



**FAST FORWARD TO A  
PROSPEROUS FUTURE FOR ALL**

SUSTAINABILITY &  
NATIONAL CONTRIBUTION REPORT 2018

# ADVANCING ASIA

## AS A NEW GENERATION DIGITAL CHAMPION



### ▶ Digital Telco



### ▶ Digital Businesses



### ▶ Infrastructure



As one of the leading telecommunications groups in Asia in pursuit of its vision to be the New Generation Digital Champion by 2022, Axiata has transformed itself from a holding entity with a portfolio of pure-play mobile assets into a Triple Core Strategy driven business focusing on converged Digital Telco, Digital Businesses and Infrastructure.

Today, Axiata's operations include Enterprise business solutions, digital financial services and digital advertising across 11 countries, as well as a global digital platform business that connects services and content providers to 3.5 billion consumers.





**Our  
Business**

# The Axiata Group

As one of the leading telecommunications groups in Asia, Axiata continues to evolve its business in line with dynamically shifting industry trends and developments.

The Group's current focus is on transforming into a New Generation Digital Champion by 2022, to capture growth and opportunities arising from the Fourth Industrial Revolution (IR 4.0).



## Our Goals

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**Performance**  
To be one of Asia's largest telecoms and tech groups in all financial metrics as we grow in market capitalisation and generate strong Return on Invested Capital
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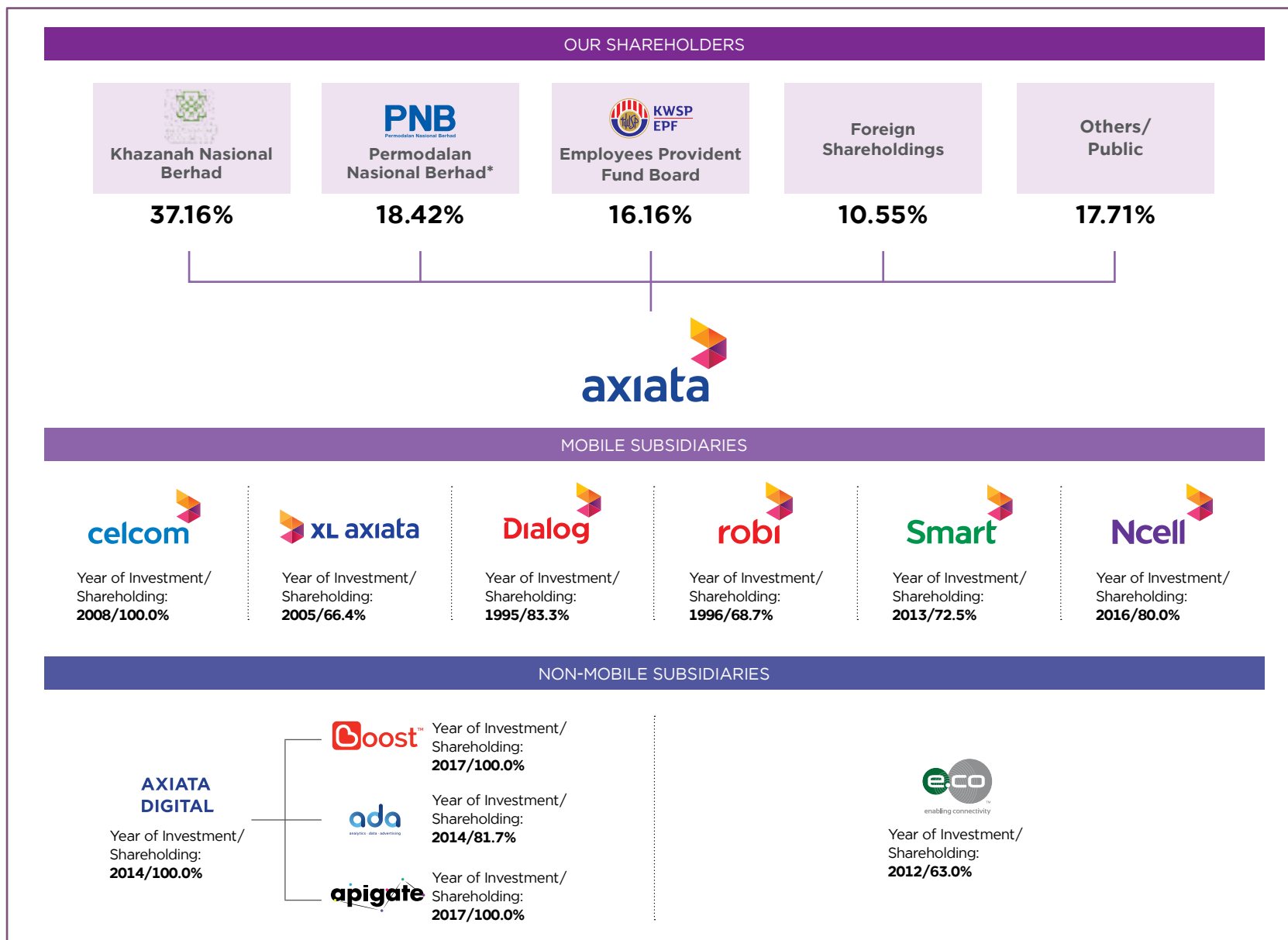
**People**  
To be recognised as a Top Talent Brand and an Asian Talent Factory
- 

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

**Planet & Society**  
To be recognised as a responsible Digital Champion, in creating a Digitally Inclusive Society

# Shareholding Structure and Portfolio of Investments

- Axiata debuted on the Main Board of Bursa Malaysia on 28 April 2008
- Tenth largest entity on the FTSE Bursa Malaysia KLCI (FMBKLCI) with a market capitalisation of RM35.6 billion as of 31 December 2018
- One of Top 10 constituents by market capitalisation within the FTSE4Good Bursa Malaysia Index
- Balanced mix of local and foreign institutional investors as a result of the Group's strong fundamentals, long-term growth prospects and attractive investment proposition
- Continuous review of strategic portfolio options to ensure long-term value enhancement, optimal deployment of capital and funding for growth strategies



For complete details of Shareholding Statistics, please refer to page 190

Note:  
\* Comprises of total shareholdings held by trust funds managed by Permodalan Nasional Berhad



# What We Do

- Current phase is guided by the Axiata 3.0 strategic blueprint, launched in 2016
- Focused on developing our Triple Core Business - Digital Telco, Digital Businesses and Infrastructure - through our Operating Companies (OpCos) in footprint markets
- Ongoing Group-wide digital transformation to enhance our competitive advantage through the adoption of IR 4.0 principles and technologies
- This digital transformation framework consists of:
  - developing digital products and services
  - digitising external interfaces
  - digitising internal processes
  - modernising platforms and network infrastructure
  - aligning the organisation to an Agile culture and mindset

Becoming A New Generation Digital Champion			
TRIPLE CORE BUSINESS	OUR FOCUS	PROGRESS UPDATES	OUR OPERATING COMPANIES
<p><b>1 Digital Telco</b></p>	<p><b>Transforming from pure-play mobile service providers to converged digital telcos</b></p>	<ul style="list-style-type: none"> <li>• Creating a diversified portfolio of services focusing on new growth value drivers of Home and Enterprise</li> <li>• Home segment captures new revenues in mobile and fixed wireless broadband services, digital and TV entertainment, and Smart Home services</li> <li>• Enterprise Business focus has been accelerated with a clear vision of becoming in-market champions, by leveraging on in-house capabilities to provide cutting-edge solutions in Internet of Things, Cloud and Cyber Security within the Business-to-Business (B2B) and Business-to-Government (B2G) Enterprise segments</li> </ul>	
<p><b>2 Digital Businesses</b></p>	<p><b>Advancing our three core digital businesses towards profitability</b></p>	<ul style="list-style-type: none"> <li>• Axiata's digital business arm, Axiata Digital Services (ADS) has transitioned from being a venture builder of tech startups to become an operator of digital companies</li> <li>• Currently, ADS is spearheading the growth of Axiata's three core digital business verticals - Digital Financial Services (DFS) which houses Boost, eZ Cash and SmartLuy; Digital Advertising through ada; and our digital platform business, Apigate. All three businesses are targeted to be profitable by the year 2021/2022</li> <li>• In April 2019, ADS obtained a strategic minority investment from Mitsui &amp; Co., Ltd.</li> <li>• Non-strategic digital venture assets will be carved-out to an independent Singapore-based fund for a valuation of USD140 million in 2019</li> </ul>	
<p><b>3 Infrastructure</b></p>	<p><b>Award-winning regional tower company poised for global growth</b></p>	<ul style="list-style-type: none"> <li>• edotco is Axiata's regional integrated telecommunications infrastructure company that is now the 13th largest independent tower company globally</li> <li>• Specialises in end-to-end solutions in the tower services sector, including co-locations, built-to-suit, energy, transmission, and operations and maintenance (O&amp;M)</li> <li>• As one of the fastest growing regional tower companies, edotco is eyeing new opportunities in the other markets including the Philippines and Laos</li> <li>• Poised for growth from regional to global scale, to become the fifth largest tower company in the world by 2022</li> <li>• Received the Frost &amp; Sullivan's "Asia Pacific (APAC) Telecoms Tower Company of the Year" award for the third year running in 2019</li> </ul>	

# Core 1: Transforming from Pure-Play Mobile Service Providers to Converged Digital Telcos

## 2018 Key Highlights

- ▶ Celcom, XL, Dialog and Smart launched Home broadband services
- ▶ Celcom on track with digital transformation via digitisation of customer touchpoints and automated customer service using robotics and Artificial Intelligence with the launch of Chatbots

- ▶ Celcom was the first telecommunications operator globally to be certified under the ISO standard 18295-2:2017
- ▶ Dialog leveraged on Internet of Things (IoT) and Blockchain use cases to create Connected Weather Systems, Connected Agriculture, Smart Poultry Farming and e-Know-Your-Customer

- ▶ Smart used Spatial Analytics and AI to better serve customers by optimising retail locations
- ▶ Robi's Salesforce Automation services
  - >300,000 outlets, with ~300,000 paperless transactions and 60,000 user interactions digitally every day

### Nepal



- ▶ Founded in 2001
- ▶ 16.3 million customers
- ▶ Revenue NPR57.5 billion
- ▶ Market ranking - No.1
- ▶ Network Technology Deployed: Mobile - GSM/EDGE, 3G/HSPA+

### Sri Lanka



- ▶ Founded in 1993
- ▶ 13.8 million customers
- ▶ Revenue SLR109.2 billion
- ▶ Market Capitalisation SLR82.3 billion
- ▶ Market ranking - No.1
- ▶ Network Technology Deployed: Mobile - GSM/EDGE, 3G/HSPA+, LTE/LTE-A, 5G Pilot
- ▶ Fixed Network - FTTx, DOCSIS, LTE, WIFI, CDMA, WIMAX, IPTV, DTH (satellite TV)

### Bangladesh



- ▶ Founded in 1995
- ▶ 46.9 million customers
- ▶ Revenue BDT68.0 billion
- ▶ Market ranking - No.2
- ▶ Network Technology Deployed: Mobile - GSM/EDGE, 3G/HSPA+, LTE/LTE-A

### Malaysia



- ▶ Founded in 1988
- ▶ 9.1 million customers
- ▶ Revenue RM7.3 billion
- ▶ Market ranking - No.2
- ▶ Network Technology Deployed: Mobile - GSM/GPRS/EDGE, 3G/HSPA+, LTE/LTE-A
- ▶ Fixed Network - FTTx, LTE

### Cambodia



- ▶ Founded in 2008
- ▶ 7.5 million customers
- ▶ Revenue USD0.3 billion
- ▶ Market ranking - No.1<sup>1</sup>
- ▶ Network Technology Deployed: Mobile - GSM/EDGE, 3G/HSPA+, LTE/LTE-A
- ▶ Fixed Network - LTE

### Indonesia



- ▶ Founded in 1989
- ▶ 54.9 million customers
- ▶ Revenue IDR23.0 trillion
- ▶ Market Capitalisation USD2.3 billion
- ▶ Market ranking - No.2
- ▶ Network Technology Deployed: Mobile - GSM/EDGE, 3G/HSPA+, LTE/LTE-A

#### Notes:

All OpCo market rankings are based on revenue market share for 2018

<sup>1</sup> Based on internal estimations



More details on our OpCos can be found on pages 48-53 of the "Our Performance" chapter in this IAR



# Core 2: Advancing Our Three Core Digital Businesses Towards Profitability

## 2018 Key Highlights

### Boost

- ▶ Largest e-wallet in Malaysia
- ▶ >3.5 million customers and >61,500 merchants
- ▶ 21x YoY Gross Transaction Value (GTV) growth in 2018
- ▶ Transaction value per user has increased 10x since launch

### ada

- ▶ 1.2x net revenue growth in 2018, and expected strong growth in 2019
- ▶ In July 2018, *ada* secured USD20 million funds from new strategic partner Sumitomo Corporation

### Apigate

- ▶ Enhanced global reach through partnerships with telco groups such as Zain and Etisalat, to game publishers and content providers such as Tencent and Gameloft
- ▶ Future-ready APIs on one seamless platform allowing local businesses to scale globally for SMS, Operator and e-wallet Billing
- ▶ YoY GTV growth of 3.1x
- ▶ Net revenue growth of 4.8x

### eZ Cash (Sri Lanka)



- ▶ Leading e-wallet provider in Sri Lanka
- ▶ >3.4 million customers, across three mobile networks
- ▶ 32% YoY growth in transactions
- ▶ >25 million transactions in 2018

### Dialog Finance Company (Sri Lanka)

- ▶ Finance company acquired by Dialog to facilitate the expansion of the scope of Digital Financial Services offered
- ▶ Revamped into a digital bank offering licenced financial services

### SmartLuy (Cambodia)



- ▶ Leading e-wallet provider in Cambodia
- ▶ >103,400 users, with 625,673 transactions nationwide
- ▶ >1,470 merchants
- ▶ 52% YoY growth in transactions

### Boost Malaysia (Malaysia)



- ▶ >3.5 million users
- ▶ >61,500 merchants
- ▶ >14 million transactions nationwide

### Boost Indonesia (Indonesia)

- ▶ Launched in 2018 focusing on merchant services
- ▶ >458,000 merchants

### Axiata Digital Capital (Malaysia & Indonesia)

- ▶ Providing micro-finance solutions
- ▶ 375 merchants (Malaysia and Indonesia)

### ada (Across South and Southeast Asia)



- ▶ Largest independent data-powered digital marketing agency across nine countries in South and Southeast Asia
- ▶ With a team of more than 300 people comprising data scientists and engineers, and digital optimisation specialists
- ▶ Services over 200 large accounts on digital buying, programmatic advertising and social media management

### Apigate (Across Asia, Africa, Europe and South America)



- ▶ In-house developed GSMA Award-winning API platform
- ▶ Axiata's home-grown global API business
- ▶ Serves Northbound content and service providers and Southbound telco operators
- ▶ Connects >110 MNOs
- ▶ Reach of 3.5 billion consumers

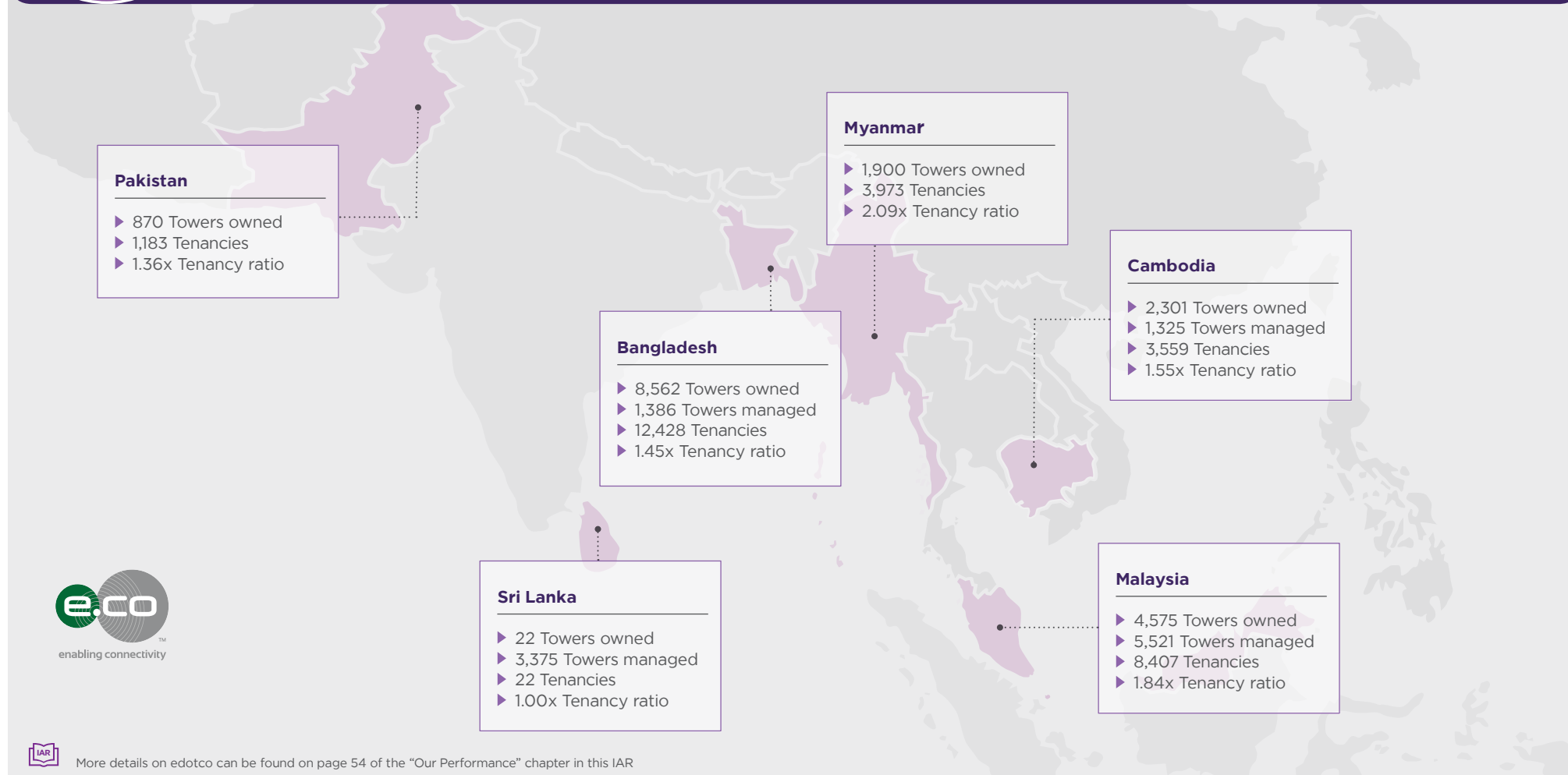


More details on our digital businesses can be found on pages 55-57 of the "Our Performance" chapter in this IAR

