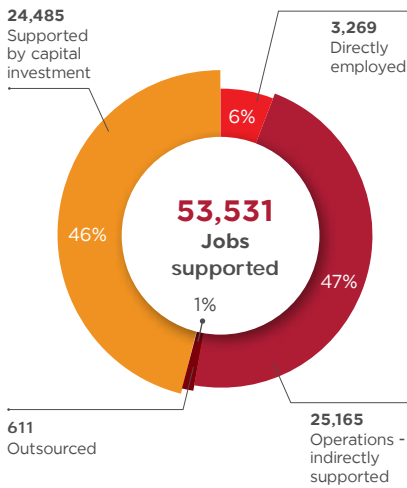
Note: As a % of total GVA contribution; Numbers may not balance due to rounding

# NATIONAL CONTRIBUTION REPORT

## Talent Development

Dialog provided 3,269 direct jobs in 2016 of which 99.8% of the positions were staffed by Sri Lankan citizens (see Figure 5). About 21% of Dialog employees were women. During the year, Dialog engaged 611 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 25,200 jobs through its operations, and a further 24,500 jobs through its capital investments.

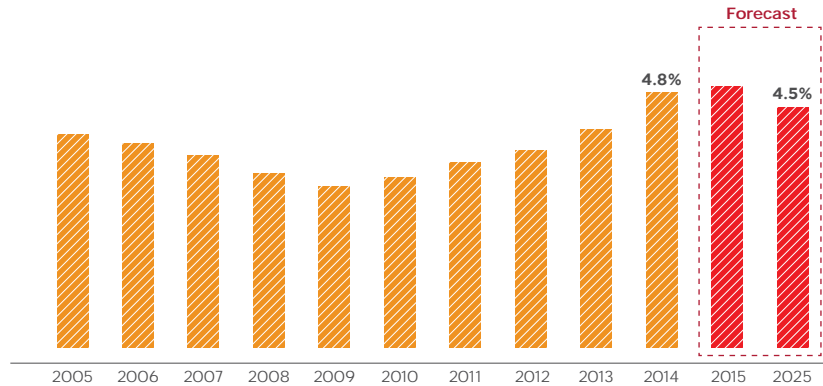
**Figure 5: Total employment impact 2016**



## In Support of the National Agenda

Tourism and SMEs, identified as priorities under the Sri Lankan Government's National Agenda, are areas that stand to benefit significantly from the growth of mobile connectivity and the use of digital technology. These areas represent opportunities for Dialog to play a role in advancing Sri Lanka's national goals and to contribute to society. The following section provides an overview of these national priorities and Dialog's contribution towards them.

**Figure 6: Direct Contribution of Travel and Tourism to GDP**



Source: Travel and Tourism Economic Impact 2015: Sri Lanka, World Travel and Tourism Council

## Tourism

Tourism - An important contributor to the economy

The Tourism Development Strategy of the Sri Lankan Government aims to position the country as a model tourist destination backed by bio diversity, culture, historical artifacts, beaches, a green environment and friendly people. The Government has set a target of attracting four million tourists by 2020.

The sector contributed 4.8% directly to GDP and provided 4.3% of total employment in 2014. The total contribution from travel and tourism to GDP was 11.1% in 2014 and is set to comprise 10.5% of GDP in 2025 (see Figure 6).

### ICT helps attract prospective tourists

To attract prospective tourists, well-crafted communication strategies using ICT and the internet as tools of international communication are needed.

In November 2016, the Sri Lanka Tourism Development Authority launched an online registration platform for businesses involved in the tourism industry, a move

aimed at easing the process of registration and tax payment.

The Authority is also looking to establish kiosks with tablet PCs at some of the airports so departing passengers can complete tourist departure surveys, in an effort to formalise the tourism sector.

To support the growth of tourism in Sri Lanka, Dialog offers the best Tourist Mobile Plans to help tourists stay connected when travelling in the country, providing competitive call and data plans which have proved immensely popular amongst travellers. In addition, together with its valued business partners in the hospitality sector, Dialog offers a host of connectivity solutions including mobile, high-speed broadband, fibre optics and digital satellite entertainment via customised and competitive delivery channels to enhance the Sri Lankan experience for travellers. The majority of Sri Lanka's city and resort hotels are connected by Dialog with highly-specialised services. The company has also supported the setup of free wifi connectivity at several public and tourist locations together with the Government and the Tourism Development Authority to enhance connectivity and access to information.

# NATIONAL CONTRIBUTION REPORT

## Small- and Medium-sized Enterprises (SMEs)

The SME sector has been identified as an important strategic sector in the Government’s overall policy objectives. Under the National Human Resources and Employment Policy, ICT is considered necessary to empower SMEs to network and improve efficiency and productivity of their business. The use of ICT helps SMEs access technology, infrastructure and funding.

SME growth as driver of economy



Source: Performance Report – 2015, Department of Development Finance

SMEs constitute a large part of Sri Lanka’s economy, accounting for 75% of all businesses, providing 45% of employment and 52% of GDP.

Under the national development plan Mahinda Chintana Socio Economic Development Strategy 2010, growth of SMEs has been identified as a key thrust area for the next decade. The Government has implemented an SME Policy Framework to reduce transaction costs and improve the ease of doing business for SMEs.

The Sri Lanka Association of Software and Service Companies has begun “Startup Sri Lanka” to launch 1,000 start ups by 2022.

The International Trade Centre analysed SME performance in Sri Lanka and found that the weak use of email and websites by SMEs was responsible for the country’s poor performance under the “connectivity” pillar of competitiveness.

The Government of Sri Lanka wants to improve SMEs’ access to appropriate and affordable modern technology. Some key strategies include:

- (i) Establishing a Technology Transfer and Development Fund with relevant incentives to support the acquisition of modern, clean technology for SMEs;

- (ii) Establishing a strong network between SMEs and technology providers and strengthening technology transfer programmes;

- (iii) Establishing a technology bank for collecting and disseminating information on technology resources and strengthening training centres to enhance the skills of entrepreneurs.

In partnership with the International Finance Corporation (IFC), Dialog launched the SME Toolkit, an online resource that provides training and management tools to help SMEs strengthen productivity and gain access to new markets.

Dialog’s investments in Sri Lanka represent 14% of FDI in the country over the past decade, with significant investments towards the development of world-class ICT infrastructure supporting growth in mobile, fibre optics, high speed broadband and digital television technologies. This includes investments of over Rs. 1 billion annually in the community to uplift education, health, sports and other social and community development activity. The company’s philosophy is to bring digital empowerment to every citizen by making advanced ICT services available and affordable to all.

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## National Contribution

### Contribution to Gross Value Added

**USD596 million**  
(0.5% of the nation's GDP)



Operational Direct GVA  
**USD226 million**



Capital Investment  
**USD158 million**



Operational Indirect and Induced GVA  
**USD211 million**

### Direct Employees

**1,962**  
Staff



Total Employees  
**9%**  
Female



**99.5%**  
Bangladesh Citizens

### Total Jobs Supported

**95,289**  
Jobs



Directly Employed **1,962**



Supported Indirectly - Operations **56,190**



Supported Indirectly - Capital Investment **37,137**

## Capital and Operational Expenditure

**USD730 million**  
in 2016



Capital Expenditure  
**USD254 million**



Operational Expenditure  
**USD476 million**

Every

**USD1**

Spent on Capex and Opex

translated to

**USD1.0**

GVA Contribution

Contributed

**USD223 million in taxes in 2016**

(0.9% of the total tax revenue of the Bangladesh Government)

Robi Axiata Limited is the second largest mobile operator in Bangladesh with 33.8 million active subscribers. It provides the country's widest network coverage, covering 99% of the population with 2G and 3.5G sites. Robi has introduced many first-of-its-kind digital services in the country and has invested heavily in providing mobile financial services to underserved communities in rural and semi-urban areas.