# Core 3: Award-Winning Regional Tower Company Poised for Global Growth

## 2018 Key Highlights

- ▶ More than 29,800 towers owned and managed across six countries
- ▶ Expanded tower portfolio in Malaysia, providing tenancies to all major mobile operators in the country
- ▶ Significant growth in Myanmar, ending 2018 with tenancy ratio of 2.09x
- ▶ Optimised infrastructure design to reduce capex by up to 15%
- ▶ Signed agreement to enter the Laos market with a local partner
- ▶ Deployed the world's first multi-tenant, multi-operator small cells solution in KL Sentral, Malaysia
- ▶ Digitised preventive maintenance for towers using drone technology to improve reporting time by 50%, and reduce inspection turnaround time by 35%
- ▶ Received Frost & Sullivan's "Asia Pacific (APAC) Telecoms Tower Company of the Year" award for the third year running in March 2019



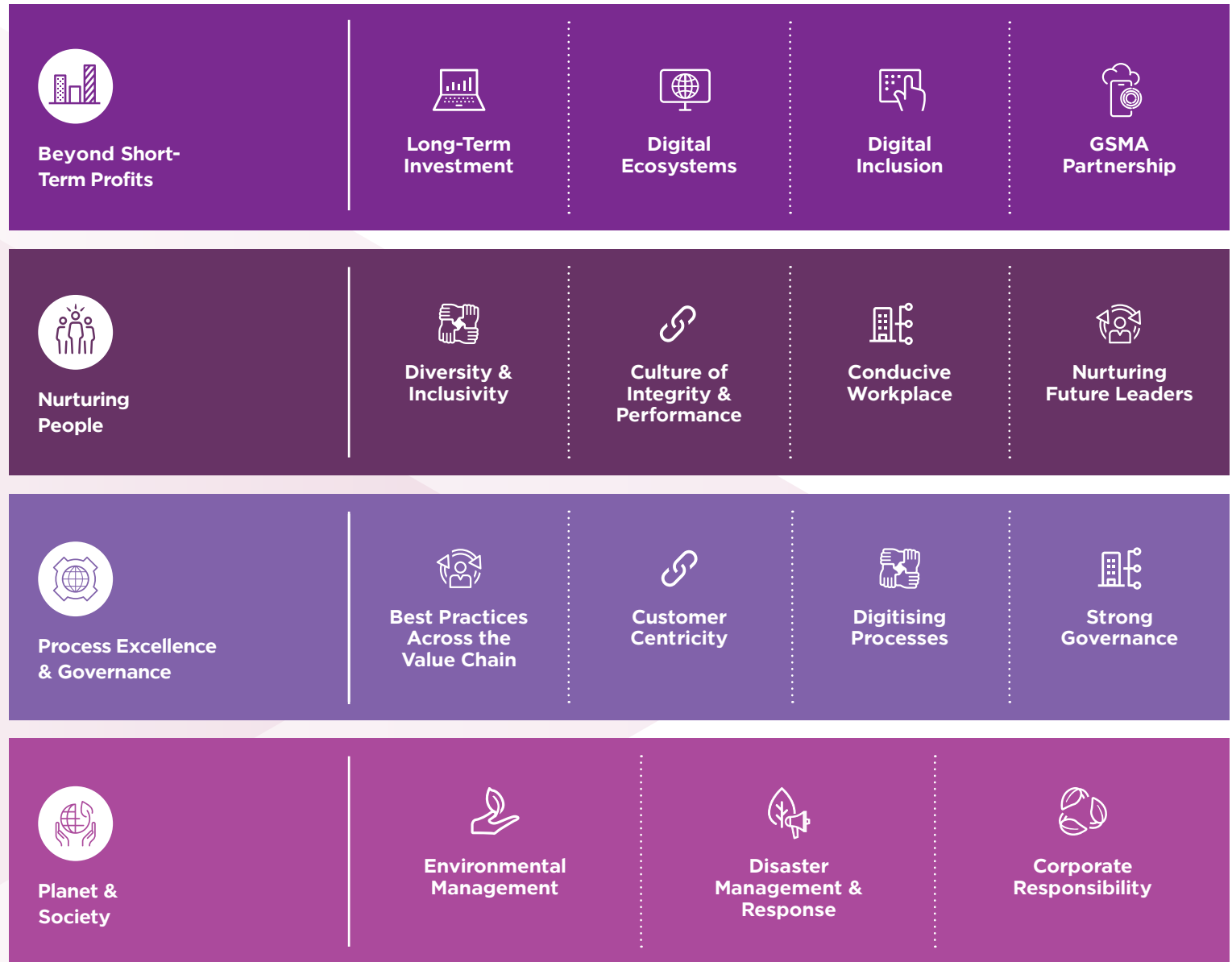
# 4P Sustainability Framework

Guided by our purpose of Advancing Asia throughout our footprint of 11 countries across ASEAN and South Asia, Axiata has focused our sustainability agenda on improving the quality of life for our customers and communities by providing digital connectivity services and driving the proliferation of emerging regional digital economies.

Our sustainability efforts are anchored on our 4P Sustainability Framework. Our approach to sustainability takes a long-term and holistic view of ensuring sustainable business practices, to create long-term value for all our stakeholders, underpinned by our vision to become a New Generation Digital Champion.

Our sustainability initiatives and disclosures are aligned with the Global Reporting Initiative Standards, as well as Bursa Malaysia's Sustainability Reporting Guidelines.

We are committed to embed the 10 principles of the United Nations Global Compact (UNGC) and support the 17 United Nations Sustainable Development Goals (UN SDGs) in our operations. This year, we have linked our key sustainability matters to the UN SDGs. Our future journey will see us focusing on identifying and implementing Key Performance Indicators (KPIs) which monitors our progress against UN SDG targets and indicators, in line with our commitment to contribute towards the UNGC.



# Sustainability Governance Structure

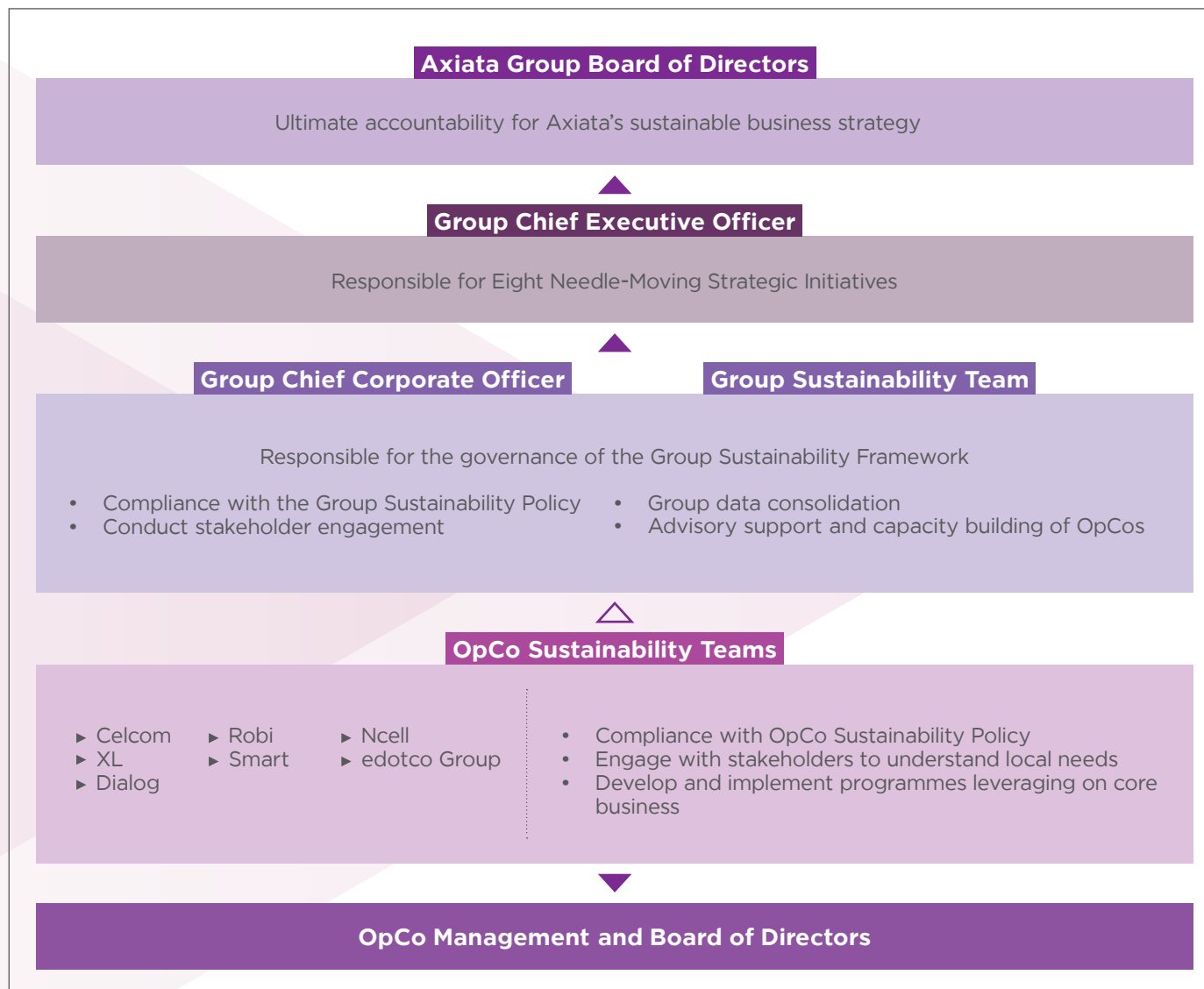
Axiata has embedded sustainability into our business, by incorporating sustainability and stakeholder management as one of our Eight Needle-Moving Strategic Initiatives, which form the operational measures we are undertaking to drive our vision of becoming a New Generation Digital Champion. We have integrated KPIs related to our sustainability initiatives into the annual KPIs of the Group Chief Executive Officer (GCEO), as well as our OpCo CEOs, towards ensuring a strong and committed tone from the top which cascades throughout the Group.

The Group Chief Corporate Officer is responsible for the governance of the Group Sustainability Framework. He oversees the Group Sustainability team, which is part of the Group Corporate Office and led by the Head of Group Corporate Communications and Sustainability.

The sustainability team ensures compliance with the Group Sustainability policy, conducts stakeholder engagement, updates material issues, standardises data collection and management systems, and provides advisory support and capacity building to OpCo sustainability teams.

OpCo sustainability teams report indirectly to the Group Sustainability team. Engaging with local stakeholders to identify material issues, they align and localise the Group's Sustainability Framework to their national context. OpCos are responsible for the governance, daily management and operations, implementation of programmes, and data collection to support the Group's Sustainability Framework. OpCos are encouraged to produce their own Sustainability Report in compliance with the most current Global Reporting Initiative standard.

▲ Direct Reporting    △ Indirect Reporting



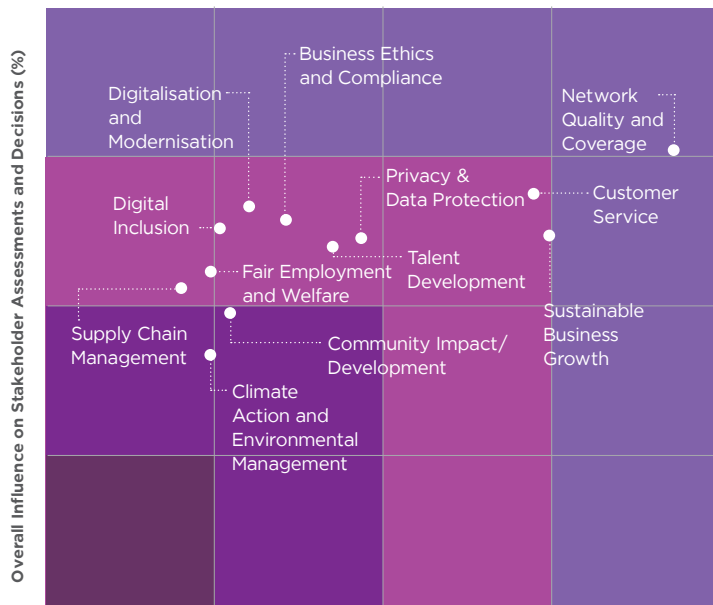
# Materiality

There is a growing need for organisations to align their enterprise risk management and materiality assessment processes. This allows us to better understand our full spectrum of risks and opportunities, and potentially pave new ways to protect our business against emerging challenges.

In 2018, we took the initial step to harmonise both processes by integrating our risk assessment parameters as part of our materiality assessment. This marks a key milestone in our journey towards cultivating integrated thinking across the Group and its subsidiaries. Guided by Bursa Malaysia's Sustainability Reporting Guidelines and Toolkits,

the enhanced methodology provided us with a refreshed perspective of the intrinsic connections between financial and non-financial impacts, coupled with a deep dive into how our OpCos are using the business case of sustainability to respond to dynamic changes in the operating environment.

We further strengthened our approach by conducting sustainability-focused stakeholder engagements. The scope of entities covered for the materiality assessment includes Axiata Group and its major digital telcos, edotco Group and Axiata Digital Businesses. More information on the process can be found on Page 73-74 of this report.



Significance of Axiata Group's Sustainability Impacts

Material Issue	Description
1 Network Quality and Coverage	Enhancing network quality and coverage through continuous improvements in efficiency, availability and reliability
2 Customer Service	Delivering a differentiated user experience for customers
3 Sustainable Business Growth	Consider Economic, Environmental and Social (EES), and positive direct and indirect value creation in making strategic investment
4 Privacy and Data Protection	Protection of all data, information and intellectual property against cyber security breaches
5 Digitalisation and Modernisation	Technological innovation to enhance key internal business functions, improve process efficiency, effectiveness, promote innovation and business continuity
6 Business Ethics and Compliance	Maintain business integrity through compliance with internal company, local and cross-border regulatory requirements
7 Talent Development	Promote development and uplift competencies of employees to respond to the rapidly changing and complex business environment
8 Digital Inclusion	Providing affordable and innovative products and services in bridging the digital gap
9 Fair Employment and Welfare	Fostering fair recruitment practices by embracing diversity and inclusion in a diversified workforce
10 Supply Chain Management	Consideration of EES factors across processes involved in supply chain management
11 Community Impact/Development	Monetary and non-monetary contributions to support local communities, underprivileged and underserved groups
12 Climate Action and Environmental Management	Internal controls and monitoring mechanisms to manage environmental impacts

## Review of Sustainability Matters → Sustainability Focused Stakeholder Engagement → Sustainability Impact Assessment

Existing material sustainability matters were reviewed and updated pursuant to changes in our business landscape, risk environment, internal policies, Key Performance Indicators, emerging national and global sustainability trends, regulatory development and stakeholders opinions.

### Stakeholders Prioritisation

Our dialogue with various stakeholders on our sustainability matters formed the basis of a structured stakeholder prioritisation exercise to determine the level of influence and dependence of key stakeholders on the Group.

### Stakeholders Engagement

The identified key stakeholders were then obtain feedback on the sustainability matters.

A series of workshops were conducted across the Group to prioritise sustainability matters from the business perspective.

More details on Risks and Materiality can be found in the "Appendices" of this report, and in 'Our Strategy' section of our IAR

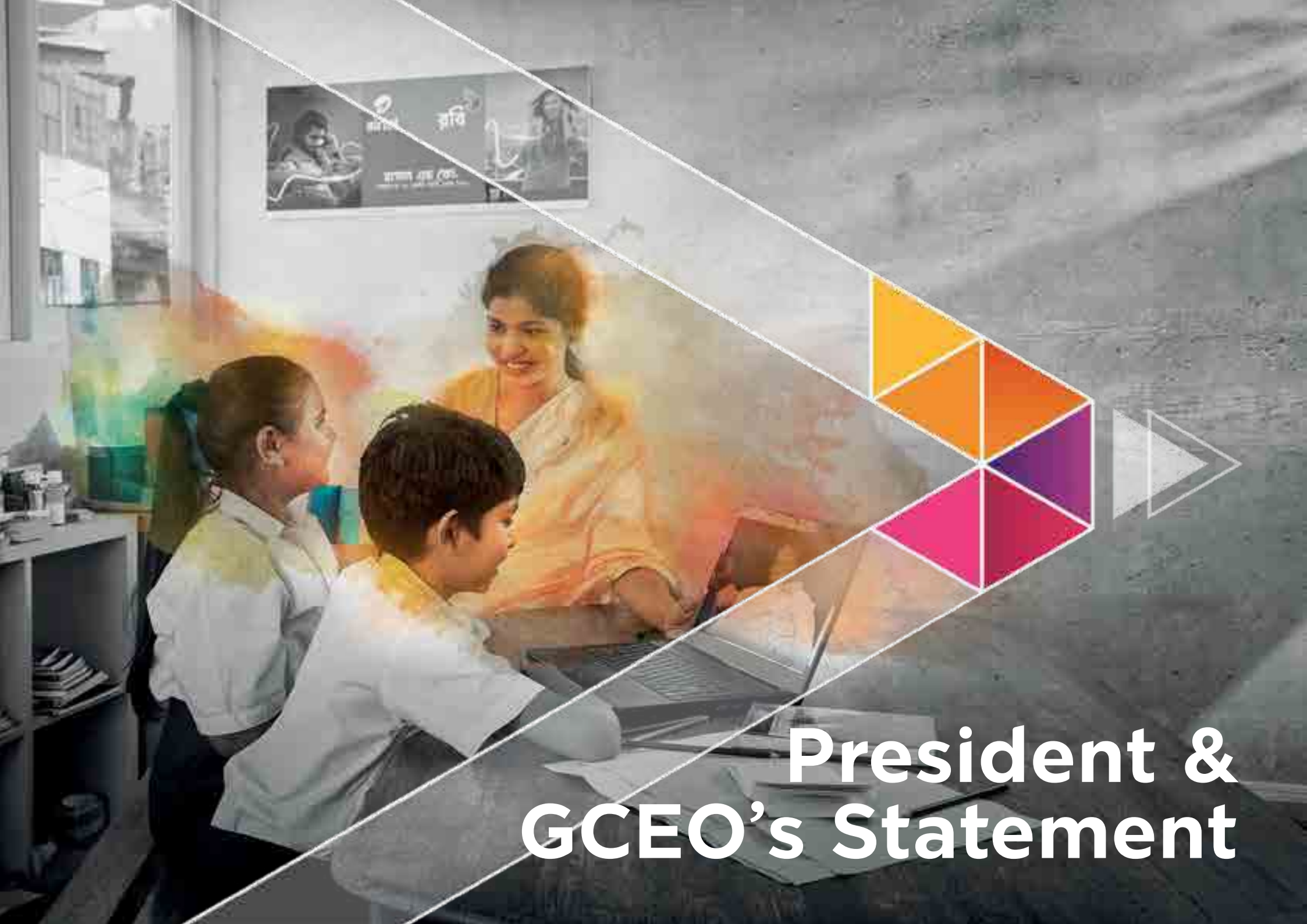
# Stakeholder Management

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

The following diagram contains the key mechanisms for engagement in 2018. The Framework is designed to help us gain a clear understanding of the views and

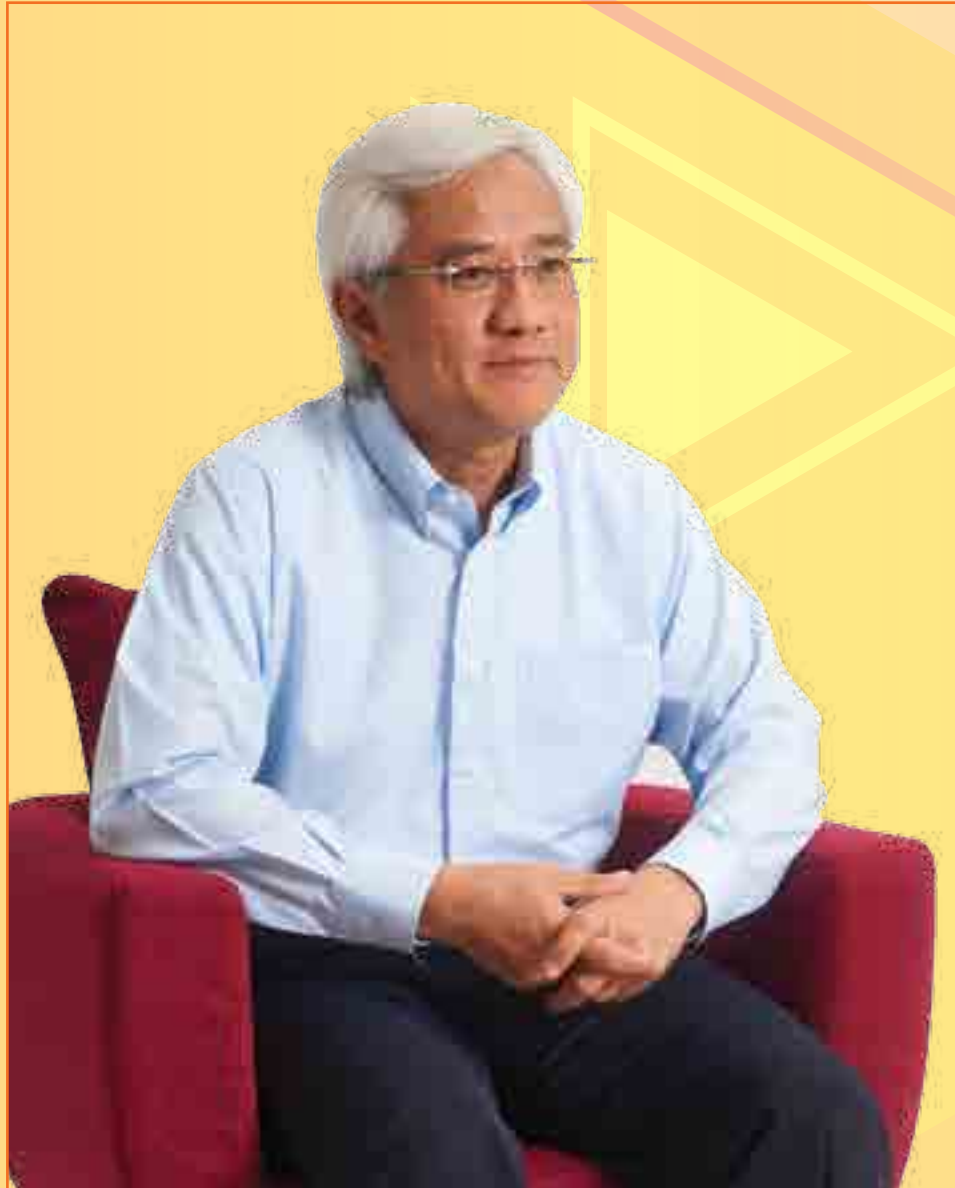
expectations of our stakeholders, and the current risks and future opportunities these create. The information from our stakeholder engagement provides essential input to our biennial materiality assessment which guides our focus for reporting and informs our strategic approach. This is outlined in the following section and includes a summary of the concerns and interests of various stakeholder groups. More detailed information on our stakeholder engagement can be found on Page 73 to 74 of this report.





# President & GCEO's Statement

## President & GCEO's Statement



## PRESIDENT & GCEO'S STATEMENT

It is my pleasure to present to you Axiata's Sustainability and National Contribution Report 2018, our detailed account of how we deliver continuous value for our stakeholders across the three dimensions of Economic, Environmental and Social (EES) issues, anchored on the Axiata 4P Sustainability Framework which encompasses Beyond Short-Term Profits, Nurturing People, Process Excellence and Governance, and Planet and Society.

Since our inception in 2008, we have transformed from a pure-play mobile operator into a regional technology and business leader, within an intensely competitive industry. As one of the region's largest telecom operators and one of Malaysia's largest public-listed companies, we command significant brand presence in our markets, where we are ranked either first or second by revenue market share.

In 2018, the telco industry was affected by various headwinds that are expected to worsen in the year ahead. Macroeconomic volatility and geopolitical disruptions created structural market shifts. Changing market dynamics, especially hypercompetition within local markets have become the new norm for our sector. We, along with other industry players, have not remained unscathed. The growing cross-integration of industries, disruptive competition and services, and increasingly challenging regulatory factors form a gauntlet of risks that we increasingly need to navigate.

Despite these challenges, we are on track to become a New Generation Digital Champion by 2022, steered by our Axiata 3.0 blueprint which focuses on strategically developing our Triple Core Strategy - Digital Telco, Digital Businesses and Infrastructure. We have recorded significant progress in the digitisation of our processes to elevate our customers' experience and exceed their expectations, witnessed the expansion of our regional integrated telecommunications infrastructure company edotco into new emerging markets, and gained traction towards becoming future "unicorn" companies in digital financial services, digital advertising, and API platform.





## President & GCEO's Statement

As we grow, we will uphold our purpose of Advancing Asia, and act in line with our evolving sustainability framework. We are committed to being National Champions in all our markets by working with national governments to strengthen the digital ecosystem, nurture the next generation of digital innovators, and build the capacity of our local business partners. We further commit to continue integrating best practices and sustainability principles that are aligned with the United Nations Sustainable Development Goals (UN SDGs), and Global Compact principles in our business model. This will enable us to champion digital access and inclusivity for everyone in Asia's emerging digital economy and do our part to ensure no one is left behind.

### EMPOWERING ECONOMIES

#### Supporting Nation Building

We are a proud flag-bearer for Malaysia and a leading investor of long-term growth in our markets with our investments in digital telco infrastructure and digital services over the past decade. Our investments and commitment to sustainable growth have helped to create access, foster digital inclusion and drive innovation, and we are recognised as a trusted partner in nation building.

The crux of our nation building efforts focuses on overcoming connectivity infrastructure challenges that hamper economic development, and helping drive digital inclusion by investing in digital ecosystems. Over the past decade, we have invested significantly in infrastructure across our markets, to cumulatively serve approximately 150 million customers in the region. Our nation building milestones include locating more than 46% of our base station sites in rural communities and significantly increasing 4G population mobile coverage across in all our markets. We are actively investing in the emerging regional digital ecosystem through digital innovation funds, inspiring the next generation of young talents, and creating award-winning digital inclusion initiatives.

#### Financing Digital Innovation Ecosystems

Within the Fourth Industrial Revolution (IR 4.0) era, digital innovation is a key catalyst to drive regional economic growth and social progress. To support the development of end-to-end digital ecosystems in our markets, we have committed over RM200 million to invest in digital startups in Malaysia, Sri Lanka and Cambodia.

Since the launch of the Axiata Digital Innovation Fund (ADIF) in 2015, we have actively nurtured promising Malaysian startups with high growth aspirations. With a fund size of RM100 million, the objective is to create Malaysia's next digital champions, especially from the Bumiputera segment. In 2018, we invested RM48.9 million in 14 Malaysian companies, of which 58% are Bumiputera technopreneur startups. The combined ventures recorded a 52% year-on-year revenue growth and created 4,792 jobs.

In its first full year, the Dialog Axiata Digital Innovation Fund in Sri Lanka and the Smart Axiata Digital Innovation Fund in Cambodia have actively engaged and invested in the local startup ecosystem to nurture the next high potential startup. With a combined fund size of USD20 million, we have invested in nine innovative ventures ranging from digital services and media, to logistics and agricultural services.

Across our markets, there is an insatiable demand for not only young digital talents, but those embodying the right mindset which embraces innovation and harbour ambitions to be a digital leader. We partnered with the MIT Global Startup Labs in Nepal, the Impact Hub in Cambodia, and Universiti Teknologi Mara in Malaysia to teach university students and budding entrepreneurs design thinking, digital, and life skills.

#### Enabling Digital Inclusion

We are committed to enabling a digital ecosystem built around the principles of digital inclusion and reducing inequalities. Bridging the digital divide requires multifaceted yet flexible solutions tailored to the needs of local populations and communities. These can range from the simplest solution of providing basic access to a device, to deploying more sophisticated digital solutions that meaningfully improve life, education and work.

Axiata is actively innovating digital financial solutions, including micro-financing, micro insurance and last mile e-payments, to improve financial access and security for the unbanked and underbanked. In 2018, Boost launched three micro-financing products to benefit micro-enterprises in Malaysia and Indonesia who frequently lack access to financial services and often transact only on a cash basis.

Across our footprint, the lack of social safety nets, illness or the loss of a breadwinner can be financially devastating. As such, reducing inequalities in healthcare and social protection can boost the financial security of disadvantaged families. In 2018, our investment in BIMA helped subscribers access better health care and social protection.

Our other milestones in 2018 include devising solutions to support farmers and women. Based on the findings of an in-depth research on digitising the agriculture value chain in Sri Lanka with GSMA's Mobile Agriculture Programme, Dialog has begun a pilot project to overcome the last mile challenges of the agriculture industry's complex supply chain - the digital payment of smallholders. Using big data analytics to identify women who are unbanked and digitally excluded, Robi is working with financial institution partners to help them obtain a bank account and purchase a mobile device with easy monthly installments.

## President & GCEO's Statement



### NURTURING PEOPLE

#### Leaping into a Brighter Future

We believe the long-term sustainability of the Group requires investment towards developing our talent, encouraging innovation, and identifying future leaders developed and immersed in Modern, Agile and Digital (M.A.D) ways of thinking and working. The dawn of the IR 4.0 which increasingly adopts cyber physical systems and smart connected technologies, underscores the urgency of transforming our human capital culture. This has driven us to attract, train and retain new pools of skilled digital talents, as well as build digital capacities and skillsets to fulfill our New Generation Digital Champion ambition.

In 2018, we enhanced the Group Accelerated Development Programme (GADP) to increase its rigour and improve outcomes. Using data analytics, we can now draw on a much larger set of data to identify and invest in talent, facilitating a secure and robust leadership pipeline. We onboarded another 67 talents from across the Group to join 174 talents who have completed the GADP. Thanks to the GADP, we successfully filled 83% of leadership positions in 2018 with internal talents.

We are at a very exciting crossroads in executing our Axiata 3.0 strategic blueprint. In 2018, we invested RM28.5 million in talent development to scale up employees' digital expertise across all levels. We provided technical analytics training to over 170 data scientists and data engineers across the Group to reinforce our big data and data analytics capabilities. Through Lynda.com, employees across the Group can learn anytime, anywhere. Judging from the number of courses completed and hours logged, our employees have a voracious appetite for learning.

Following on the success of Digital Jam, we launched the Learning, Engagement, and Accelerating Performance (LEAP) programme to promote collaboration and embed the culture and mindset required to be a Digital Champion. Through this overarching programme, employees gain access to best-in-class speakers and focused functional training. The LEAP Awards also encourage friendly competition to drive and accelerate adoption of new habits and methods that spur productivity.

#### Grooming Young Leaders of the Future

In its eighth year, the Axiata Young Talent Programme (AYTP) is anchored on a holistic framework, and aims to build socially responsible and competent young adults. Since the inception of AYTP, over 1,600 future leaders of Malaysia completed the programme which instilled them with values, attitudes and skills associated with leadership.

In 2018, the AYTP Young CEO Development Programme reached a major milestone with the graduation of its first two cohorts of 120 individuals. Before they graduated from the programme, they participated in a Regional Business Challenge which involved visiting regional markets, ideating and proposing viable Go-To-Market strategies for an e-wallet business.

The XL Future Leaders programme continues to grow in momentum through multiple face-to-face and online platforms. It launched a nationwide townhall programme to provide youth with an additional channel to engage in person with government stakeholders, business and industry leaders, on future digital and business innovation.

I am delighted that in 2018 the philosophy of AYTP has spread to Cambodia in support of the national digital economy agenda. The SmartEdu University Student Development Programme selected the top 48 students from 14 universities to be part of the inaugural 13-day camp.



### ENHANCING GOVERNANCE AND SUSTAINABILITY THROUGH PROCESS EXCELLENCE

#### Driving Digitisation of the Core

The Group continues to implement its comprehensive Digital Transformation Strategy, which focuses on ensuring that our core processes and customer interactions are fully digitised to deliver increased satisfaction and value. Driven by a Cross-OpCo Working Group, we have moved the needle significantly in our digitisation framework. An assessment of our OpCos' digital journey benchmarked against the Digital Transformation Index has shown on average a 50% improvement from the 2017 baseline. Our assessment also showed that one of our OpCos performed on-par with the Emerging Market Top Quartile Average.

As we move closer to our goal of becoming a New Generation Digital Champion, we run a higher risk of cyber intrusions, which are becoming more frequent and sophisticated. Cyber security threats not only pose a risk to individuals but are a national menace. In 2018, we implemented Digital Trust 2020, Axiata's three-year strategy to build proactive capabilities and establish information security functions to manage cyber risks and support our Axiata 3.0 strategy. The Digital Trust Roadmap will focus on five security initiatives to ensure implementation of industry leading standards and certification, which in turn will reinforce the confidence and trust of our stakeholders.

#### Developing the Business Value Chain

Small and medium enterprises form the backbone of Asian economies and are integral to our business value chains. We proactively allocate 50% of our procurement spend to local vendors in our markets. Through our Supplier Code of Conduct, we promote and drive good business practices that go beyond national standards and requirements.





## President & GCEO's Statement

We are committed to building the capacities and competencies of local vendors and partners as part of our nation building initiative. Celcom's Local Partner Development Programme continues to support Bumiputera business partners through building capacity, driving digitisation of their operations, facilitating networking, and business matching with our partners. Close to 60% of Celcom's local procurement is sourced from Bumiputera vendors. Through the Axiata Partner Development Programme, we further support Bumiputera companies to become Regional and Global Champions by providing opportunities for them to expand their business footprint. We target to develop four Bumiputera National Champions, two Regional Champions and one Global Champion by 2020.

### Good Governance through Transparency and Accountability

At Axiata, we seek to integrate the principles of transparency, responsibility and accountability in all aspects of our governance practices, and to embed a sound ethical code that spans the entire organisation. In 2018, we strengthened regulations and guidance in our Gifts and Entertainment Policy in line with international benchmarks. Our best practices and governance structure were recognised at the annual Malaysia-ASEAN Corporate Governance Index 2018 Awards, where Axiata was ranked among the Top 50 public listed companies in ASEAN.



### PLANET & SOCIETY

#### Greening our Operations

Climate change is a major risk, and Axiata conscientiously manages our environmental footprint across our operations to reduce our impacts, particularly in energy consumption and emissions. While we have been progressively working to replace legacy assets with energy-efficient equipment and systems, our goal to reduce Axiata Group's emission will be more challenging as we expand our network to connect more people in emerging Asia.

Axiata's telecommunications infrastructure subsidiary, edotco Group, had committed to reducing its carbon footprint by 40% by 2018, from a 2013 baseline. Over the years, edotco has implemented a three-pronged approach of innovating and incorporating lean and green design, increasing fuel efficiency, and adopting renewable energy where commercially feasible to meet its carbon reduction target. According to an independent Life Cycle Assessment study of its telecommunication towers in four countries, edotco reduced its carbon footprint by 44% in 2018.

#### Supporting Building of Sustainable Communities

To support communities in social development needs that go beyond digital inclusion, we actively work with local partners to understand and surmount local challenges. Our corporate social responsibility initiatives range from providing access to electricity from our base stations, providing essential drinking water to the public, to funding scholarships of top talents and providing access to free education support.

A cornerstone of our Corporate Social Responsibility (CSR) strategy is to facilitate disaster preparedness for vulnerable communities in our markets. The Global Risk 2019 Report predicts a very high likelihood of extreme weather and natural disasters. As a founding signatory partner to the GSMA Humanitarian Connectivity Charter, we will continue to do our best to support communities in times of natural disasters. In 2018, we aided Indonesian communities in Lombok, Palu and along the Sunda Straits during pre and post-disaster events. XL provided free connectivity services valued at over USD1.8 million to subscribers in the immediate aftermath, and through our humanitarian partner, MERCY Malaysia, Axiata delivered aid and supported post-disaster remediation efforts.

Across the region, we strengthened our partnerships with national disaster agencies to provide early warning capabilities and post-disaster support. In Malaysia, we signed a letter of co-operation to support an SMS base

alert system with the National Disaster Management Agency. In Nepal, we strengthened our co-operation with the National Department of Hydrology to expand its coverage of early warning flood alerts. Building on its comprehensive emergency warning network, Dialog has committed to work with the World Food Programme on aid distribution in future disasters using base station heat maps to identify where communities are seeking refuge.



### WHAT'S NEXT

As we move forward, Axiata Group will continue to integrate sustainability into our business and impacts for the benefit of all our stakeholders, across all our markets. In the coming year, we aim to further improve our social and environmental outcomes, in line with global efforts to enhance governance for the broader public interest. This will be guided by the articulation of a UN SDG framework aligned with the Axiata business model, which will then be rolled out across the Group in phases.

Every year, I emphasise the importance of collaboration and partnerships to achieve successful sustainable development. As such, I wish to thank our many stakeholders and partners for engaging proactively with Axiata on our broader cross-sector agenda. Your inputs and support are invaluable in our continual assessment and prioritisation of opportunities, issues and risks, as we work to deliver positive economic, social and environmental outcomes across the region. In our drive to help achieve the UN SDGs by 2030, we pledge that our social development initiatives will be inclusive and beneficial to all, so that we leave no one behind. Together, we are Advancing Asia.

### TAN SRI JAMALUDIN IBRAHIM

Managing Director/President & Group Chief Executive Officer



# Beyond Short-Term Profits

# Investing Long-Term in All Our Markets



## Long-Term Investment

As partners of nation building in ASEAN and South Asia since our inception, we are committed to creating long-term and sustainable value for the region. Our business model revolves around digitisation and connectivity, with the higher purpose of enabling a robust, local and seamless digital ecosystem that contributes to societies and communities.