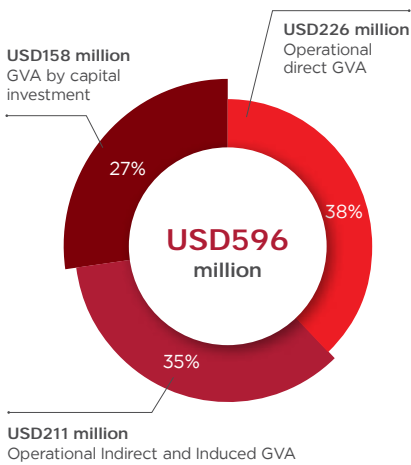
Bangladesh has maintained an impressive growth track record over the past decade, posting annual growth rates of 6%. Poverty has dropped by nearly a third while key social indicators such as life expectancy, literacy and gender equality are steadily improving.

Bangladesh aspires to become a middle-income country by 2021, which will require the country to grow between 7.5% and 8% per annum. Connectivity continues to grow steadily following a late start with the internet coming to Bangladesh in 1996. Mobile subscriber rates remained strong between 2011 and 2016, although the rate is beginning to moderate because of market maturity and saturation.



# NATIONAL CONTRIBUTION REPORT

**Figure 1: GVA contribution to the Bangladesh economy 2016**



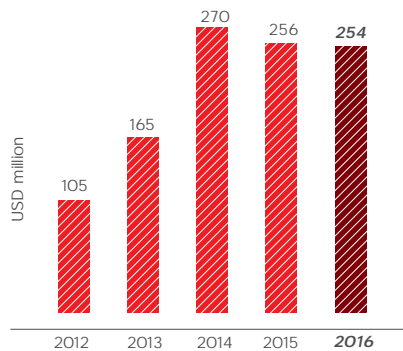
### Economic and Financial Contributions

Robi contributed USD596 million in Gross Value Added (GVA) to the Bangladeshi economy in 2016 (see Figure 1). This comprised direct operational contributions of USD226 million, indirect operational contributions of USD211 million and capital investment contributions of USD158 million. The total GVA of USD596 million was derived from Robi's total opex and capex of USD476 and USD254 million respectively. Every USD1 spent by Robi in Bangladesh through its operations and capital investment contributed an equal amount in terms of GVA to the Bangladesh economy in 2016.

### Investing and Innovating for the Long Term

Robi invested a total of USD1,050 million between 2012 and 2016. The OpCo's total investment of USD254 million in 2016 was marginally lower than the USD256 million invested in 2015 (see Figure 2). Robi aims to continue investing in the country to further improve service offerings and to ensure greater inclusivity among underserved community segments.

**Figure 2: Total capital investment: 2012-2016**



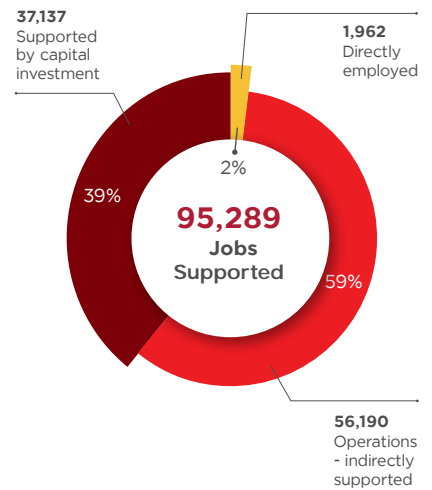
### Contributions to Public Finance

Robi contributed USD223 million in taxes to the Bangladesh Government, accounting for 0.9% 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 1,962 direct jobs in 2016 of which 99.5% of employees were Bangladeshi citizens (see Figure 3). About 9% of Robi 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 56,000 jobs. Its capital investments, meanwhile, supported 37,000 jobs.

**Figure 3: Total employment impact 2016**



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

## NATIONAL CONTRIBUTION REPORT

### In Support of the National Agenda

Agriculture and Women's Employment, identified as priorities under the Bangladesh Government's National Agenda, are areas that stand to benefit significantly from the growth of mobile connectivity and the use of digital technology. These areas represent opportunities for Robi to play a role in advancing Bangladesh's national goals and to contribute to society. The following section provides an overview of these national priorities and Robi's contribution towards them.

#### Agriculture

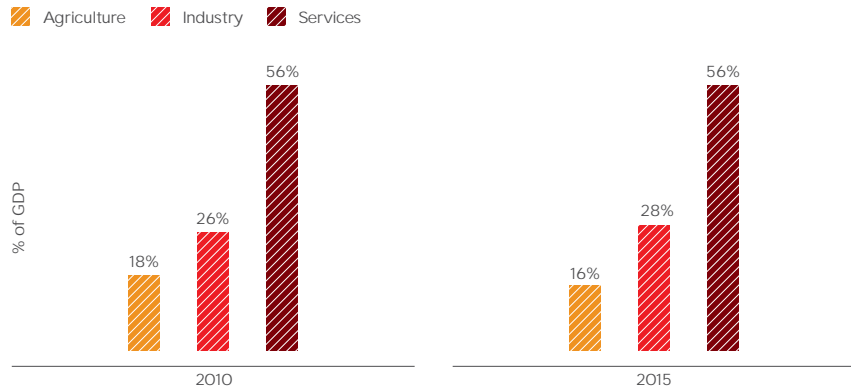
Growth of the agriculture sector is a priority in the Seventh Five Year Plan 2016-2020 for Bangladesh. Promoting the effective use of ICT in agriculture is one of the major objectives of the Seventh Five Year Plan, as prioritised by the Ministry of Agriculture. Robi launched "Mobile Krishe" to promote modernised farming and enable farmers to achieve sustainable high yield on their crops.

Agriculture reduces poverty and increases rural incomes

In 2015, agriculture contributed to 15.6% of GDP and employed 50% of the labour force. The sector helped reduce Bangladesh's poverty levels from 48.9% in 2000 to 31.5% by 2010, with over 87% of the rural population deriving a portion of their income from agriculture (see Figure 4). Two-thirds of rural households rely on both farm and non-farm incomes. A 10% increase in farm incomes generates a 6% increase in non-farm incomes through economy-wide forward and backward linkages.

Since 1995, the sector has had one of the fastest rates of productivity growths in the world, averaging 2.7% per year, second only to China, and reaching a high of 5% in recent years.

Figure 4: GDP contribution by sector



Source: Seventh Five Year Plan FY2016-FY2020, Planning Commission of Bangladesh

#### ICT increases productivity of agriculture

ICT is being considered as a tool to expedite credit delivery to farmers by paying Government subsidies directly through mobile money. It is also being used as a platform to disseminate important agricultural information to farmers.

A key challenge that must be overcome is making technology available and accessible to rural Bangladeshis, especially for farmers given their low rate of literacy. Services that are available include:

- weather forecasting
- production and cultivation advice
- disease and insect information through e-Krishok provided by civil society organisations
- up-to-date price information

"Mobile Krishe", a fertiliser recommendation software, has been implemented as a collaboration between Robi and Grameen Intel Social Business Ltd. This initiative aims to help farmers achieve high yields from their crops sustainably through the application of this mAgriculture-based modern farming method.

#### Women's Employment

The Seventh Five Year Plan 2016-2020 highlights women's employment as a strategic goal. Bangladesh projects that it is able to increase its GDP growth by 1.6% if female labour participation increases from 33.7% to 82.0%, a figure on par with the male labour participation rate. ICT enables women to access information related to development opportunities and services, learning and networking, and has an important role in outsourcing business opportunities at different stages of the value chain.

# NATIONAL CONTRIBUTION REPORT

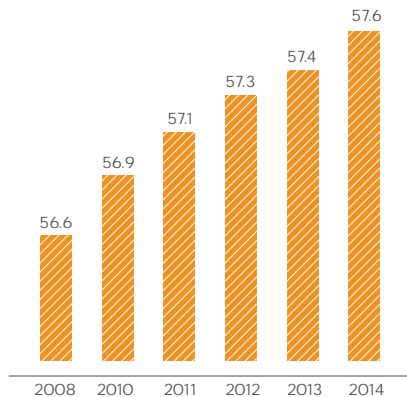
## Women's employment – the engine of the Bangladesh economy

The National Women Development Policy was ratified in 2011 to create a national vision for social, legal and economic empowerment of women.