Steered by our business model, our triple core strategy drives our agenda of digital inclusion. We build world-class networks for connectivity through which we deliver inclusive and beneficial products and services. We enable localisation of value by integrating local suppliers and entrepreneurs into our supply chain.



## Digital Ecosystem



## Digital Inclusion



## GSMA Partnership



Contributed **USD13.9 billion** to the GDP of eight countries in which we have a digital telco presence



More than **20 years** in most countries of operations



Over **46% base stations** in rural areas



**USD1.4 billion** in taxes paid in six countries in which we have a digital telco presence



Improved **4G coverage** in all markets



Focus on **digital inclusion** to ensure we leave no one behind



More details on Investing Long-Term in All Our Markets can be found in the "The Value We Create" and "Our Performance" section of our IAR



# Investing Long-Term in All Our Markets



## Long-Term Investment



Digital Ecosystem



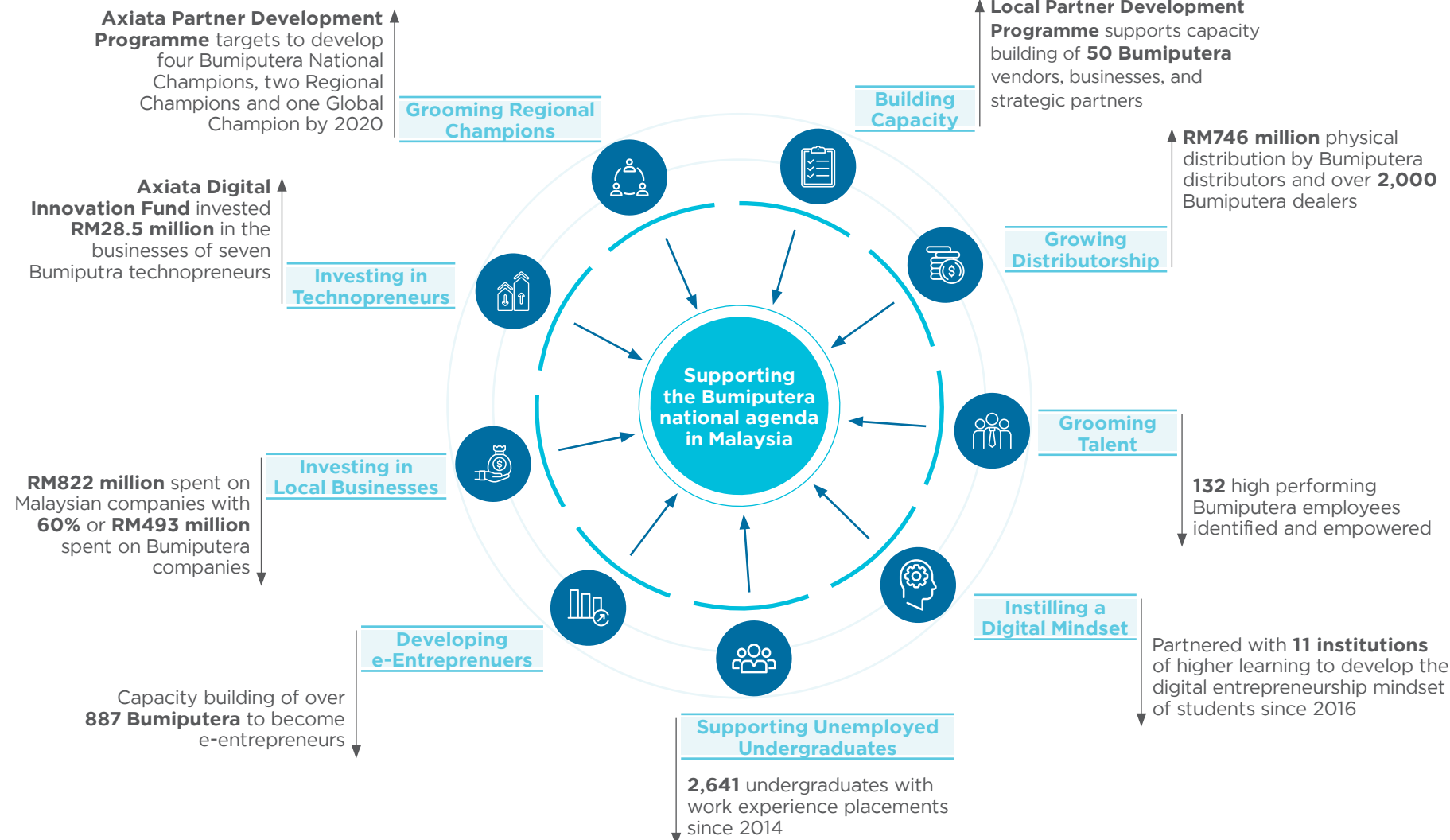
Digital Inclusion



GSMA Partnership

The Bumiputera national agenda in Malaysia aims to build a comprehensive and effective ecosystem which enables an independent and progressive Bumiputera community to thrive. In ensuring that the Bumiputera socio-economic development agenda is effectively implemented, the Bumiputera national agenda focuses on entrepreneurs, employees, students and communal groups. The agenda also seeks to enhance Bumiputera equity ownership in the

corporate sector, and to develop emerging catalytic players. Through a range of initiatives, it also identifies and cultivates high performing talent and top graduates based on merit. We support the Bumiputera national agenda through a comprehensive investment programme in building the capacity and capability of local vendors, funding the next generation of technopreneurs, and providing valuable work experience for university graduates.



# Driving the New Digital Ecosystem



Long-Term Investment



Digital Ecosystem



Digital Inclusion



GSMA Partnership



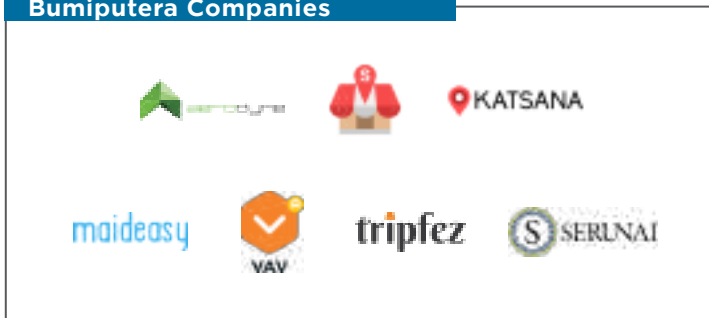
We invest strategically in digital startups with high growth potential to enable a robust, localised and end-to-end digital ecosystem that uplifts people's lives. We are uniquely positioned to support these startups by leveraging on our market reach, customer base and infrastructure. Together with our partners, we have implemented an effective process to identify, fund, and coach these startups

to strengthen the digital ecosystem. Our sector-agnostic portfolio of investee companies ranges from digital services and products, to disruptive business models and digital ecosystem enablers that generate impressive revenues and create high-value jobs in emerging markets.

## Malaysia - Axiata Digital Innovation Fund (ADIF)

- ▶ Launched in **2015**
- ▶ Increasing Bumiputera equity and participation in the digital economy
- ▶ Malaysia's largest corporate venture capital fund to date
- ▶ Committed to raising half of the targeted **RM100 million** fund

### Bumiputera Companies



### Non-Bumiputera Companies



Direct jobs supported as of December 2018

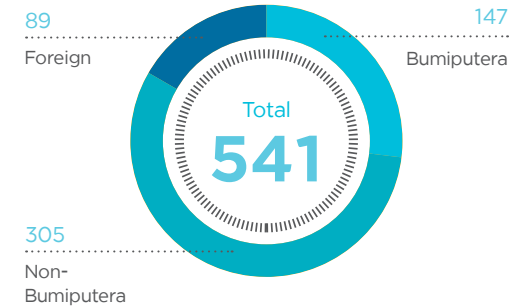
**4,792**



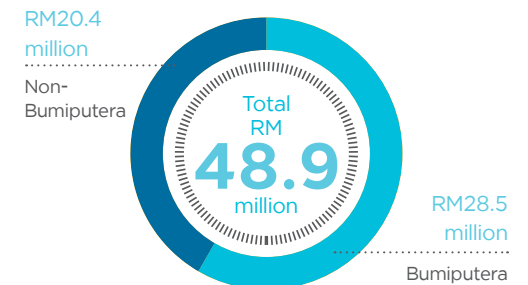
**52%**  
YoY growth in gross revenue amounting to

**RM169 million**

### Deal Flow



### Total Investment Committed



click [here](#) for more information



# Driving the New Digital Ecosystem



Long-Term Investment



Digital Ecosystem



Digital Inclusion



GSMA Partnership



## Sri Lanka - Dialog Axiata Digital Innovation Fund (DADIF)

- ▶ Launched in **2018**
- ▶ Fund size: **USD 15 million (SLR2.5 billion)**

### Investee Companies



**roar**



Direct jobs supported as of December 2018

**175**



Approximate gross revenue of three companies for 2018

**SLR2.5 billion**



Deal flow

**70** startups



Total investment committed

**SLR 219 million**

click [here](#) for more information

## Cambodia - Smart Axiata Digital Innovation Fund (SADIF)

- ▶ Launched in **2017**
- ▶ Fund has invested **USD1.2 million of the USD5 million fund**



Online selling platform and delivery



Investment in January 2018



- ▶ **>300** serviced merchants
- ▶ **>3,000** average customer deliveries per month
- ▶ Released new app for deliverymen



Core banking system for micro-finance institutions, banks and financial institutions



Investment in July 2018



- ▶ **32** clients, including a new client in **Myanmar**
- ▶ **85,000** borrower accounts
- ▶ **USD150 million** in loans approved



Food and grocery delivery platform



Investment in August 2018



- ▶ **>500** restaurants
- ▶ **>14,000** deliveries per month
- ▶ **>90** drivers



Agricultural marketplace and financing for farmers and suppliers



Investment in November 2018



- ▶ **>6,400** farmers serviced
- ▶ **3X** increase in credit sales in 2018
- ▶ **Series A financing** successfully closed
- ▶ Expanded business to **India**



click [here](#) for more information



# Investing in the Digital Capabilities of Tomorrow



Long-Term Investment



Digital Ecosystem



Digital Inclusion



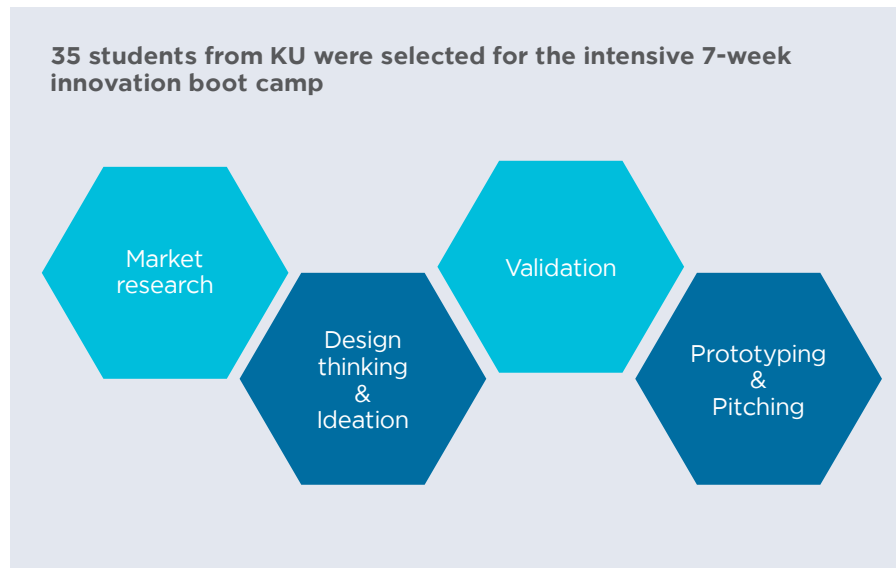
GSMA Partnership



Developing young digital talent is pivotal to our goal of developing a localised and comprehensive digital ecosystem in the markets in which we operate. Across our footprint, we are working closely together with governments, leading

## Nepal - Global Startup Labs

Ncell, in collaboration with Massachusetts Institute of Technology (MIT) and Kathmandu University (KU), launched the MIT Global Startup Labs (GSL) in Nepal, empowering technology entrepreneurs and cultivating the startup ecosystem in this emerging economy.



### Winners of GSL 2019

- ▶ Sajilo Marmat Sewa is a one-stop technology-enabled maintenance solution that connects households and businesses with experienced technicians
- ▶ Kinder is a mobile app which encourages sharing and enhances the relationship between parents and teachers in kindergarten or schools
- ▶ OPUS is an online art portal that promotes Nepalese artworks and artisans

international bodies, schools and institutions of higher learning to nurture a dynamic entrepreneurial culture, and train keen young social entrepreneurs to bring their ideas to fruition.

## Cambodia - SmartStart Young Innovator Programme

An annual programme in partnership with Impact Hub Phnom Penh, endorsed by the Ministry of Posts and Telecommunications and the Ministry of Education, Youth and Sport. The nine-month programme supports Cambodian university students to ideate and launch their digital businesses. The top five teams are each awarded a USD4,000 cash prize and a six-month incubation programme.

SmartStart Cycle 2 received over **230** applications nationwide

Over **120** participants shortlisted for the Hackathon Challenge

**60** selected for the five-day Technopreneurship Challenge

### Cycle 2 Grand Final Winner

SomJot, a mobile parking app that connects vehicle owners with available parking spaces in Cambodia, won a 4D3N Tech Trip to Singapore.

## Malaysia - UiTM-Celcom Young Digital Innovators Programme

A three-year collaboration partnership with the MARA University of Technology (UiTM) to develop a future generation of Bumiputera innovators. The sustainable IoT-based programmes aim to engage 400 youths and instill a culture of innovation to uplift the Bumiputera agenda and narrow the digital divide.



### Technology Maker Lab

Equipped with maker tools for students to explore, experience and innovate new ideas.



### School Mentoring

Inspiring high school students through mentoring and advice by 40 UiTM undergraduates.



### IoT Bootcamp

Three-day IoT workshop for underserved children.

# Connecting the Underserved through Digital Financial Inclusion



Long-Term Investment



Digital Ecosystem



Digital Inclusion

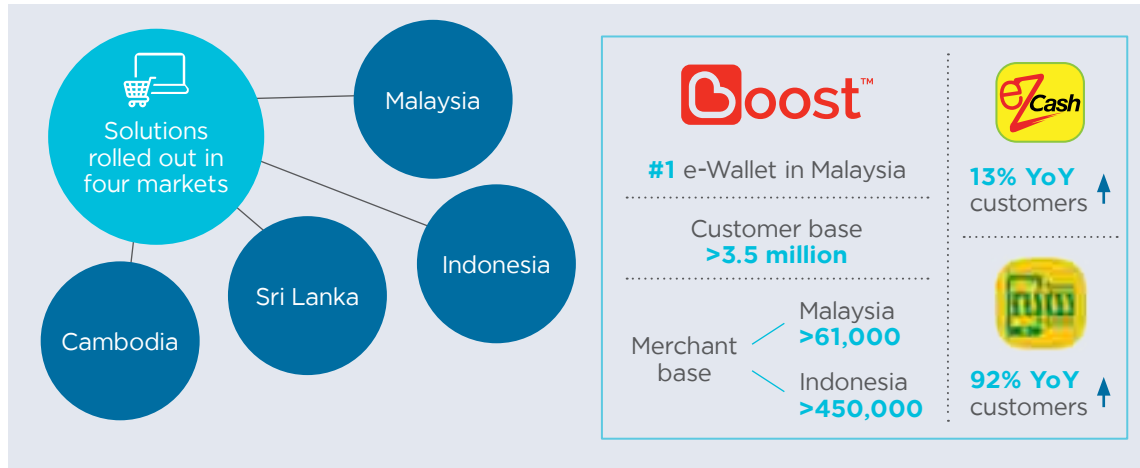


GSMA Partnership

Financial inclusion is a key driver for sustainable development, integrating individuals and households into formal financial and safety networks. This enables them to save, invest and cushion shocks from emergencies and ill health. Leveraging on our investments in leaders of mobile insurance, we have deployed

mobile and digital enabled solutions that will enhance financial inclusion both in cities and remote rural communities in the region. Our focus is primarily on e-wallets, digital payments, micro-credit and micro-insurance.

## e-Wallets and Digital Payments



## Micro-Financing

Access to micro-financing has a significant impact on the operations of small and micro-entrepreneurs. In 2018, we launched micro credit products for micro-entrepreneurs in Malaysia and Indonesia. The entire lending process is digitised to ease documentation requirements and the rigorous know your customer compliance process.

Malaysia: Working Capital Loan	Indonesia: Supply Chain Credit
ranging from <b>RM500 - RM20,000</b>	ranging from <b>IDR500,000 - IDR5.0 million</b>

## Micro Insurance

In Bangladesh and Cambodia, individuals pay among the highest out-of-pocket costs for healthcare in the world, while many remain uninsured in Malaysia and Indonesia. Through our investment in BIMA, a leading provider of mobile-delivered insurance and health services in emerging markets. We are providing access to affordable health care and social protection for those most at risk.

Over **3.8 million** customers in Cambodia, Bangladesh and Sri Lanka subscribe to mobile-micro insurance

Benefitting over **18,000 individuals** in times of need

Average payment of **USD135** per claim

Winner of GSMA Global Mobile Awards 2019

**Best Mobile Innovation for Health and Biotech**



# Transforming Agriculture and Fishery Practices

Though small-scale farmers and fishermen produce a significant percentage of food consumed worldwide, they are often one of the most disadvantaged and vulnerable communities. With little opportunity for higher formal education and limited access to traditional financial services, they risk being left further behind

in an increasingly digital world. Our digital services and solutions support farmers and fishermen through the sharing of information such as good agricultural and fishing practices as well as real-time market prices, and establishing digital payment processes and market places.