Economic empowerment of women is still at low levels and Bangladesh is ranked 135 out of 147 countries for economic participation by the Gender Gap Report of the World Economic Forum 2016. According to the World Bank's World Development Indicators, Bangladesh has a 57.6% female labour force participation rate compared to a world average of 50.3% (see Figure 5).

The Bangladesh Development Update noted that if Bangladesh wants to reach middle-income status by 2021, the country will have to add more women to the workforce.

**Figure 5: Female labour force participation rate (%)**



Source: The World Bank

## ICT helps empower women across different sectors

Case studies in Africa and Asia have proven that mobile phones can be effective in helping women become more efficient and generate greater income. The number of women entrepreneurs has grown in these areas following the implementation of m-money services while women in other locales have started using ICT to build new networks.

The number of women involved in small- and micro-enterprises is increasing in Bangladesh. For women entrepreneurs, ICT serves as an effective learning and networking tool as well as for outsourcing business opportunities in different stages of the value chain.

SME Foundation Bangladesh, an autonomous organisation that facilitates the development of SMEs with a focus on women entrepreneurs, provides regular training programmes to prepare women-led SMEs in ICT adoption.

In collaboration with the GSMA mWomen Innovation Fund, Robi aims to create a mobile learning service to improve employability for rural adolescent girls. The service offers mobile platforms to deliver English lessons through voice and SMS to help users become more employable in major industries such as garment manufacturing. Robi also launched the Digital Smart Buses project, using six buses to provide basic ICT training to 240,000 young and talented women across 64 districts of the country.

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## National Contribution

### Contribution to Gross Value Added

**USD313** million  
(1.6% of the National GDP)



Operational Direct GVA  
**USD140** million



Capital Investment  
**USD33** million



Operational Indirect and Induced GVA  
**USD69** million



Productivity GVA  
**USD71** million

### Direct Employees

**1,047**  
Staff

#### Total Employees



**37%**  
Female



**98%**  
Cambodian Citizens

### Total Jobs Supported

**40,656**  
Jobs



Directly Employed **1,047**



Supported Indirectly - Operations **26,921**



Supported Indirectly - Capital Investment **12,688**

## Capital and Operational Expenditure

**USD207** million  
in 2016



Capital Expenditure  
**USD75** million



Operational Expenditure  
**USD133** million

Every

**USD1**

Spent on Capex and Opex

translated to

**USD1.4**

GVA Contribution

Contributed

**USD65** million in taxes, levies and fees in 2016

(3.6% of total national tax income excluding regulatory related fees and payment)

Smart is a leading mobile telecommunications company in Cambodia with over eight million subscribers and was the first telco to rollout 4G LTE services in 2014 and 4G+ in 2016. Being a strong advocate of digital innovation that has continued to evolve into a digital lifestyle brand, Smart has launched various value added services and digital services, in various areas including finance, insurance and entertainment.

Aside from launching Smart Music, the country's first music streaming application in partnership with Universal Music, Smart also launched SmartLuy, a mobile money service that allows mobile consumers to transfer funds and make financial transactions digitally. Through Smart Life Insurance, a product implemented in partnership with BIMA, Smart is now the largest provider of life insurance in Cambodia in terms of the number of people insured. In 2016, Smart launched SmartPay, a payment solution via phone balance. Smart

has been recognised by the industry and international organisations for its superior services, strong financial performance and national contribution. For its contributions to social development, Smart won the Telecom Asia Best Community Project Award for its involvement in Cambodia's National Literacy Campaign in collaboration with the Ministry of Education, Youth and Sport as well as UNESCO. It has also been lauded by the Global Banking and Finance Review as the Best Telco and the Best CSR Company in Cambodia for two consecutive years - in 2015 and 2016.

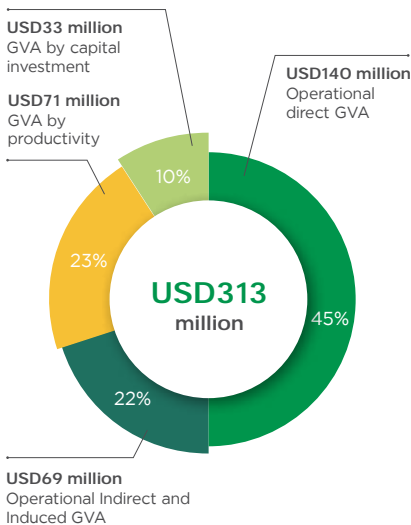
# NATIONAL CONTRIBUTION REPORT

Cambodia remains one of Asia's fastest growing economies posting a GDP growth of 7% in 2016. Economic growth in the country is being largely driven by infrastructure investments, tourism, real estate development and growing exports.

While per capita income is still low compared to neighbouring countries, it has been rising rapidly, leading to increased telecommunications consumption and greater demand for technology. The growing affluence of Cambodians coupled with the proliferation of affordable smartphones means that there is ample room for the introduction of higher-value, digital services.

### Economic and Financial Contributions

**Figure 1: GVA contribution to the Cambodian economy 2016**

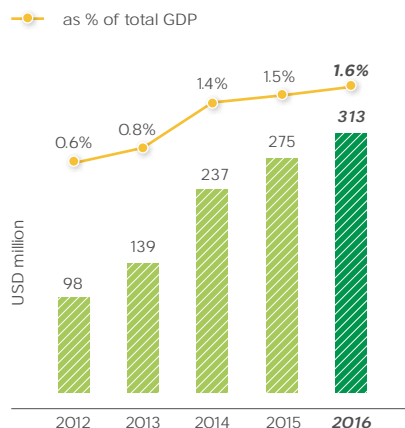


Smart's Gross Value Added (GVA) in 2016 was estimated at USD313 million comprising direct operational contributions of USD140 million, indirect operational contributions of USD69 million,

capital investment contributions of USD33 million and productivity gains of USD71 million (see Figure 1). Productivity gains are defined as the improvement in national productivity due to the rising mobile penetration rate. The total GVA of USD313 million was derived from Smart's total opex and capex of USD133 million and USD75 million respectively, and the 8.3% increase in the mobile penetration rate. Every USD1 spent by Smart in Cambodia through its operations and capital investment added USD1.4 in GVA to the Cambodian economy in 2016.

Smart's total GVA contribution increased to USD313 million in 2016 from USD98 million in 2012, translating to a CAGR of 33.6% (see Figure 2). The improving trend was due to higher operational profits and significantly increased number of mobile subscribers. Over the last five years, total operational profits grew to USD130 million from USD25 million. With a total number of mobile subscribers (as active declared SIM cards by the operators) in Cambodia at 19.9 million as reported to the Telecommunications Regulator of Cambodia, the mobile penetration rate stands at 126% by end-2016.

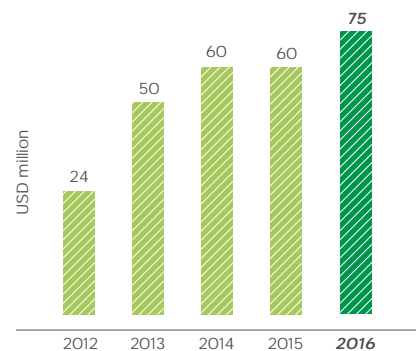
**Figure 2: GVA contribution to the Cambodian economy, 2012-2016**



### Investing and Innovating for the Long Term

Smart invested a total of USD269 million between 2012 and 2016 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 USD75 million in 2016 represented a 25% increase compared to the USD60 million in 2015. 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. At the end of 2016, 60% of its more than 2,100 base stations across all 25 provinces have been equipped with 4G already while 100% of base stations feature 3.75G. Smart's push to further improve 4G customers' experience is evident with the introduction of 4G+ in September 2016 which increases the capacity of the base stations and consequentially speed Smart's users can enjoy.

**Figure 3: Total capital investment: 2012-2016**



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

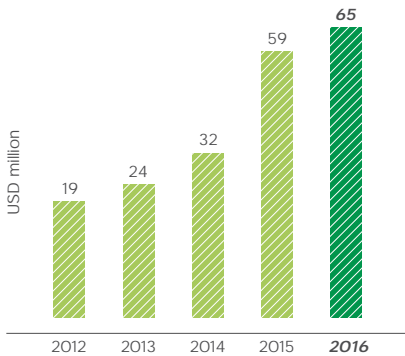
- Introduction
- Beyond Short-Term Profits
- Nurturing People
- Process Excellence & Governance
- Planet & Society
- Our Associates

# NATIONAL CONTRIBUTION REPORT

## Contributions to Public Finance

Total contributions by Smart over the last five years reached USD199 million. This expanded to USD65 million in 2016 alone, up from USD19 million in 2012, representing a CAGR of 36.1% (see Figure 4). Smart's contribution of USD65 million includes regulatory related fees, levies and payments. Smart's tax contribution alone accounted for 3.6% of national tax income, excluding other regulatory related fees and payments.

**Figure 4: Total contribution to public finance, 2012-2016**

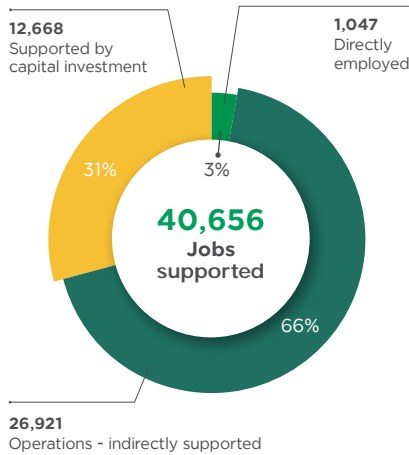


## Talent Development

### Total employment impact 2016

Smart provided 1,047 direct jobs in 2016 of which 98% of the positions were staffed by Cambodian citizens (see Figure 5). About 37% 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 27,000 jobs through its operations, and a further 12,700 jobs through its capital investments.

**Figure 5: Total employment impact 2016**



### Smart's labour productivity over the last three years

Smart's productivity, measured as Gross Value Added (GVA) per employee, increased from USD98,256 in 2014 to USD133,383 in 2016 with a CAGR of 16.5% between 2014 and 2016. Significant growth in operational profits supports the expanding of productivity.

### In Support of the National Agenda

As part of the Cambodian Government's national agenda, many priorities have been identified as key development areas. These priorities present Smart with an opportunity to play a role in Cambodia's development. The following section provides an overview of some focus areas and Smart's contribution to them.

## Education

Education is one of the significant drivers for country development. Through its CSR pillar Education, Smart continues playing an active role in various initiatives as a key development partner with the Ministry of Education, Youth and Sport and Ministry of Posts and Telecommunications of Cambodia to ensure sufficient skilled human resources for the country.

Education as a key component of a knowledge-based society

The Government of Cambodia's long-term vision of Education for All is to ensure equal access to quality basic education for all citizens and to prepare its citizens to play an active role in building the country as well as integrating Cambodia into the knowledge-based global community. Smart runs many programmes designed to empower youth with basic education and literacy; expedite the proliferation of digital literacy; promote continuous education; encourage entrepreneurship and ICT as well as support national culture awareness. Some of Smart's key education-related CSR activities include the award winning National Literacy Campaign 2015 in partnership with long-term partner UNESCO, Mobile Library and Factory in partnership with Sipar, and the SmartEdu Scholarship programme which offers ten tertiary scholarships annually. Smart has also sponsored other education events and Government capacity building initiatives, including the construction of a dormitory for the National Institute of Posts, Telecoms and ICT.

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



# NATIONAL CONTRIBUTION REPORT

## ICT to support digital education

Cambodia has embarked on a journey of building a digital society in tandem with the rapid expansion of mobile broadband availability and affordability. The Telecommunication and ICT Development Policy 2020 specifies targets such as 100% of high school graduates equipped with basic ICT skills and 15% of ICT human resource in the country. Mobile connectivity can increase access to education and enrich learning experiences with digital content to ensure inclusive, equitable and sustainable education.

Besides having much better 4G LTE services compared to its neighbouring countries, smartphone penetration and internet literacy in Cambodia is booming day by day whereby there are about eight million internet subscribers and 4.9 million social media users as at end-2016. Whilst supporting programmes that help to promote Science, Technology, Engineering and Mathematics (STEM), Smart is also gearing up its involvement in innovation initiatives that contribute towards supporting digital education; for example facilitating the development of educational mobile applications, local content, e-learning portals, e-books and so forth.

## Sports

One of the goals of the Cambodian Government is to promote sports and a healthy lifestyle at all levels while contributing to social, cultural and economic development. Football, in particular, has been gaining popularity after improved performances of the national team in the 2018 World Cup Qualifications and the 2016 ASEAN Football Federation

U-16 Youth Championship. Smart has been tremendously active in partnering with the Ministry of Education, Youth and Sport, local authorities, football institutions and NGOs in supporting sporting events, youth programmes and national sports initiatives to spur Cambodia's sports development.

Supporting Cambodia's first National Games

The national policy on the development of physical education and sports is accelerating rapidly ahead of the prestigious regional 2023 SEA Games which will be hosted by Cambodia. In collaboration with the National Olympic Committee, the National Games were launched in 2016 as a result of an eight-year partnership reflecting Smart's commitment to playing a part in developing new sportsmen and sportswomen in the country. Sports covered by this bi-yearly event include athletics, swimming, boxing, badminton, basketball, Kun Khmer and Bokator football, wrestling, table tennis, taekwondo, volleyball, tennis, petanque and acrobatics. The inaugural National Games in 2016 involved 2,700 athletes nationwide and was attended by 60,000 sports enthusiasts over 11 days.

Sports for development programmes

Sports is one of the most powerful tools for personal and professional development. Through its CSR initiatives in Community Sports, Smart aims to trigger positive change and to empower Cambodians to help their communities and families become more sustainable. In the second year of Smart's three-year partnership with Happy Football Cambodia, the Cambodian team won the Men's Globe Trophy at the 2016 Homeless World Cup in Scotland.

2016 also saw Smart partnering with World Vision International and Salt Academy in a sports for development pilot programme which reaches out to over 300 vulnerable youth in Battambang, Preah Vihear and Takeo. These programmes have enabled and encouraged many young Cambodians to dream big, not only in football but also in life. Smart is also the main sponsor of Phnom Penh Crown Football Club and Smart Dragon Basketball Club; the former also runs a Young Talent Academy to cultivate talented players, an initiative that Smart believes will eventually create world-class footballers in Cambodia. As part of promoting a healthy lifestyle, Smart supports every marathon activity in Phnom Penh, Sihanoukville, Siem Reap and Kampot, which saw a total of more than 20,000 participants in 2016.

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## National Contribution

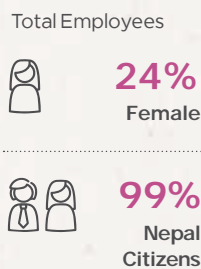
### Contribution to Gross Value Added

**USD662 million**  
(3.2% of the nation's GDP)



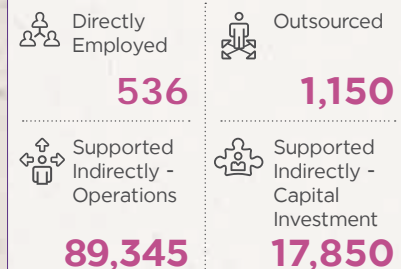
### Direct Employees

**536**  
Staff



### Total Jobs Supported

**108,881**  
Jobs



### Capital and Operational Expenditure

**USD258 million**  
in 2016



Every **USD1** Spent on Capex and Opex translated to **USD2.3** GVA Contribution

Contributed **USD369 million in taxes in 2016**  
(7.7% of the total tax revenue of the Nepali Government)

Ncell Private Limited has been in operation in Nepal since 2004 as the first private mobile service provider in the country. Ncell provides services of international quality with a local touch. Most of the employees of Ncell are Nepali and its services are designed to meet the needs of local society.