Long-Term Investment



Digital Ecosystem



Digital Inclusion



GSMA Partnership



## Govi Mithuru

- ▶ Good agriculture practices on 21 types of crops
- ▶ Voice message services sent to farmers to improve crop cultivation
- ▶ Customised advice based on the crop, location and stage of cultivation
- ▶ Over 500,000 subscribers

click [here](#) for more information



## Xsmart Village

- ▶ Empowering underdeveloped villages in Indonesia
- ▶ Partnered with Ministry of Village (Desa) and the University of Jember to support a village in Situbondo in East Java.
- ▶ Used the Satwa Nusantara application to train farmers on improving farm productivity and management techniques
- ▶ Increased the average weight of cows by 26kg, stabilising market price of cattle and incomes of farmers
- ▶ Plans to scale the programme to the national level

## Desamall

- ▶ Celcom's partnership with the Ministry of Rural Development in creating an online marketplace for rural small and medium enterprises (SME)
- ▶ Access to 11Street's and other e-marketplace platforms
- ▶ Target 1,000 rural SME entrepreneurs on the platform
- ▶ Aim to increase sales revenue of rural entrepreneurs by 30%

click [here](#) for more information



## Laut Nusantara

- ▶ Maritime digital solution in partnership with Kementrian Laut
- ▶ Kominfo subsidised 1,200 smartphones for fishermen
- ▶ Real-time weather, sea conditions, and fuel usage calculations
- ▶ Expand the app's coverage to coastal communities across Indonesia
- ▶ New features to include waterway information, navigation rules, coastal information, location tagging, and price information

## Digital Payment Services

- ▶ Piloted a digital payment service to smallholders of a tea factory in Ratnapura district
- ▶ Objective is to overcome the last mile of digitisation affecting the agricultural sector value chain
- ▶ Smallholder tea farmers were asked to respond to an SMS from the factory if they are ready for crop collection

- ▶ Key lessons from the pilot for agribusinesses to consider:
  - Support collection agents with data top-ups
  - Improve efficiency by white listing farmers who respond to SMS short-code
  - Incorporate real-time and relevant information to support collection agents

Click [here](#) for more information

## Accessing Quality Education through Digital Connectivity



Long-Term  
Investment



Digital  
Ecosystem



Digital  
Inclusion



GSMA  
Partnership

Education is the bedrock to improving lives of individuals and enabling sustainable economic and social development. Leveraging on our competencies and connectivity to deliver online mobile education and integrate mobile

technologies into classrooms, we bring quality education to all children, especially those who are disadvantaged and living in remote areas.

### ▶ Robi 10 Minute School

Now delivered through an app, Bangladesh's largest free online education platform provides live classes, access to university admission tests, and content on professional, hard and soft skills development.

Over  
**7 million**  
students registered

Over  
**200,000**  
students  
logging on daily

More than  
**12,000 videos**  
covering all academic subjects

More than  
**4,000 quizzes**

Over  
**1,100 educational  
blog articles**



Click [here](#) for more information

### ▶ Celcom Siswapreneur

Celcom's entrepreneurship training programme endorsed by the Ministry of Higher Education aims to equip students with entrepreneurial skills to support economic and social well-being. Initiatives under the KPM-Celcom Siswapreneur Programme include:

#### SiswaCart

Partnered with eight universities to sponsor 16 fully equipped food carts. Students gained practical entrepreneurship experience by operating a food business.

#### SiswaDay

A full day of knowledge sharing with 200 students at each partner university aimed at developing the participants' entrepreneurial mindsets, skills and talents.

#### SiswaMall

An e-commerce marketplace for university students and lecturers to sell products and services on the 11Street platform. The programme also offered students the opportunity to be certified by Google in Digital Marketing and Digital Advertising.

### ▶ Dialog Nenasa Smart School

Supports inclusive access to quality education with a goal to digitally transform 250 schools by the end of 2020. In 2018, the programme reached 180,000 students and upskilled 7,300 teachers in 100 nucleus schools in two of the most populous provinces in Sri Lanka.

#### Impact on Teachers after Implementation

**31%**  
reported improvement in teaching environment

**>78%**  
expressed high satisfaction in the new learning approach

**26%**  
found it more convenient to access teaching materials

**49%**  
of teachers reported an increase in students' enthusiasm to learn new things

**41%**  
of teachers felt the programme helped to build closer relationships with students



4  
QUALITY  
EDUCATION

# Bridging the Digital Gender Divide



Long-Term Investment



Digital Ecosystem



Digital Inclusion



GSMA Partnership



The Fourth Industrial Revolution (IR 4.0) will not only disrupt business models but labour markets and skill sets needed to thrive in the new landscape. Women will be at a disadvantage in the era of IR 4.0 if the overall digital gender gap widens. We support the GSMA Connected Women Initiative which aims to increase the number of women subscribers in South Asia. Working with local partners, we are

developing regional programmes and services addressing women's issues in the local context. Leveraging on our mobile technology and services, we are opening up access to educational content, employment, financial and health services for women.

## Facilitating Financial Inclusion

The Robi Joyeeta programme partnered with Cignifi and Bank Asia to connect and engage with women in two districts of Bangladesh who do not have a bank account or a smart phone. The programme offers women access to a bank account as well as a device financing plan with minimum easy monthly installments.

In Bangladesh, only an estimated

**19%** of the population have access to formal banking services

Compared against men, women in South Asia are

**26%** less likely to own a mobile

**70%** less likely to use mobile internet

Click [here](#) for more information

## Digital Training on Wheels

The Robi Digital Bus Project, in partnership with the ICT Division of the Bangladeshi Government and Huawei, aims to educate 150,000 young women in colleges and universities on digital literacy and entrepreneurship in 64 districts by 2021.

**4** buses to support the outreach programme. One new bus was added in 2018

**497** Institutional touch points

**25,343** Students trained

## Digital Literacy

XL Axiata's digital literacy programme seeks to inspire growth and improvement in living standards among Indonesian women through a range of online and offline programmes.

### Sisternet

XL's online platform caters to women all over Indonesia with engaging content on self-development, education, career and lifestyle

**2,000** online modules provided for **14,300** registered members

Partnerships with **6** Indonesian Ministries and **10** brands to develop relevant content

### Offline Programmes

**210** women attended **21** workshops on health, family, digital literacy, and entrepreneurship

Click [here](#) for more information

## Messaging Platforms

Robi and Dialog have respectively launched anonymous and interactive messaging platforms managed in partnership with local women NGOs. These platforms provide women with a safe and trusted channel to seek advice from a selected panel of professional experts on a range of topics.

### Robi Maya Apa

A digital health and wellness concierge for Robi subscribers.

**>600,000** cases resolved

**450,000** monthly active users

**60,000** monthly queries

Click [here](#) for more information

### Dialog Yeheli/Thozhi

Sri Lanka's pioneering personalised and interactive service.

**6,203** users

**>1,500** questions asked

Click [here](#) for more information

## Partnership with the GSMA



Long-Term  
Investment



Digital  
Ecosystem



Digital  
Inclusion



GSMA  
Partnership



The GSMA Foundation aims to demonstrate the positive social impact of mobile technology by engaging industry partners to develop and pilot projects that utilise mobile communications to relieve the poor,

distressed and underprivileged. Axiata's President and Group CEO is a current Board Member of the GSMA Foundation and has committed to the following GSMA inclusion initiatives:

### ▶ Humanitarian Connectivity Charter



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

#### Axiata's Business Continuity Management Policy



BCM Policy  
& Plans



Emergency  
Response



IT & Network  
Recovery



Annual Simulation  
Exercise

- ▶ XL Axiata donated over USD1.8 million in digital services to connect customers after three disasters struck Indonesia
- ▶ Celcom signed a letter of intent with the National Disaster Management Agency to support sending SMS alerts during times of impending disasters
- ▶ Ncell expanded its partnership with the Department of Hydrology and Meteorology to another 250 monitoring stations



click [here](#) for more information

### ▶ Connected Women Initiative



The Connected Women Initiative is aimed at accelerating digital and financial inclusion for women. Targeting low and middle-income countries, the programme aims to unlock commercial and socio-economic opportunities through mobile Internet education, promoting a reason to use, and mobile money services.

#### Dialog

- ▶ Launched Yeheli/Thozhi messaging platform for women to seek advice on social and personal issues

#### Robi

- ▶ Partnership with Cignifi and Bank Asia to increase digital financial inclusion among women
- ▶ **450,000** monthly users access 'Maya Apa Plus' on-demand information service on health, psycho-social and legal issues
- ▶ **25,343** women in **64** districts and villages trained on digital literacy and entrepreneurship



click [here](#) for more information



**Nurturing  
People**

# Diversity and Inclusivity



## Diversity & Inclusivity



Culture of Integrity & Performance



Conducive Workplace

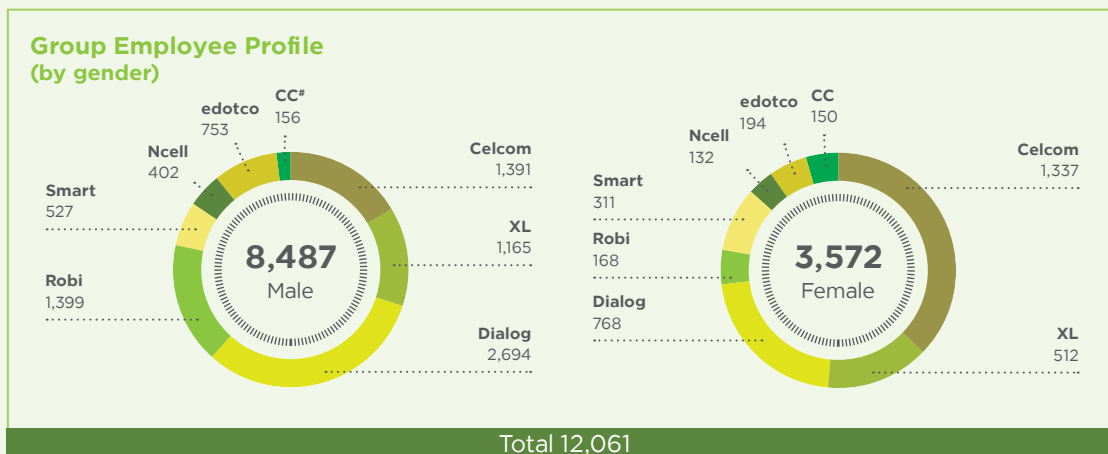


Nurturing Future Leaders



We believe that workforce diversity is essential to building and sustaining our competitive advantage. Diversity fosters innovative thinking and helps tackle business challenges through different perspectives. With a workforce of more than 12,000 employees representing 38 nationalities, the Axiata Code of Conduct governs how we conduct ourselves in a multicultural environment and

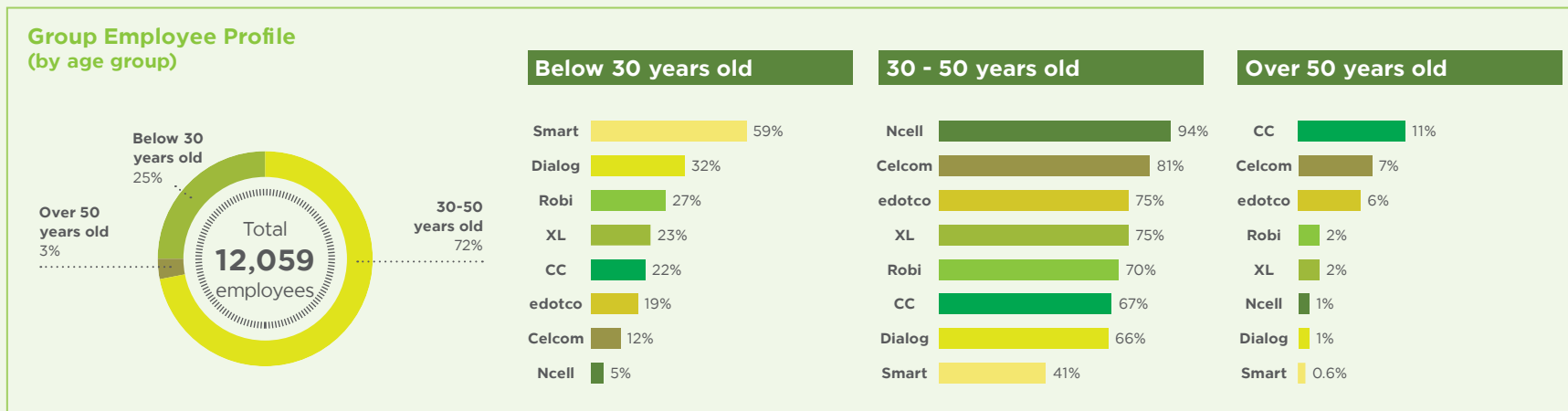
always enjoins us to treat fellow colleagues with respect and consideration, regardless of gender, age, ethnicity, language, cultural background, physical ability, religious belief and lifestyle choice. These principles are applied in our daily interactions internally with our people, externally in our communities, and with business partners in the marketplace.



**17%** of senior leadership\* positions are led by women across the Group



**38** nationalities employed across the Group



Notes: # CC includes Axiata Corporate Centre and Axiata Business Services  
\* Axiata Senior Leadership from the Group and OpCos



# Diversity and Inclusivity



## Diversity & Inclusivity



Culture of Integrity & Performance



Conducive Workplace

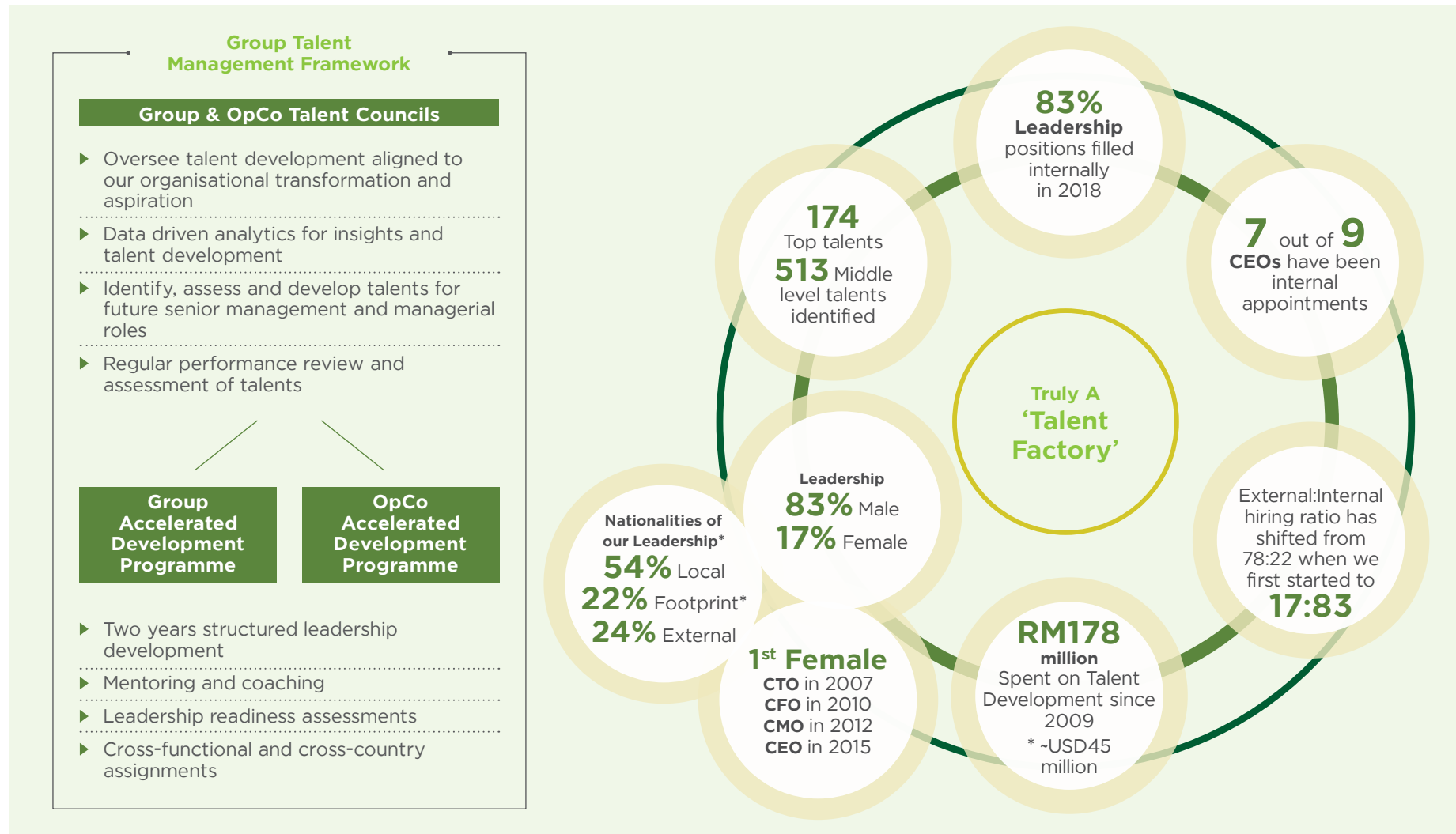


Nurturing Future Leaders



Investing in our people is critical to the long-term success of the business. We manage our human capital investment by attracting and nurturing the right talent, and supporting their professional growth and personal well-being during their career with us. Employees across all levels of the Group undergo an

annual performance and career development review. We have a robust talent assessment process with a focus on identifying talent early in their career in order to spur their progression through our Group and OpCo Accelerated Development Programme.



Note: \* Local: Locals working in their respective OpCo country. Footprint: Non-locals from Axiata's footprint countries. External: Non-locals from outside Axiata's footprint countries



# Driving a Culture of Integrity and Performance

Uncompromising Integrity and Exceptional Performance (UI•EP) are core values embraced across Axiata Group. We expect our employees to always do the right thing and respect the diversity of employees and stakeholders across our markets. We encourage employees to take ownership and make a difference

through their job responsibility regardless of their position with the organisation. A Modern, Agile and Digital workforce will require collaboration with others and ensure that we are faster in execution and innovative in delivery.



Diversity & Inclusivity



Culture of Integrity & Performance



Conducive Workplace



Nurturing Future Leaders



PRESENT WORK AND ECONOMIC GROWTH



## ▶ Uncompromising Integrity

We believe that there can be no sustainable development for our Group or for society without strong foundations in ethical principles and actions. Compliance with laws, regulations, Axiata Code of Conduct, and internal guidelines are the foundation of our value of uncompromising integrity. We are committed to upholding the highest standards of lawful and ethical conduct, by demonstrating honesty, fairness and accountability in all our dealings, always doing the right thing and fulfilling promises made to earn the trust of our stakeholders.

## ▶ Whistle-Blowing Channels

Across Axiata Group, each OpCo and subsidiary has an established Whistle-Blowing channel and mechanism to report unethical and non-compliant behaviour. Cases reported are monitored and investigated independently by each OpCo and subsidiary with respective management and oversight by the Board Audit Committee.

Specialists at Axiata Group and OpCos investigate allegations of integrity breaches. Upon investigation and confirmation of a breach, the Disciplinary Committee chaired by the Group CFO, will take disciplinary action up to and including dismissal or contract termination. Non-compliant among the senior leadership team are referred to the Group CEO and the Board Audit Committee.

## ▶ Transparency on Gifts

A Gifts and Entertainment Governance Committee led by the Group Chief Human Resource Officer decides on the appropriate disposition of gifts and entertainment. In 2018, Axiata Group updated its guidance on the Gifts and Entertainment Policy and Guidelines for Corporate Centre employees. The guidance provided Corporate Centre employees with further clarity on how to handle matters related to receiving and offering of gifts and entertainment as stated in the Axiata Code of Conduct.