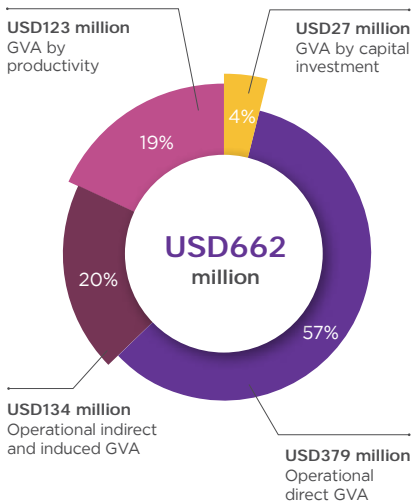
Nepal has achieved remarkable progress since 2006. Poverty has reduced considerably, with the country having halved the number of people living on less than USD1.25 a day, from 53% in 2003-2004 to 25% in 2010-2011.

Nepal is making progress in education, health care and gender equality and continues to hold significant economic potential in spite of the devastating earthquake that occurred in 2015. Mobile penetration rate continues to grow at a relatively strong rate despite the growing maturity of the market. The current mobile penetration rate stands at about 115% and is expected to grow over the next four years to 132% by 2020.



# NATIONAL CONTRIBUTION REPORT

**Figure 1: GVA contribution to Nepal's economy 2016**



### Economic and Financial Contributions

Ncell contributed USD662 million in Gross Value Added (GVA) to the Nepal economy in 2016 (see Figure 1). This comprised direct operational contributions of USD379 million, indirect operational contributions of USD134 million, capital investment contributions of USD27 million and productivity contributions of USD123 million. The total GVA of USD662 million was derived from Ncell's total opex and capex of USD196 million and USD61 million respectively, and the 8.4% increase in the mobile penetration rate. Every USD1 spent by Ncell in Nepal through its operations and capital investment translated into USD2.3 in GVA in 2016.

### Investing and Innovating for the Long Term

Ncell made capital investments totalling USD61 million in 2016. With USD34 million invested in Nepal, based on the assumption that 55% of total capital investments were made within the country, USD25 million GVA was generated and 17,850 jobs created. Capital investment plays a significant role in enhancing the company's competitiveness and contributing to Nepal's economy.

### Contributions to Public Finance

Ncell contributed USD369 million in taxes to the Nepal Government, accounting for 7.7% of the country's total tax revenue. Ncell has been 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.

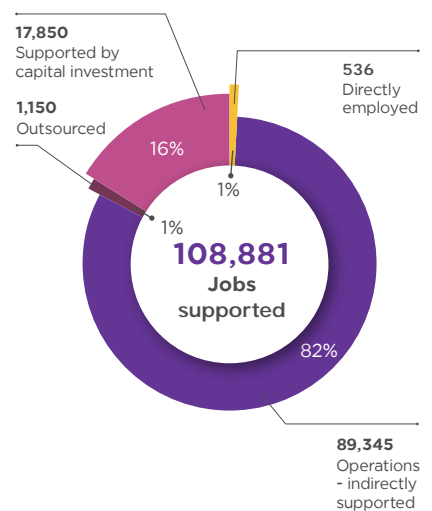
### Talent Development

Ncell provided 536 direct jobs in 2016 of which 99% of the employees were Nepalese (see Figure 2). About 24% of Ncell employees were women. Ncell's operations also indirectly supported an additional 89,000 jobs and outsourced a further 1,150. Its capital investments, meanwhile, supported 17,850 jobs.

### In Support of the National Agenda

Education and Agriculture are national priorities under the Nepal Government's National Agenda. They were selected because of the substantial benefits they would gain from the growth of mobile connectivity and the use of digital technology. These areas represent opportunities for Ncell to play a role in advancing Nepal's national goals and to contribute to society. The following section provides an overview of these national priorities and Ncell's contribution towards them.

**Figure 2: Total employment impact 2016**



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

## NATIONAL CONTRIBUTION REPORT

### Education

Education - Shaping the future of the nation

Education will play a crucial role in the development of Nepal by fighting poverty, creating more job opportunities and facilitating economic growth.

Nepal was classified 145 among 188 countries in the 2015 United Nations Human Development Index. Adult literacy rate stood at 57.4% in 2015. The current enrolment ratio of secondary and tertiary education is quite low with the tertiary enrolment ratio at 15.8% in 2014 (see Figure 3).

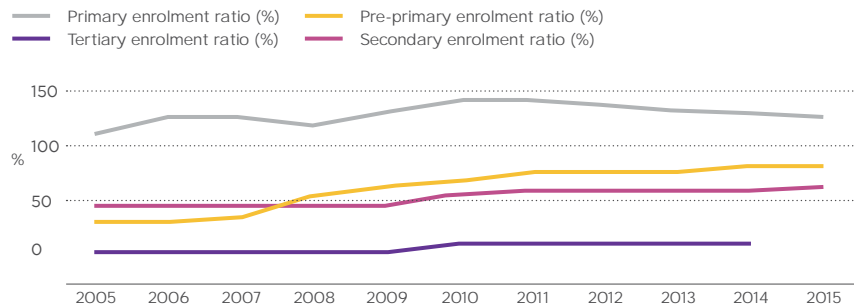
#### Integrating ICT into Education Reform

The Government of Nepal enacted the ICT in Education Master Plan in 2013 to address the role of ICT in Nepal's education reform.

The National Centre for Educational Development (NCED) provides training to teachers across the country through National Radio while computer education courses are offered in schools. The Department of Education (DOE) has developed interactive digital learning materials in Nepali for the students covering different subjects.

To facilitate the delivery of digital education, Ncell established its digital libraries project in partnership with Help Nepal Network. The programme also provided training to students and teachers to increase computer literacy by leveraging on ICT.

**Figure 3: Enrolment Ratio by education level, 2005-2015**



Source: The World Bank

Ncell's also supports schools through its "Adopt a School" Programme, implemented in partnership with Save the Children, which works closely with Ministry of Education and District Education Offices. The programme has seen Ncell help build education infrastructure and outfit schools with facilities to enhance student enrolment and develop more conducive learning environments. It also delivers initiatives to improve student attendance and encourage students to stay in school and continue their studies.

### Agriculture

Agriculture is an important sector supporting economic growth in Nepal. ICT is used to enhance the supply of agricultural products, improve farmers' livelihoods and reduce poverty. By providing high-quality, cost effective and modern telecommunications infrastructure, Ncell helps connect farmers with both local and global markets and boost economic growth. The availability of accurate and timely information, such as information on agricultural technology, market prices, demand changes, weather and low-cost pest control, is helping farmers implement best practices in their agricultural activities.

Agriculture is an important factor in boosting the economy

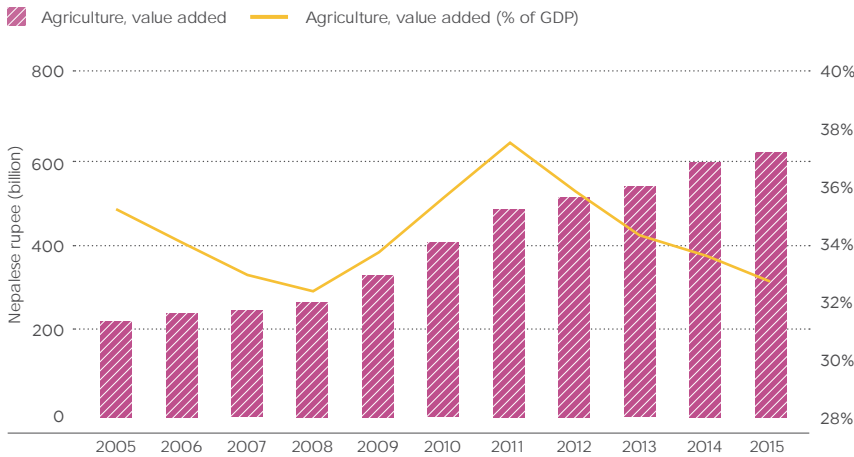
The World Development Report 2008 recognised that agriculture is four times more effective in driving GDP growth than any other sector.

Agriculture is an important sector in Nepal. In 2015, agriculture recorded a value add of NPR623.6 billion and contributed 33% of GDP (see Figure 4). It also provided for 66% of jobs in Nepal.