## ▶ Axiata Code of Conduct

The Axiata Code of Conduct outlines the expected behaviour for employees at Axiata Headquarters, OpCos and subsidiaries. The Code of Conduct is adopted and localised at each OpCo, and the management team is responsible for its governance, training and engagement. A percentage of an employee's KPI is determined by demonstrating core values through their behaviour. The core values of the Code of Conduct extend to our contract staff and vendors.



Click [here](#) for more information



Strictly prohibited from soliciting, receiving cash, gifts or entertainment



Answer six conflict of interest questions before accepting any gifts



If presented with a gift, the value cannot be more than RM100



All gifts above RM100 and entertainment accepted, declined or returned must be declared



Group HR to decide on the use of gifts exceeding the threshold for the common good

# Towards a Modern, Agile and Digital Workforce



Diversity & Inclusivity



Culture of Integrity & Performance



Conducive Workplace



Nurturing Future Leaders



In our industry where change is the only constant, it is imperative for our employees to keep abreast of the latest industry developments. During the year, we invested RM28.5 million in employee learning and development. The training programmes ensure we have the skills and talent instilled with the

ethos of being Modern, Agile and Digital which is needed to grow our business now and in the future. Our training focuses on our strategic business priorities as well as online platforms, allowing employees to broaden their scope and push their boundaries in the transformative digital landscape.

## ▶ Driving Digital and Agile Learning

We launched the holistic Learning, Engagement, and Accelerating Performance (LEAP) programme to embed the culture and mindset required to be a Digital Champion. LEAP exposes employees to best-in-class speakers, provides focused functional training and promotes collaboration.

### ▶ Coaching

Subject matter experts shared global best practices and provided online and in-person coaching and mentoring

### ▶ Collaboration

Expert Working Group and Axiata Digital Labs serve OpCos, and drive organisation-wide acceleration and adoption of new paradigms and methods that spur productivity

### ▶ Competition

Eight different tiers of LEAP awards ensure engagement and participation, while spurring front-end and back-office digitisation

## ▶ Digital Learning Platform

We empower employees to take charge of their own professional development and continuous learning by providing access to Lynda.com, an online learning platform offering thousands of courses for customised learning.

Over **64,600** courses completed

More than **10,000** active users end-2018

**91%** of total users logging in per month

Highest monthly average duration per login **45 minutes**

**Top 3 courses completed**  
Agile Teams, Digital Privacy, Cyber security

## ▶ Building Digital Competency

We continue to build a strong pipeline of talent across high growth emerging technology segments. This year we focused on upskilling digital talents and building competencies, especially in big data analytics and cyber security, to support our digital transformation and our IR 4.0 aspirations.

### Developing Data Scientists



- ▶ Technical analytics training provided to over 170 data scientists and data engineers across the Group
- ▶ Partnered with Asia School of Business and industry partners to launch Data Unchained Malaysia 2018, a competition for data scientists and enthusiasts to showcase their data-driven insights and business solutions

### Developing Digital Cyber security Talents



- ▶ Signed a memorandum of understanding with Malaysia Digital Economy Corporation to boost the nation's cyber security industry, by strengthening critical skillsets and innovation

### Axiata Academy



- ▶ Piloted in Celcom, Axiata Academy uses an intelligent learning technology platform to curate appropriate learning modules for employees. This platform allows us to customise our learning content and deploy it across the whole Group



# Conducive Workplace



Diversity & Inclusivity



Culture of Integrity & Performance



Conducive Workplace



Nurturing Future Leaders



Our presence across a geographical region with diverse social norms and cultural values drives us to provide a working environment that is respectful and welcoming to everyone. As a responsible employer, we adhere to the higher norms of protecting the international fundamental rights of employees

## ▶ Respecting Labour Rights

We strive to uphold fair and safe workplace practices under ILO Conventions and in accordance with labour laws in the markets in which we operate. We are committed to building and maintaining trusted relationships with our employees and stakeholders, which are premised on protecting their fundamental working rights.

### Freedom of Association and Collective Bargaining



- ▶ Respect local labour laws
- ▶ Recognition of unions in three of our digital telcos
- ▶ Unions represent 4.5% of digital telco employees
- ▶ We engage proactively with union representatives to maintain and enhance our labour management relationship

### Fair Wage



- ▶ Equal pay for equal work
- ▶ No gender wage discrimination
- ▶ Benchmark pay levels at the 50th percentile for base pay, and 75th percentile for good performance
- ▶ Entry-level wages in all our markets are on average 2.2x above the national legal minimum wage

### Child Labour & Forced Labour



- ▶ We do not tolerate child and forced labour either through direct employment or in our supply chain
- ▶ We had no reported cases in 2018

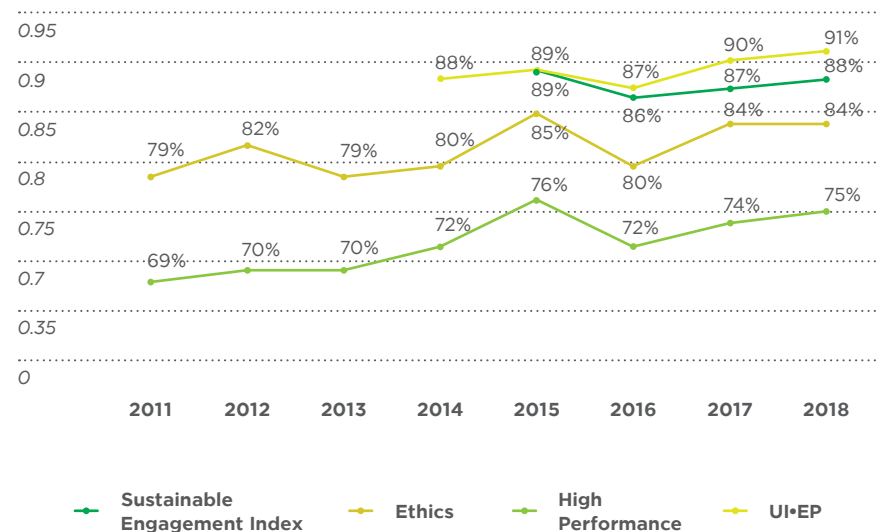
and meeting national employment obligations of social protection and safety. We believe in creating a work environment where employees can air their views and access avenues to make changes that promotes work life balance.

## ▶ Highly Engaged Employees

Our ambition is to create an engaged and conducive workplace that is benchmarked higher than the industry norm, and on par with global high-performing companies. We listen to our employees to understand their views and respond to their feedback by taking appropriate actions. We maintain open communication channels, organise quarterly townhalls to provide updates, and regularly communicate through digital channels.

We monitor employee engagement and satisfaction levels through our annual Employee Engagement Survey. We use this tool to assess managers according to the experience they create for their team.

### Axiata Group Employee Engagement Survey 2016-2018



# Building Future Leaders



Diversity & Inclusivity



Culture of Integrity & Performance



Conducive Workplace



Nurturing Future Leaders



We operate in a region where the general population is young and hungry for opportunities. Recognising that the future of nations rests on their shoulders, we have the opportunity and responsibility to shape minds and harness the enormous potentials of these untapped talents.

Hence, in 2011 we made a commitment to invest in a young talent development programme that is customised to support the national agenda, with a further aspiration to roll it out across all our markets. The programme offers top students and promising young adults an enriching leadership experience to equip them with the skills and competencies of a future CEO.

## Axiata Young Talent Programme



With a commitment of RM100 million over 10 years, the Axiata Young Talent Programme (AYTP) provides three leadership tracks customised for different age groups. Over the years, the AYTP has impacted the lives of more than 1,600 young talented Malaysians.

Click [here](#) for more information

### School Leadership Development Programme (SLDP)

A five-year programme in partnership with Kolej Yayasan Saad in Melaka. The SLDP is open to Malaysian secondary school students looking to gain the upper hand over their peers in terms of the development of their critical skills and command of leadership competencies.

### University Leadership Development Programme (ULDP)

A fifteen-day 'summer camp' style leadership development programme for Malaysian undergraduates with a focus on putting leadership concepts into practice. Participants gain a broad understanding of business skills and tools through workshops, experience being in the role of decision makers through business simulations, and work on a CEO Challenge at the end of the programme.

### Young CEO Development Programme (YCDP)

A two-year leadership development programme for Malaysian young professionals with a focus on real-world application. Participants master critical skills and knowledge through workshops and business simulations where they take the roles of decision makers. The YCDP participants work on developing innovative digital solutions to complex problems faced in the region.

#### 2018 Highlight

YCDP reached a major milestone with the graduation of its first two cohorts of 120 participants in December. As part of the final stretch of the programme, they participated in a Regional Business Challenge where they were tasked to ideate and propose viable Go-To-Market strategies for an e-wallet business in Nepal or Thailand.

### AYTP Alumni Association

Established in 2015, the AYTP Alumni Association is a community of young potential CEOs that supports its members in their journey of becoming the nation-builders of tomorrow. Since its inception, the Association has grown to more than 800 alumni as of 2018.

## Building Future Leaders



Diversity &  
Inclusivity



Culture of  
Integrity &  
Performance



Conducive  
Workplace



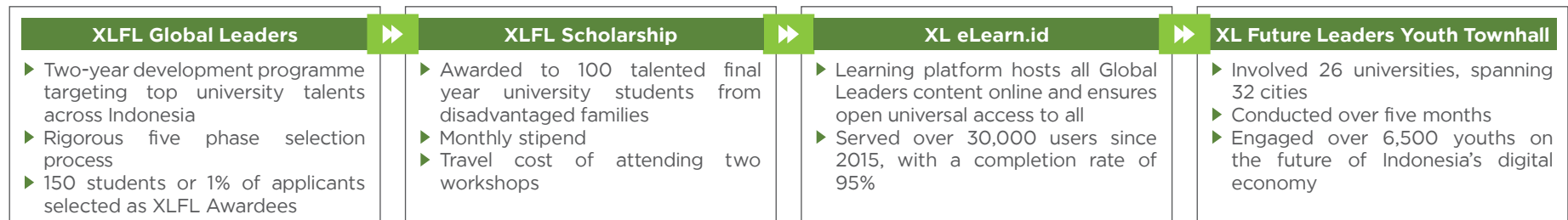
Nurturing  
Future  
Leaders



### XL Axiata Future Leaders Programme

One of Indonesia's most comprehensive and longest-running youth leadership programmes, the XL Future Leaders (XLFL) Programme has nurtured over 65,000 students and awarded 700 scholarships for disadvantaged students since its launch

in 2012. Modelled on the fundamental principles of the AYTP, the programme is localised to the Indonesian context. XLFL has reached university students spanning the breadth of Indonesia, from Aceh in the east to Papua in the west.



**35**  
provinces from  
Aceh to Papua  
reached



**240**  
public and private  
universities  
represented



**1,000**  
students accepted  
into the XLFL Global  
Leaders Programme



**700**  
scholarships  
awarded



**65,000**  
students  
impacted



**700**  
alumni of the XLFL  
Global Leaders  
Programme

### XLFL Social Impact Projects

As part of completing their XLFL experience, students are challenged to conceptualise and execute a social impact project. These impact projects range from education and health, to the environment. The following projects have developed into social enterprises in parts of Indonesia.

PipetKite
Empowers women in the rural community of Rasau Jaya, Pontianak by improving their soft skills and training them to increase income. IG: @pipetkite

Gifood
Connects people with excess food with those in need in order to reduce food waste and increase awareness of sharing - IG: @gifood.id

Aristotell
Uses augmented reality to bring history to life, with its first installation at the Vredenburg Museum, in Yogyakarta - IG: aristotell_



Click [here](#) for more information

### SmartEdu University Student Development Programme

The SmartEdu University Student Development Programme was launched this year in Cambodia. This annual programme aims to equip future leaders with requisite values and critical competencies, in order to develop talent and support the government's agenda to embrace the digital economy.

a learning-by-doing approach. The programme incorporates business simulations involving local private companies, local SMEs and startups, enabling students to engage with diverse digital companies. A challenging selection process chose 48 top undergraduates from 14 universities in Cambodia for the first cohort.

The 13-Day stay-in Bootcamp, which emulates the successful AYTP, provides theoretical, experiential, personal and relational development opportunities through



**Process  
Excellence &  
Governance**

# Strengthening our Supply Chain



## Best Practices Across the Value Chain



Customer Centricity



Digitising Processes



Strong Governance

Building a sustainable value chain that prioritises transparent procurement and supply chain excellence is critical to our mission of Advancing Asia. In our ongoing efforts to localise supply chains and improve how we purchase goods and services to support good governance and nation building, we are committed to collaborate with transparent, ethical as well as socially and environmentally responsible suppliers.

In 2018, we contracted with more than 5,000 suppliers across the region. We procure extensive infrastructure equipment through our investments in our mobile networks, data centre facilities, IT and customer care delivery centres. For mobile services, we work mainly with network infrastructure and equipment suppliers, as well as handset and device manufacturers. Our main suppliers for digital and entertainment services are advertising agencies and content providers.



## Developing Local Vendors and Partners to Become Regional Champions as part of our Commitment to Nation Building

### Celcom Local Partner Development Programme

Since 2014, the Celcom Local Partner Development Programme has supported the maturity of 50 Bumiputera owned companies as part of the Bumiputera national agenda. During the year, Celcom spent RM822 million with local vendors, of which more than 60% was spent on Bumiputera vendors.

In partnership with several government agencies, the Bumiputera vendors are provided with capacity building programmes and networking opportunities to scale their competitiveness. Upon reaching mandated national performance targets, the businesses are recognised as National Champions. In 2018, Celcom nominated two of its Bumiputera vendors as having attained National Champion status.

### Axiata Partnership Development Programme

The Axiata Partnership Development Programme (APDP) aims to elevate the local partner development programme vendors to become Regional and Global Champions. By leveraging our regional presence, the APDP has the potential to provide high-performing Bumiputera businesses with opportunities for growth beyond Malaysia. KAT Group of Companies was APDP's first Regional Champion.

### Target by 2020





# Health and Safety



## Best Practices Across the Value Chain



Customer Centricity



Digitising Processes



Strong Governance

Building a healthy work environment that safeguards our employees' work-life integration, physical and mental health and safety is very important to us. We provide a range of wellness programmes such as exercise classes, health assessments and healthy living benefits to enrich the working lives of our employees. We actively promote awareness on workplace occupational health and safety to minimise the risk of accidents, injuries and exposure to health hazards. By embedding health and safety awareness across our supply chain, we minimise health and safety risks for our vendors and their workers.

The Axiata Group Health and Safety Policy is cascaded to each OpCo, which are responsible for ensuring compliance with national health and safety legislations. The Axiata Group Board Audit Committee is responsible for providing overall oversight, including monitoring and review of the effectiveness of the Health and Safety programme, developing, governing and implementing a Health and Safety framework.

Health and safety site inspections conducted

**2,121**

**Inspections**

---

Accident-free days

**135 Days**

**24 Reported Cases of Health and Safety Non-Compliance:**

**23** dangerous occurrences

**0** injury

**1** fatality involving a sub-contractor

Resulting in the following:

- ▶ Suspension and active corrective measures implemented
- ▶ Increased site safety awareness

**Target Improvement in 2019 to Enhance Safety Culture by:**

Increasing awareness via promotions, campaigns and programmes

Strengthening competency for HSE personnel and compulsory selected HSE training session for others

Strengthening Health and Safety Governance within the organisation

Increase periodic site inspection, and mandatory Vendor Performance Evaluation Audit



# Delivering Excellent Customer Experience



Best Practices Across the Value Chain



Customer Centricity



Digitising Processes

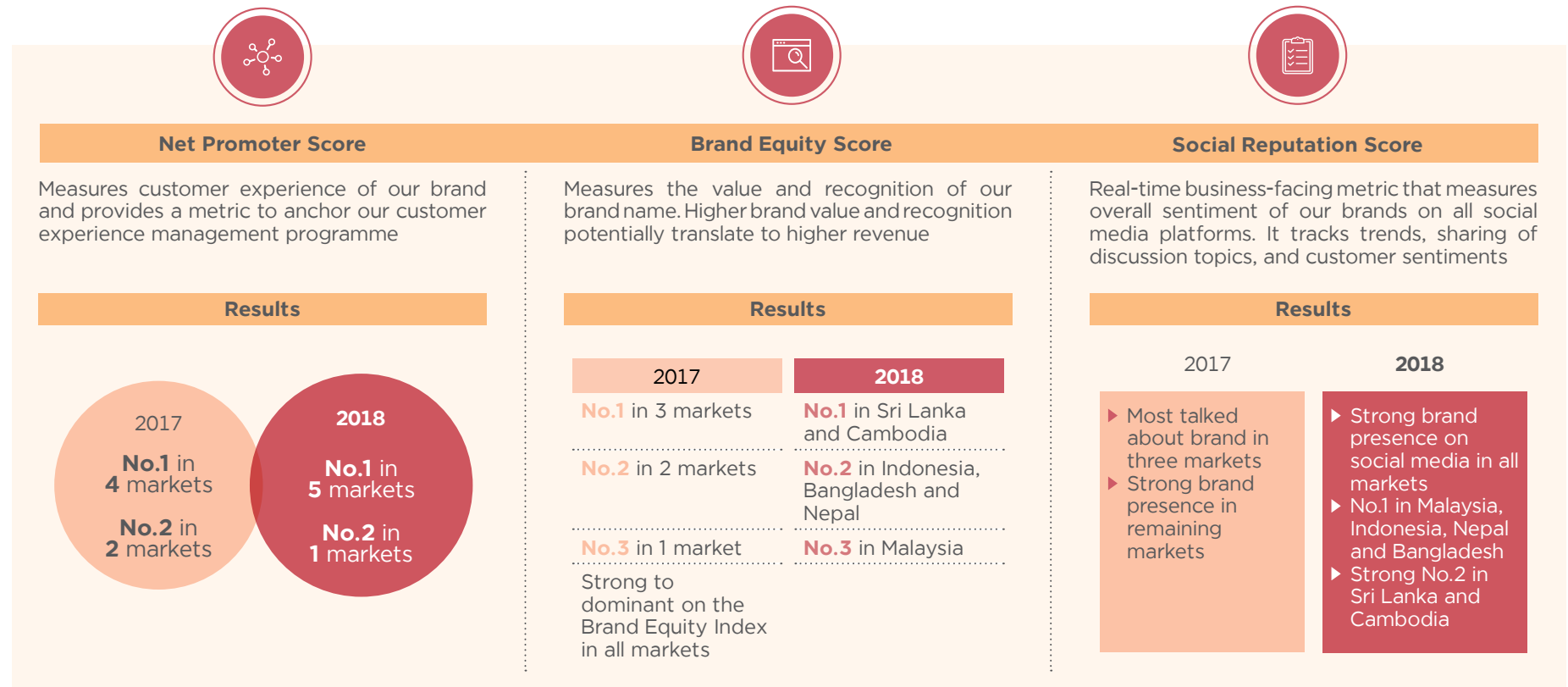


Strong Governance

We strive to serve our customers in the best way possible by delivering a truly differentiated customer experience. We recognise that a superior experience is defined by the quality of service and care, as well as the range of innovative services and value we offer to our customers. Our multichannel touchpoints ensure seamless customer convenience and experience. To raise the bar of customer satisfaction, we constantly endeavour to deepen our customer engagement and relationship as a pivotal part of our customer experience strategy.\*

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

We uphold the highest standards of customer data privacy protection. In 2018 the Group enhanced our cyber security and data privacy practices with the aim of providing our customers a worry-free and seamless connectivity experience on our regional mobile networks. We hope to inspire our customers' trust and confidence in our ability to safeguard their interests and privacy.\*



Notes: \* More information on customer centricity can be found in respective operations report  
 \* More information on Privacy and Cyber security can be found on Pg. 35 of the Governance & Audited Financial Statements 2018

# End-to-end Digitisation

We are committed to digitising and modernising our core business functions to achieve our vision of being the New Generation Digital Champion by 2022. We are driving this initiative through a Cross-OpCo Expert Working Group comprising selected CXOs and using a comprehensive framework approach. Over the past year, we have also incorporated the tenets and technologies of the IR 4.0 to further augment our focus.