According to the WHO, 40% of Nepali children under five have stunted growth, 29% are underweight, and 11% are deemed to be "wasting". To address these long-term debilitating effects, one of the priorities of the Government of Nepal is ensuring safe and sufficient supply of food for its citizens.

# NATIONAL CONTRIBUTION REPORT

**Figure 4: Value added from agriculture, 2005-2015**



Source: The World Bank

### Empowering Nepal's agriculture with ICT

To enhance agricultural commercialisation and productivity, two Government-funded projects - Agriculture Commercialisation and Trade and Agriculture Management Information System - developed mobile applications to track field verification of sub-projects and check details of subsidised sub-projects via GPS in mobiles.

Agriculture activities are dependent on accurate and timely information to optimise crop yield and productivity. To address the lack of digital support for agriculture in Nepal, Ncell supported the development and adoption of digital solutions for agriculture, such as the "Smart Krishi", "Krishi Ghar" and "IFA Krishi" apps through its Mobile App Challenge.

These apps were designed to be information portals sharing agricultural information including agricultural technology, market price, demand changes, weather and pests at low cost. The aim is to provide farmers with information that is relevant to them in an accessible and affordable way so as to improve their farming practices and boost yields.



# NATIONAL CONTRIBUTION REPORT

## 1. Methodology

### 1.1 KPMG's 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 Subscribers / 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

# APPENDIX

## List of Abbreviations

'Over-the-Top' (OTT)	Get Out of Diesel (GOOD)
Annual General Meeting (AGM)	Gigajoule (GJ)
Axiata Digital (AD)	Global Reporting Initiative (GRI)
Axiata Digital Innovation Fund (ADIF)	Government-Linked Company (GLC)
Axiata Procurement Centre (APC)	Greenhouse Gas (GHG)
Axiata Treasury Management Centre (ATMC)	Gross Domestic Product (GDP)
Axiata Young Talent Programme (AYTP)	Gross Value Added (GVA)
Badminton Association Malaysia (BAM)	Group Accelerated Development Programme (GADP)
Base Transceiver Station (BTS)	Group Risk Management Committee (GRMC)
Bombay Stock Exchange (BSE)	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)
Board Audit Committee (BAC)	GSMA's Humanitarian Connectivity Charter (HCC)
Business Continuity Management (BCM)	High Throughput Satellite (HTS)
Business Development Programme (BDP)	Human Resources (HR)
Capital Expenditure (Capex)	Improvement, Innovation, Investment & Impact (4i)
Compound Annual Growth Rate (CAGR)	Info-communications Media Development Authority (IMDA)
Connected Woman Commitment Initiative (CWCI)	Information and Communication Technology (ICT)
Corporate Responsibility (CR)	International Finance Corporation (IFC)
Corporate Social Responsibility (CSR)	International Long Distance (ILD)
Cyber Security Operations Centre (CSOC)	International Standard on Assurance Engagement (ISAE)
Cyber Security Steering Committee (CSSC)	Internet Data Centre (IDC)
Department of Education (DOE)	Internet-of-Things (IoT)
Department of Hydrology & Meteorology (DHM)	Kampung Tanpa Wayar (KTW)
Disaster and Emergency Warning Network (DEWN)	Keretapi Tanah Melayu (KTM)
Disaster Readiness Programme (DRP)	Key Performance Indicators (KPI)
edotco group (e.co)	Kilowatt (kW)
Employee Engagement Survey (EES)	Local Partner Development Programme (LPDP)
Enterprise Risk Management (ERM)	Majlis Amanah Rakyat (MARA)
Environmental, Social and Governance (ESG)	Malaysian Communication and Multimedia Commission (MCMC)
Economic, Environmental and Social (EES)	Malaysian Sustainability Reporting Awards (MasRA)
First Line Manager (FLM)	Market Capital (Market Cap)
General Packet Radio Service (GPRS)	

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Memorandum of Understanding (MoU)	Supplier Performance Management (SPM)
Ministry of Higher Education (MoHE)	Sustainability Engagement Index (SEI)
Minority Shareholder Watchdog Group (MSWG)	Taylor Nelson Sofre (TNS)
Multimedia Development Corporation (MDEC)	Technical Vocational Education & Training (TVET)
Narrowband Internet-of-Things (NB-IoT)	Telekom Malaysia Berhad (TM)
National Centre for Educational Development (NCED)	Telekom Malaysia International (TMI)
National Long Distance (NLD)	Uncompromising Integrity. Exceptional Performance (UI.EP)
National Secondary School Leadership Development Programme (NSS)	University Leadership Development Programme (ULDP)
National Stock Exchange (NSE)	Value Added Services (VAS)
Net Promoter Score (NPS)	Vendor Development Programmes (VDP)
Next Generation Nationwide Broadband Network (NGNBN)	Venture Capital (VC)
Occupational Health and Safety (OHS)	Year Over Year (Y-o-Y)
One Laptop per Child (OLPC)	Young CEO Development Programme (YCDP)
One Village One Product Programme (OVOP)	
OpCo Accelerated Development Programme (OADP)	
Operating Companies (OpCos)	
Operating Expenditure (Opex)	
Personal Accident (PA)	
Personal Data Protection Act (PDPA)	
Profit After Tax (PAT)	
Pusat Internet 1Malaysia (Pi1M)	
Request for Proposals (RFP)	
Rubber Industry Smallholders Development Authority (RISDA)	
Senior Leadership Team (SLT)	
Short Messaging System (SMS)	
Skim Latihan 1Malaysia (SL1M)	
Small and Medium Enterprises (SME)	
Standard & Industrial Research Institute of Malaysia (SIRIM)	
Strategic Partners Development Programme (SDP)	

G4-19  
G4-20  
G4-21

## APPENDIX

### 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
Business Performance	Economic Performance*	√	√	√	√	√			√	√
Privacy & Data Protection	Customer Privacy		√							√
Governance & Transparency	Anti-Corruption	√	√		√			√	√	
	Compliance	√	√						√	
Network Quality & Coverage	Coverage in low/no income areas			√		√				√
Digital Inclusion	Customer Satisfaction								√	√
	Inclusion			√						√
Customer Service	Product & Service Labelling								√	√
Local Hiring	Market Presence		√							
Energy & Climate Change	Energy Consumption	√	√			√	o	o		
	Emissions									
Disaster Management & Response	Indirect Economic Impacts									√
	Local Communities									√
Community Impact/ Development	Indirect Economic Impacts									√
	Local Communities									√
Tax & Licensing	Society: Compliance	√					o			
Employee Development & Welfare	Employment		√							
	Training & Education		√							
	Diversity & Equal Opportunity		√							
	Labour Grievance		√							
	Human Rights Grievance		√							
Supply Chain Management	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 2016

## APPENDIX

### Data in Numbers

Aspect	Indicator	Detail	
Market Presence	EC5	Ratios of standard entry level wage vs local minimum wage <sup>a</sup>	Male
			Female
	EC6	Proportion of senior management from local country	%
Procurement Practices	EC9	Percentage local	%
		Percentage foreign	%
Energy	EN3	Direct energy consumption <sup>b</sup>	GJ
		Indirect energy consumption	GJ
Emissions	EN15	Scope 1 GHG - GHG from fuel <sup>d</sup>	Tonnes
	EN16	Scope 2 GHG - GHG from grid	Tonnes
	EN19	Reduction of GHG	Tonnes
Employment	LA1	Employees by gender	Male
			Female
			Total employees
		Workforce <sup>i</sup>	Male
			Female
			Total employees
		Joining the Group - By Gender	Male
			Female
		Joining the Group - By Age Group	<20
			20-29
			30-39
			40-49
			50-59
			> 60
		Leaving the Group - By Gender	Male
			Female
		Leaving the Group - By Age	<20
			20-29
			30-39
			40-49
50-59			
> 60			

#### Notes:

<sup>a</sup> Reference page 91 for definitions

<sup>b</sup> Conversion from diesel and petrol to energy was performed using imperial conversion values

<sup>c</sup> edotco energy and emissions data is added to the respective OpCo data for each country

<sup>d</sup> Source of reference for emission factors used to calculate the GHG emissions resulting from direct energy: Department for Environment, Food and Rural Affairs (DEFRA) 2015 emission factor database

<sup>e</sup> GHG protocol tool was used for calculating the grid GHG emissions for Malaysia, <http://www.ghgprotocol.org/calculation-tools/all-tools>.