Our digitisation thrust, specifically our efforts towards digitising and modernising our core functions, have been assessed and validated against a Digital Transformation Index. Based on the Index, we, as a Group, have improved by approximately 50% on average from our baseline in 2017. In addition, one of our operating companies, is also on par with the Emerging Market Top Quartile Average.

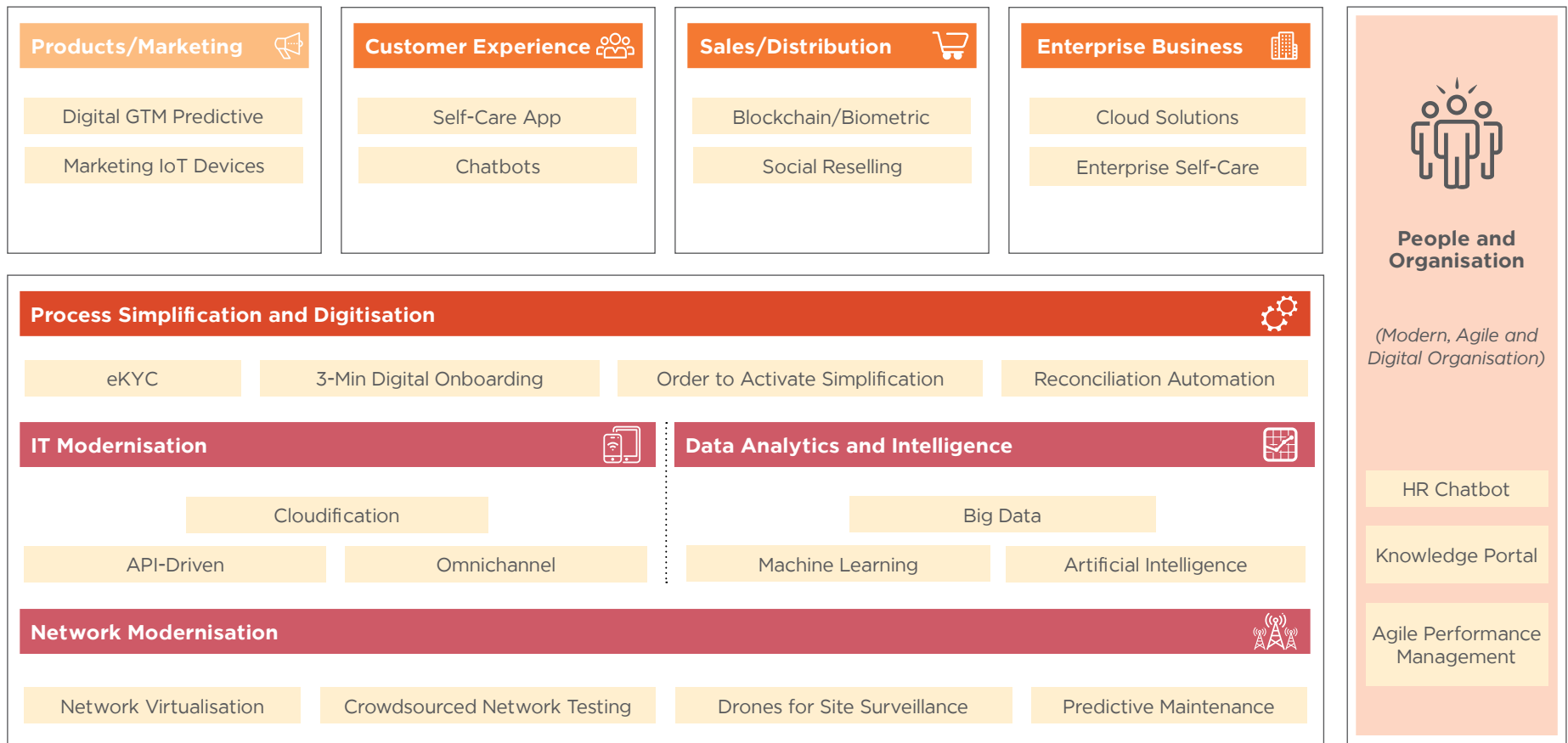
  
Best Practices  
Across the  
Value Chain

  
Customer  
Centricity

  
Digitising  
Processes

  
Strong  
Governance

■ Product & Services
 ■ External Interfaces
 ■ Internal Processes
 ■ Platforms & Network Infrastructure
 ■ Organisation
 ■ Examples



 More details on End-to-end Digitisation can be found in the “2018 Overview of Operating Companies’ Performance” section of our IAR

## Transforming into a Digital Telco



Best Practices  
Across the  
Value Chain



Customer  
Centricity



Digitising  
Processes



Strong  
Governance



Our Digital Telco ambition hinges on capturing new opportunities emerging from the rapid growth of data, digital services and digital technologies in order to offer our customers digital products and services in line with changing customer expectations and behaviours. The monetisation of data forms a crucial differentiator for Axiata in the marketplace, in our bid to grow our customer base.

Within our markets, we are expanding and enhancing our digital services portfolio to engage customers with seamless and connected experiences, that leverage on digital interactions. We are addressing customer needs by extending solutions beyond pure connectivity and providing a better experience through internal innovations.

### Digital Customer Onboarding Platform



- ▶ 1st in Sri Lanka
- ▶ Onboarding under 1 minute
- ▶ KYC completion reduced from 45 days to 3 hours
- ▶ Transparent, Simple, Fast & 100% Digital

### Crowdsourcing for Network Quality - NetZoom



- ▶ Continuous improvement of customer experience
- ▶ Identify common network issues
- ▶ Conduct nationwide benchmarking projects

### Chatbot "MAYA" (My XL Assistant)



- ▶ Launched in 2017 with 2020 target of 70% inquiries handled
- ▶ 14,611 monthly active users
- ▶ 184,448 total conversations
- ▶ 6x user conversation improvement in Cambodia

### Analytics and AI Engine



- ▶ Use of Spatial Analytics to better serve customers by optimising retail locations
- ▶ Text Mining for earlier detection of Power Outages to minimise impact to consumers

### Salesforce Automation



- ▶ 300,000 paperless transactions daily
- ▶ Over 300,000 outlets serviced daily
- ▶ 60,000 user interactions everyday

### Social Reseller App



- ▶ Reducing income disparity by empowering customers to earn an income
- ▶ To be launched in Nepal in the first quarter of 2019
- ▶ 30,000 active entrepreneurs in Bangladesh

### Site Surveillance using Drones



- ▶ 201,000 assets inspected
- ▶ 38,000 km of power infrastructure surveyed
- ▶ 50% reporting time improvement
- ▶ 35% reduction in inspection turnaround time
- ▶ Reduce employee risk of manual tower inspections

### IoT and Blockchain Use Cases



- ▶ Connected Weather Systems
- ▶ Connected Agriculture
- ▶ Smart Poultry Farming
- ▶ Blockchain based eKYC



More details on Transforming into a Digital Telco can be found in the "2018 Overview of Operating Companies' Performance" section of our IAR

# Enhancing Transparency and Accountability



Best Practices Across the Value Chain



Customer Centricity



Digitising Processes



Strong Governance

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

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

In 2018, our Privacy Governance was further enhanced with the establishment of the Group Privacy Council, comprising of the Senior

Leaders of Axiata Group, and the Group Chief Information Security and Privacy Officer. The Board has endorsed a three-year cyber security strategy - Digital Trust 2020 (DT2020). The DT2020 strategy is centred on improving the overall maturity of our cyber security capabilities with an emphasis on building internal competencies as well as collaborating with industry and government.\*

We are committed to the principles of transparency and accountability in our award winning governance practices, which have been acknowledged by independent external stakeholders. Our best practices and governance structure were recognised at the annual Malaysia-ASEAN Corporate Governance Index 2018 Awards, where Axiata was recognised among the Top 50 public listed companies in ASEAN.

## Compliance

Main LR of Bursa Securities & CA 2016

MCCG 2017

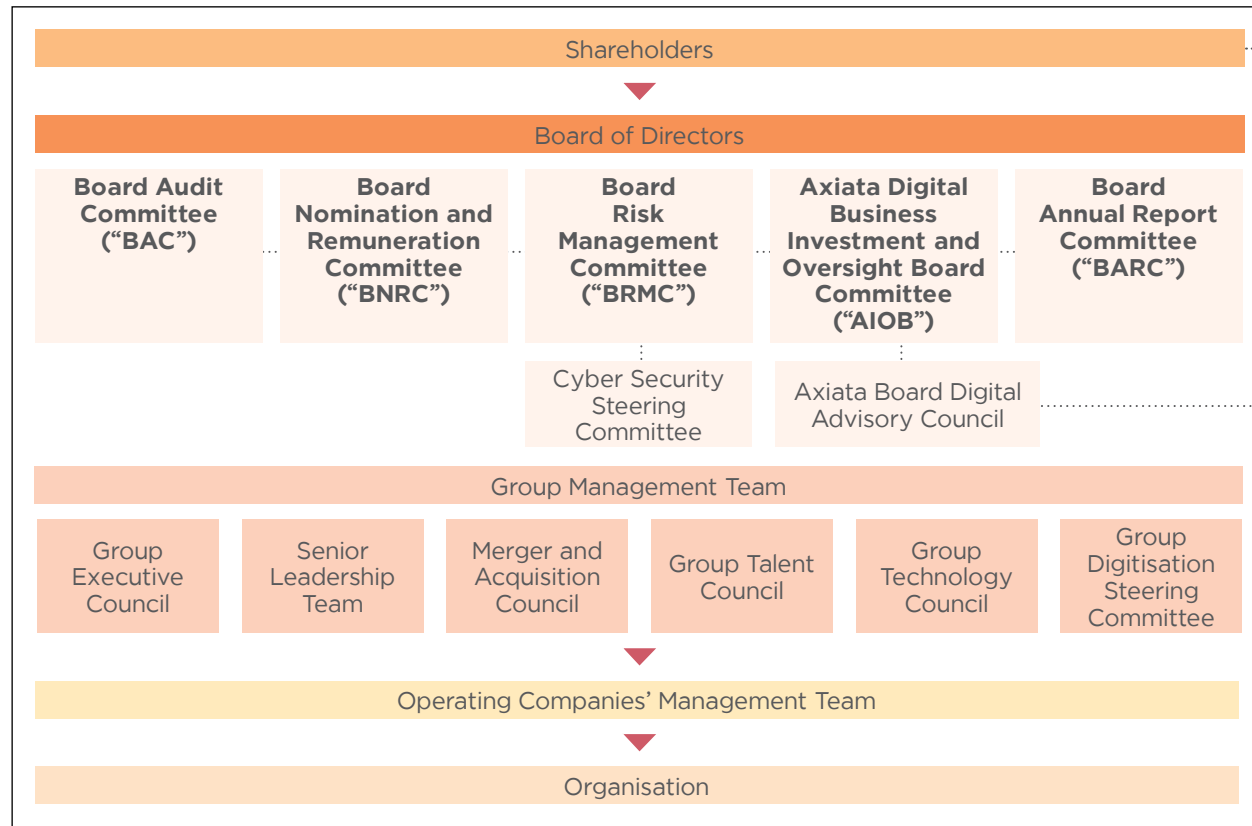
Axiata's Corporate Governance Framework

## Assurance

Audit of financial data and review of social and environmental data (internal & external)

Facilitation and organisational audit (internal)

Quality audit and inspections (internal & external)



More details on Enhancing Transparency and Accountability can be found in "Our Governance" section of our IAR

More details on Privacy and Cybersecurity can be found in the "Strengthening Data Privacy and Cyber Security in 2018" section of our GAFS



**Planet &  
Society**

# Minimising Environmental Impacts



## Environmental Management



Disaster Management & Response



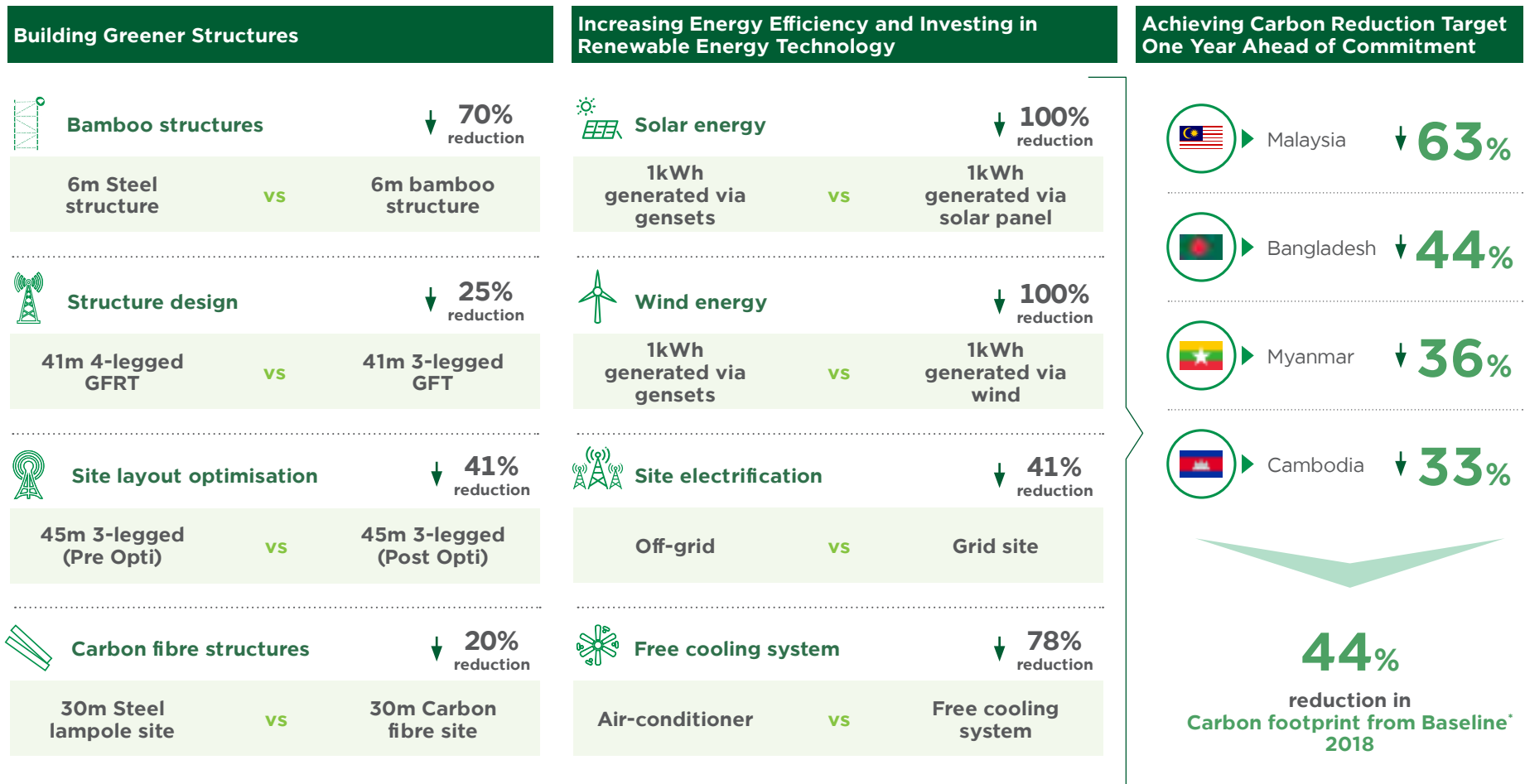
Corporate Responsibility



Businesses are increasingly seen to play a vital role in reducing carbon emissions to keep global temperatures from rising by 1.5°C. Operating in a region particularly vulnerable to the impacts of climate change can potentially affect the long-term sustainability of our business.

As our network expands to support business growth, we are committed to working with vendors and partners to reduce our footprint. Our carbon reduction strategy focuses on three aspects of our operations: building greener structures, investing in renewable energy technologies, and increasing energy efficiency to reduce, mitigate and adapt to climate change.

### Carbon Footprint Reduction Initiatives



Note: \* edotco Group had committed to reduce its carbon footprint by 40% by 2018 from a 2013 baseline

# Minimising Environmental Impacts

## Improving Network Efficiency



### Environmental Management



Disaster Management & Response



Corporate Responsibility

Energy used in powering our network accounts for over 98% of our total energy use. Energy efficiency is managed and monitored monthly by a member of senior management. Reduction targets are set by respective OpCos, and environmental performance is part of senior management's KPIs. We work

with our vendor partners to source energy efficient equipment as part of our procurement process, and explore renewable energy (RE) technology as a viable alternative.

### Energy Efficient Base Stations

**87%**

of edotco Group's sites are monitored remotely for energy performance and security from its ECHO monitoring centre

### Ongoing Improvement Works

- ▶ Integrating network equipment
  - ▶ Replacing old air-conditioners
  - ▶ Adjusting air-conditioning and heating systems
- Replaced generators with lithium ion batteries at 292 BTS sites in Nepal



### Investing in Renewable Energy Technology

Total of **1,112** RE sites across the Group in 2018

**36,280GJ**

RE accounted for **0.5%** of total energy consumed in Axiata Group

**23GJ**



edotco Myanmar launched a proof of concept (PoC) hybrid solar-wind turbine energy solution.

The PoC is equipped with a helical vertical axis wind turbine and solar panels which provide complete off-grid reliability.