<sup>f</sup> Emissions factor for Indonesia was derived using the IEA Statistics 2015 document from sections: Electricity output and CO<sub>2</sub> emissions by sector in 2013, to calculate grid GHG emissions

<sup>g</sup> Emissions factor for Sri Lanka was derived using [www.info.energy.gov.lk/content/pdf3/2014%20Energy%20Balance.pdf](http://www.info.energy.gov.lk/content/pdf3/2014%20Energy%20Balance.pdf) and EIA 2016 edition - CO<sub>2</sub> emissions by sector in 2014 to calculate the grid GHG emissions for Sri Lanka



## APPENDIX

	Celcom	XL	Dialog	Robi	Smart	Ncell	edotco	CC	Overall
	1.73:1	1.62:1	1.05:1	5.09:1	1.13:1	1.47:1	2.8:1	2.8:1	N/A
	1.73:1	1.62:1	1.05:1	5.09:1	1.13:1	1.49:1	2.8:1	2.8:1	N/A
	85%	50%	85%	11.11%	40%	77.78%	63%	64%	N/A
	29%	44%	42%	53%	28%	50%	83%	40%	41%
	71%	56%	58%	47%	72%	50%	17%	60%	59%
	3,653	201,249	43,330	161,166	69,544	120,415	N/A <sup>c</sup>	0	599,357
	303,538	2,435,358	434,432	706,910	173,745	231,342	N/A	2,019	3,983,807
	495	16,307	4,151	29,430	5,635	9,737	N/A	N/A	65,756
	121,665 <sup>e</sup>	514,897 <sup>f</sup>	63,865 <sup>g</sup>	199,589 <sup>h</sup>	18,769 <sup>i</sup>	193 <sup>j</sup>	N/A	377 <sup>k</sup>	919,354
	2,060	1293	2,579	1466	657	403	628	99	9,185
	1,627	599	690	158	389	131	146	100	3,840
	3,687	1892	3,269	1,624	1046	534	774	199	13,025
	2,279	1,646	3,125	1,466	657	403	628	99	10,303
	1,928	1,176	755	158	389	131	146	100	4,783
	4,207	2,822	3,880	1,624	1,046	534	774	199	15,086
	156	246	365	141	333	20	200	32	1,300
	184	104	158	13	217	7	82	17	710
	3	2	22	N/A	15	0	0	0	41
	184	197	429	121	478	10	91	11	1,628
	118	135	60	27	52	16	130	20	1,243
	30	16	9	5	4	1	50	15	585
	4	0	3	1	1	0	7	3	53
	1	0	0	N/A	0	0	4	0	2
	389	171	249	197	263	11	49	11	1,295
	245	50	87	26	155	9	24	6	579
	0	0	3	N/A	5	0	0	0	8
	134	80	135	112	355	5	30	3	825
	187	126	142	91	50	11	32	7	617
	262	15	45	18	7	3	9	4	354
	51	0	10	1	1	1	2	1	66
	0	0	1	1	0	0	0	2	4

<sup>h</sup> Grid GHG emissions for Bangladesh was determined using the emissions factor derived using the IEA Statistics 2015 - Electricity output and CO<sub>2</sub> emissions by sector in 2013

<sup>i</sup> Grid GHG emissions for Cambodia was calculated using emissions factor derived from IEA Statistics 2015 - Electricity output and CO<sub>2</sub> emissions by sector in 2013

<sup>j</sup> Grid GHG emissions for Nepal was determined using the emissions factor referenced from <https://ecometrica.com/assets/Electricity-specific-emission-factors-for-grid-electricity.pdf>

<sup>k</sup> GHG protocol tool was used for calculating the emissions for Malaysia, <http://www.ghgprotocol.org/calculation-tools/all-tools>

<sup>l</sup> Employees and all outsourced personnel employed in office premises belonging to the Group

## APPENDIX

Aspect	Indicator	Detail		
Employment	LA3	Employees who took maternity leave during the year		
		Employees returning to work after maternity leave	%	
		Retention rate of employees who took maternity leave the year before		
Health & Safety	LA5	H & S representation		
	LA6	Health & safety information <sup>m</sup>		
		Injuries (Workforce)	Number	
			%	
		Fatalities	Number	
Lost Days	Number			
Training	LA9	Average Training hours per employee <sup>n</sup>	Male	
			Female	
	LA11	Employees receiving Performance Review	Male	
			Female	
Diversity	LA12	Staff diversity: Age Male	<20	
			20-29	
			30-39	
			40-49	
			50-59	
			>60	
		Staff diversity: Age Female	<20	
			20-29	
			30-39	
			40-49	
			50-59	
			>60	
Equal Remuneration for Women and Men	LA13	Ratio of basic salary and remuneration of women to men by employee category		
		Middle Management	ratio	
		Executive	ratio	
		Non-Executive	ratio	

**Notes:**<sup>m</sup> Does not include outsourced staff<sup>n</sup> Does not include Senior Management

## APPENDIX

	Celcom	XL	Dialog	Robi	Smart	Ncell	edotco	CC	Overall
	64	44	42	3	29	4	1	221	667
	81%	91%	74%	100%	100%	100%	100%	96%	96%
	100%	100%	83%	100%	93%	N/A	100%	N/A	N/A
	100%	100%	100%	100%	100%	N/A	N/A	100%	N/A
	99%	98%	2.13%	100%	100%	N/A	N/A	100%	N/A
	3	1	1	0	0	0	0	0	5
	0.08%	1.67%	2.13%	0	0	0	0	0	N/A
	0	0	0	0	0	0	0	0	0
	N/A	1	0	0	0	0	0	0	1
	26.77	15.55	26	20.69	21.79	DNA	24	24.91	19.98
	29.71	13.24	21	19.32	15.05	DNA	21	20.14	17.47
	100%	100%	100%	100%	100%	100%	100%	100%	100%
	100%	100%	100%	100%	100%	100%	100%	100%	100%
	0	1	3	N/A	6	0	0	0	13
	302	156	312	461	386	30	93	7	2,171
	647	279	290	891	235	91	328	44	4,430
	605	148	79	267	30	10	164	38	2,389
	73	15	5	33	1	0	41	8	357
	0	0	1	1	0	0	4	2	15
	0	0	7	N/A	15	0	0	0	19
	201	227	745	70	310	51	63	12	1,255
	638	667	1,328	96	62	299	57	34	1,556
	1,011	372	460	17	1	47	22	41	923
	207	26	37	0	0	4	4	13	110
	3	1	2	0	0	2	0	0	1
	0.84:1	0.92:1	1.02:1	0.80:1	1.37:1	0.92:1	0.90:1	0.92:1	N/A
	0.92:1	1.13:1	1.01:1	1.03:1	1.02:1	1.14:1	1.05:1	1.04:1	N/A
	1.01:1	1.08:1	1.11:1	0.78:1	0.91:1	1.08:1	N/A	1.03:1	N/A

# 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 Annual Report 2016.

General Standard Disclosures		
General Standard Disclosures	Page Number (or Link)	External Assurance <sup>1</sup>
<b>Strategy and Analysis</b>		
G4-1	Page 10-13, 20-22 Annual Report 2016 President & GCEO's Business Review	Page 102-103
<b>Organisational Profile</b>		
G4-3	Page 04	Page 102-103
G4-4	Page 06, Annual Report 2016 Business Review	Page 102-103
G4-5	<a href="http://www.axiata.com/contact-us.htm">http://www.axiata.com/contact-us.htm</a>	-
G4-6	Page 06	Page 102-103
G4-7	Annual Report 2016 Group Corporate Structure	-
G4-8	Page 06	-
G4-9	Page 06, 39, 94-97 Annual Report 2016 Financial Statements	-
G4-10	Page 94-95	Page 102-103
G4-11	% not available	-
G4-12	Page 54-51	-
G4-13	Page 09, Annual Report 2016 Financial Statements	-
G4-14	Page 16-17	-
G4-15	Page 35	-
G4-16	Page 10-13	-
<b>Identified Material Aspects and Boundaries</b>		
G4-17	Page 09	-
G4-18	Page 20-22	Page 102-103
G4-19	Page 93	Page 102-103
G4-20	Page 20, 24, 38, 48, 56, 93	-
G4-21	Page 20, 93	-
G4-22	None	-
G4-23	Page 09	-
<b>Stakeholder Engagement</b>		
G4-24	Page 18-19	Page 102-103
G4-25	Page 18-19	Page 102-103
G4-26	Page 18-19	Page 102-103
G4-27	Page 18-19, 24-25, 38-39, 48-49, 56-57	Page 102-103
<b>Report Profile</b>		
G4-28	Page 09	-
G4-29	2015	-
G4-30	Annual	-
G4-31	<a href="mailto:sustainability@axiata.com">sustainability@axiata.com</a>	-
G4-32	GRI G4 - 'Core' option, Appendix GRI Content Index page 98-101	-
G4-33	Page 09, 101	-
<b>Governance</b>		
G4-34	Annual Report 2016 Corporate Governance	-
<b>Ethics and Integrity</b>		
G4-56	Page 07	-

## GRI CONTENT INDEX

Specific Standard Disclosures				
DMA and Indicators	Page Number (or Link)	Identified Omission(s)	Reason(s) for Omission(s)	External Assurance <sup>1</sup>
<b>DMA and Indicators</b>				
<b>Category: Economic</b>				
<b>Material Aspect: Economic Performance</b>				
G4-DMA	Page 14-15, 24			-
G4-EC1	Annual Report 2016 Financial Statements			-
<b>Material Aspect: Market Presence</b>				
G4-DMA	Page 14-15, 24			-
G4-EC5	Page 94-95			-
G4-EC6	Page 94-95			Page 102-103
<b>Material Aspect: Indirect Economic Impacts</b>				
G4-DMA	Page 14-15, 24			-
G4-EC7	Page 55			-
<b>Material Aspect: Procurement Practices</b>				
G4-DMA	Page 14-15, 24			-
G4-EC9	Page 50, 94-95			Page 102-103
<b>Category: Environmental</b>				
<b>Material Aspect: Energy</b>				
G4-DMA	Page 14-15, 56			-
G4-EN3	Page 56-57, 94-95	Cooling and heating sold	Not applicable	Page 102-103
G4-EN4	Page 56-57, 94-95			-
G4-EN6	Page 56-57, 94-95	Heating, cooling, and steam	Not applicable	-
<b>Material Aspect: Emissions</b>				
G4-DMA	Page 14-15, 56			-
G4-EN15	Page 56-57, 94-95	Gases included in the calculation (CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , or all) consolidation approach	Not applicable	Page 102-103
G4-EN16	Page 56-57, 94-95	Consolidation approach	Not applicable	Page 102-103
G4-EN19	Page 56-57, 94-95	Gases included (whether CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , or all)	Not applicable	-
<b>Material Aspect: Supplier Environmental Assessment</b>				
G4-DMA	Page 14-15, 56	Quantitative data		-
G4-EN32	Page 50		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 <sup>1</sup>
<b>Category: Social</b>				
<b>Sub-Category: Labour Practices and Decent Work</b>				
<b>Material Aspect: Employment</b>				
G4-DMA	Page 14-15, 38			-
G4-LA1	Page 39, 94-95			-
G4-LA3	Page 94-95			-
<b>Material Aspect: Labour/Management Relations</b>				
G4-DMA	Page 14-15, 37			-
G4-LA4	Sufficient notice is given to employees	Quantitative data		-
<b>Material Aspect: Occupational Health And Safety</b>				
G4-DMA	Page 14-15, 38			-
G4-LA5	Floor-wise representation in all our offices, page 94-95			-
G4-LA6	Page 14-15, 38	Occupational diseases rate (ODR), absentee rate (AR), for the total workforce	Currently unavailable	-
<b>Material Aspect: Training and Education</b>				
G4-DMA	Page 14-15, 38			-
G4-LA9	Page 38, 94-95			Page 102-103
G4-LA11	Page 94-95	Figure by category	100% in majority	Page 102-103
<b>Material Aspect: Diversity and Equal Opportunity</b>				
G4-DMA	Page 14-15, 38			-
G4-LA12	Page 94-95	Minority groups and other indicators of diversity	Sensitive information	-
<b>Material Aspect: Supplier Assessment for Labour Practices</b>				
G4-DMA	Page 14-15, 38			-
G4-LA14	Page 50-51	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 <sup>1</sup>
<b>Sub-Category: Human Rights</b>				
<b>Material Aspect: Non-Discrimination</b>				
G4-DMA	Page 14-15, 38			-
G4-HR3	No cases were reported			-
<b>Material Aspect: Freedom of Association and Collective Bargaining</b>				
G4-DMA	Page 14-15, 38			-
G4-HR4	No cases were reported			-
<b>Material Aspect: Child Labour</b>				
G4-DMA	Page 14-15, 38			-
G4-HR5	No cases were reported			-
<b>Material Aspect: Forced or Compulsory Labour</b>				
G4-DMA	Page 14-15, 38			-
G4-HR6	No cases were reported			-
<b>Material Aspect: Supplier Human Rights Assessment</b>				
G4-DMA	Page 14-15, 38			-
G4-HR10	Page 50-51	The percentage of new suppliers screened	The information is currently unavailable	-
<b>Material Aspect: Supplier Assessment for Labour Practices</b>				
G4-DMA	Page 14-15, 38			Page 102-103
G4-LA14	New suppliers screened using labour practices criteria	The percentage of new suppliers screened	The information is currently unavailable	Page 102-103
<b>Sub-Category: Society</b>				
<b>Material Aspect: Local Communities</b>				
G4-DMA	Page 14-15, 56	Quantitative information	Not Available	-
4-SO1	Page 56-61			-
<b>Material Aspect: Anti-Corruption</b>				
G4-DMA	Page 14-15, 56			Page 102-103
G4-SO3	Page 16, 45	Quantitative information and significant risks	Currently not Available	Page 102-103
G4-SO4	Page 45	Quantitative information	Currently not Available	Page 102-103
G4-SO5	No cases were reported			Page 102-103
<b>Sub-Category: Product Responsibility</b>				
<b>Material Aspect: Product and Service Labelling</b>				
G4-DMA	Page 14-15, 56			-
G4-PR5	Page 49	Results of customer satisfaction surveys	Confidential information	-
<b>Material Aspect: Customer Privacy</b>				
G4-DMA	Page 14-15, 48			-
G4-PR8	Page 09, 52	Quantitative details of customers' complaints	Currently not available	-

**Note:**

<sup>1</sup> Deloitte PLT has provided a limited external assurance on selected indicators for Corporate Centre only.

# ASSURANCE STATEMENT

## Independent Limited Assurance Report on Axiata Sustainability Report 2016

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 year ended 31 December 2016 presented in the Axiata Group Berhad’s Sustainability Report 2016, 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 CO <sub>2</sub> emissions	GRI G4-EN15 Direct (Scope 1) GHG emissions	Appendix (pg. 94)
Scope 2 CO <sub>2</sub> emissions	GRI G4-EN16 Energy indirect (Scope 2) GHG emissions	Appendix (pg. 94)
<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. 96)
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. 96)
<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. 94)
<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. 94)

Note: All data points are in reference to the Corporate Centre.

### Criteria

The selected Subject Matter above is included in the Axiata Group Sustainability Report 2016 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.



## ASSURANCE STATEMENT

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.

### 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. Checking that methodologies have been correctly 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 2016. We do not therefore accept or assume any responsibility for any other purpose or 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.

### 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 2016 included in the Axiata Group Berhad's Sustainability Report 2016 has not been prepared, in all material respects, in accordance with the Criteria.

# NOTES



**AXIATA GROUP BERHAD (242188-H)  
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**This Sustainability & National Contribution Report  
is printed on environmentally friendly paper**