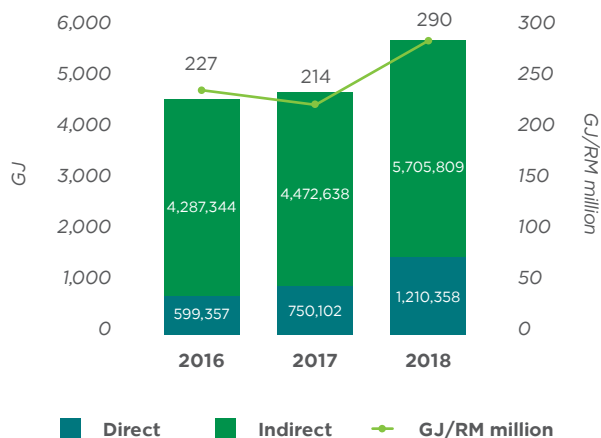
### Growth in total energy consumption and GHG emission due to

Growth in the number of sites

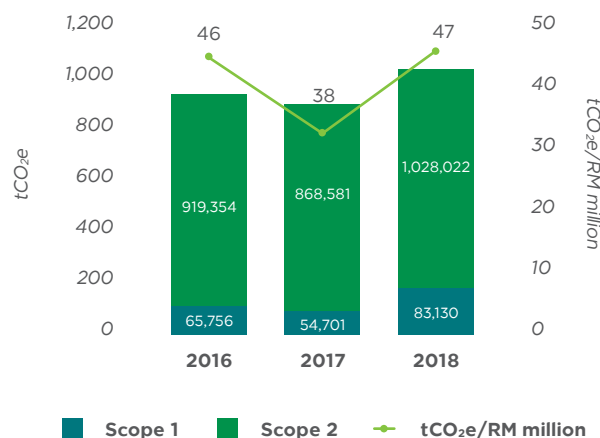
Entry into new markets



### Axiata Group Total Energy and Intensity



### Axiata Group Total GHG and Intensity



### Moving Forward



New targets to be developed aligned with industry standards that are currently being developed and to be launched at the end of 2019





# Supporting At-Risk Communities through Disaster Response Preparedness



Environmental Management

Mobile networks and connectivity are critical during times of natural disasters and other humanitarian emergencies. Access to communication and information for those affected by crisis have the potential to reduce the loss of life and positively contribute to humanitarian relief coordination.

Axiata Group is a signatory to The GSMA Humanitarian Connectivity Charter, which supports mobile network operators in improving disaster preparedness and resilience. Across the region, our OpCos are engaging with stakeholders to understand how they can play a crucial role in disaster preparedness and response in their national context.

## Responding to Triple Disasters in Indonesia

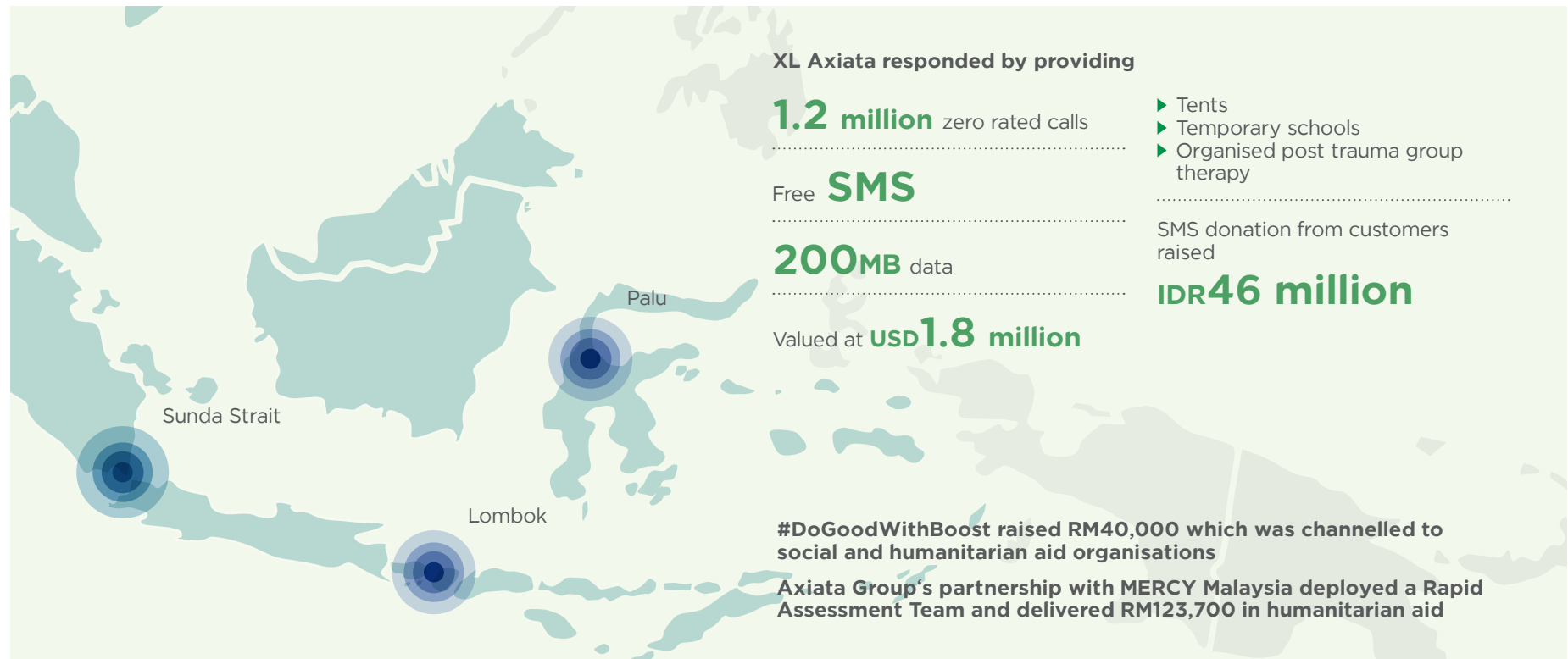


Disaster Management & Response

**XL axiata** In 2018, a series of earthquakes rocked Lombok and Palu, causing tremendous loss of lives and significant infrastructure damage. In the last week of December, massive landslides off an erupting volcano triggered a tsunami off the Sunda Straits that decimated the coastlines of Java and Sumatra.



Corporate Responsibility



# Supporting At-Risk Communities through Disaster Response Preparedness



Environmental  
Management



Disaster  
Management  
& Response



Corporate  
Responsibility

## Strengthening Partnerships on Early Warning Systems



Since 2016, Ncell and the Department of Hydrology and Meteorology (DHM) have partnered to broadcast early warning SMS alerts to 42 communities living downstream of major river basins identified as disaster prone, thereby preventing potential loss to life and property.

### In 2018, extended the MoU for another five years

Provide connectivity support to DHM to enable efficient transfer of data between hydrological/meteorological stations across the country and the central server

Provide 250 Ncell SIM cards worth NPR1.5 million in the first year of the MoU



Since 2015, Dialog's Early Warning Network (DEWN) mobile app, in collaboration with the Disaster Management Centre of Sri Lanka has achieved

Over 12,000 downloads

Sent over 500 weather, landslide and flood alerts

In 2018, Dialog signed an MoU with the World Food Programme to use cell tower-based heat maps to deploy rescue teams and resources more effectively



In October, Celcom signed a letter of co-operation to support Malaysia's National Disaster Management Agency (NADMA) in sending out early warning SMS in times of impending disasters.

Working with NADMA and the Malaysian Communications & Multimedia Commission along with other industry players to adopt a position to support an industry-wide SMS early warning response



Smart Weather, in partnership with Earth Networks

Uses data from 17 sensors installed on Smart's base stations across Cambodia to provide accurate severe weather forecast and intelligence

## Tackling Hepatitis E outbreak in Bangladesh



In June 2018, over 170 people were confirmed to be infected with the Hepatitis E virus, creating mass panic among the 800,000 residents of the area.

Partnered with the local health authorities to craft and transmitted 24.4 million SMS on Hepatitis E prevention and risk reduction

Supported a three-day Hepatitis E awareness and prevention campaign to promote healthy living and hygiene and encourage residents to be screened



# Partnering for Sustainable Development



Environmental Management



Disaster Management & Response



Corporate Responsibility

We are committed to be a responsible corporate citizen in all the markets where we operate, driving positive and sustainable change for our communities. We are committed to supporting the principle of the UN SDGs call for the achievement of holistic sustainable development for all and leaving no one behind.

We prioritise the local context and needs when we invest in the communities in which we operate, to ensure that we bring about positive and meaningful

## ▶ Connecting Communities to Basic Essentials



### Tower to Community

edotco Group's commitment to improving the lives of communities living near our towers

Connected **1,020** families to electricity since the launch of the pilot in Bangladesh in 2017

In 2018, partnered with Mandalay Yoma to connect **125** households to mini solar grids in Myanmar

### Solar Tuki Lamps

edotco Cambodia installed **283** tuki lamps in eight villages, two health centres and a community centre in five villages

### Safe Drinking Water

Robi's "Nirapod Pani, Shustho Jibon" supplies water at 10 national railway stations in partnership with WaterAid, Bangladesh

In July 2018, set up two new water drinking plants in Cumilla and Feni railway station

Supplying up to **5,000** litres daily of safe UV filtered drinking water

## ▶ Funding Scholarships



### Dialog's Merit Scholarship

Monthly bursaries to top-performing O-Level and A-level students from all 25 districts in Sri Lanka

### SmartEdu Scholarship

20 high school students selected annually  
Bursary of USD15,000 per scholar to cover university tuition and living allowances

10 scholarships are awarded to students studying ICT

### Ncell Scholarship and the Ncell Excellence Awards

Since 2014, Ncell provided 12 scholarships and four excellence awards to the top students at Pulchowk Campus, Institute of Engineering annually

change to our stakeholders and beneficiaries. We impact communities through consciously identifying and working with local partners on unique programmes that leverage our OpCos' individual strengths and assets in connectivity, infrastructure and digital services to meet the specific needs of local communities and citizens.

## ▶ Bridging Digital Divide of the Orang Asli Community



In collaboration with Universiti Kebangsaan Malaysia (UKM), Celcom is empowering the Orang Asli community in Tasik Chini

Improved <b>4G network</b> at Tasik Chini	Enabled <b>real time data collection</b> for water quality monitoring	Launched the <b>Sri Gumum Cyber Cube</b> and <b>Pribumi online platform</b> to sell indigenous products	To help provide <b>disaster alert messages</b> on floods
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## ▶ Creating a Better Society



### SmartSpark in partnership with Impact Hub Phnom Penh

Three months intensive entrepreneurship programme to test innovative ideas and social ventures that contribute to the

**17** UN SDGs

Expected to generate over **54** ideas from nine cohorts over three-years

**1**st cohort winner: SUDrain offers SMEs an economical and eco-friendly way to tackle water contamination using natural and local coconut fibre

### XL Axiata's Quota Donation Movement

In 2018, customers donated

**145,000** Gigabytes

**604** schools reached

**181,000** students impacted





# National Contribution Report

# Introduction



As one of the leading telecommunications groups in Asia with a presence in 11 countries and a customer base of approximately 150 million, Axiata Group Berhad 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 where it has a digital telecommunications presence.

Over the past five years, Axiata has published an annual National Contribution Report to continuously measure the economic impact and value creation in the markets and communities served. Our national contributions represent the long-term value we have created through our investments in the local telecommunications industry, network infrastructure, talent development, environmental conservation and in society.

## Report Scope and Information of the National Contribution Report 2018

This report consists of an economic impact assessment at six of Axiata's major operating companies. The report includes economic and financial analysis of Axiata's operating companies' contribution to the national economy, which includes an assessment of the following<sup>1</sup>:

- a. Economic contribution to the nation
- b. Investment and innovation for the long-term
- c. Contribution to public finance
- d. Talent development
- e. Labour productivity

## Highlights of the National Contribution Report 2018

- ▶ Contributed USD13.9 billion to the national GDPs of eight countries where Axiata has a digital telecommunication presence
- ▶ Collective direct operational and capital expenditures reached USD11.0 billion
- ▶ Every USD1 spent by the Group translated to between USD3.8 and USD11.3 contribution to GDP in six key operating markets
- ▶ Axiata companies support both directly and indirectly, 900,000 jobs across the region.

The National Contribution Report should be read in tandem with Axiata Group's Sustainability Report to understand the context in which we operate and our holistic value creation initiatives.

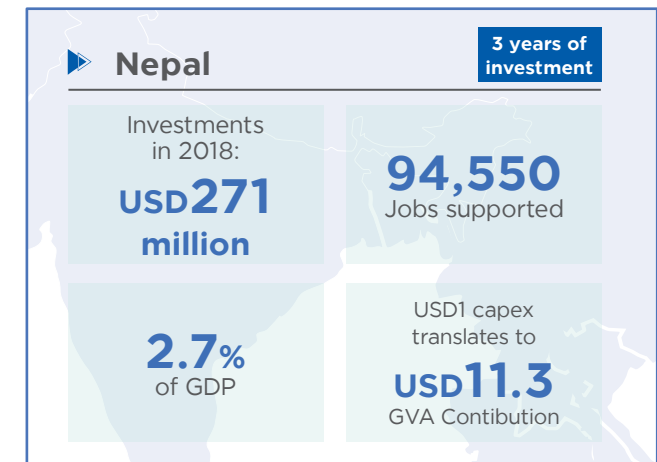
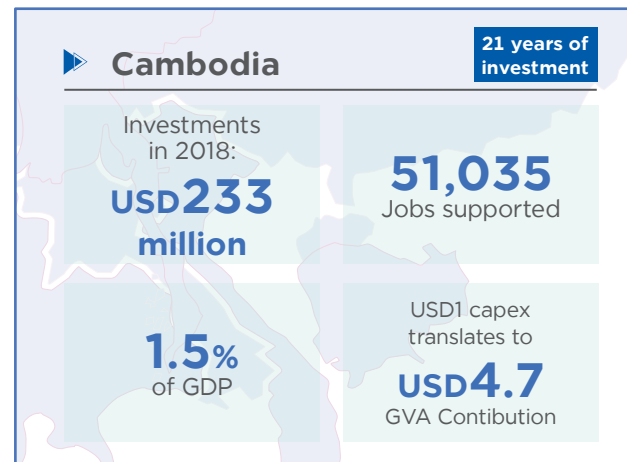
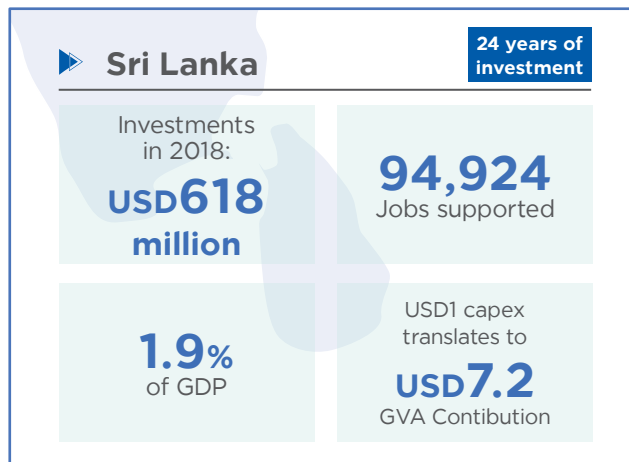
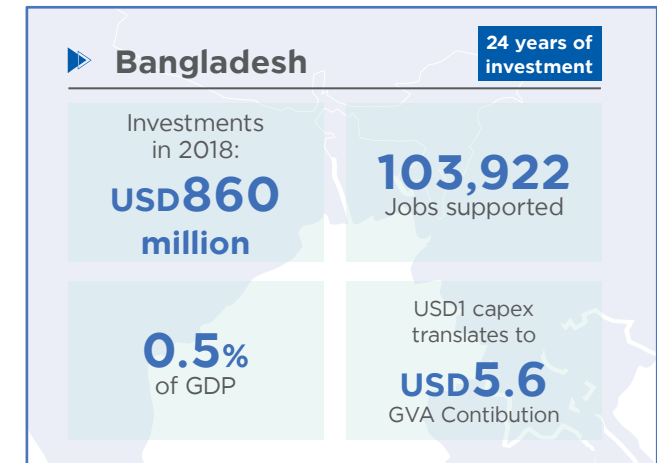
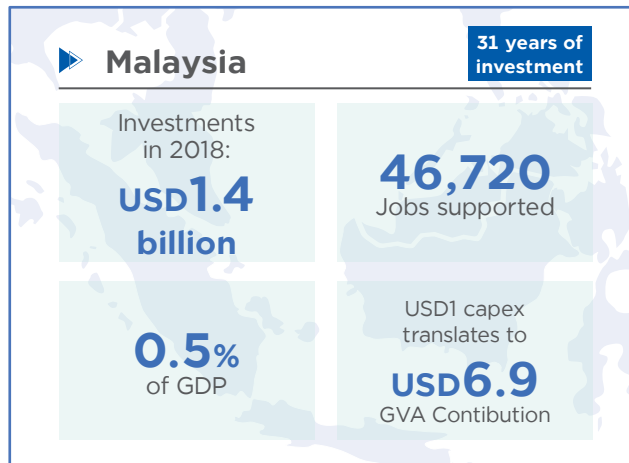


Note: <sup>1</sup> Total national contributions and jobs supported are for Celcom, XL, Smart, Dialog, Robi, Ncell, Idea and M1 within their respective markets of operation

<sup>2</sup> Taxes paid in six countries in which we have a digital telco presence

## Achievements Across the Group

Supporting **0.9 million** job opportunities across Asia\*



Note: Investment in the forms of capital expenditure and operating expenditure



Celcom is Malaysia's first private mobile operator, with over 9 million customers. Established in 1988, it boasts the widest national 2G, 3G and 4G LTE networks, covering over 98% of the population. Celcom is now moving towards integrated multi-access and multimedia services and Internet of Things solutions, in line with evolving

technologies and consumer behaviour in Malaysia. A culture that places the customer FIRST™ is reflected in our award-winning customer service, products, and other corporate accolades at a regional level.

### Opportunities in driving the Digital Economy

The Malaysian Government has been heavily involved in promoting the country's digital entrepreneurship ecosystem. Malaysia Digital Economy Corporation (MDEC) is the lead agency tasked with building the digital economy, supported by six ministries and 12 agencies.

Initiatives include the eUsahawan and eRezeki programmes which are dedicated to create opportunities for those in lower income groups, and facilitating the entry of SMEs into e-commerce by simplifying regulations, reducing barriers and providing support.<sup>1</sup>

Preparing the workforce with training programmes to equip them with the right skills is key to meeting the increasing demands of the ICT industry. It is expected there will be 185,443 additional jobs<sup>2</sup> in the digital economy by 2020.

Sources:

<sup>1</sup> Malaysia's Digital Economy: A New Driver of Development

<sup>2</sup> Digital Talent Report 2017, Malaysia Digital Economy Corporation

### National Contribution

#### Contribution to Gross Value Added

**USD1,797 million**  
(0.5% of the Nation's GDP)

Operational Direct GVA:  
**USD812 million**

Capital Investment GVA:  
**USD211 million**

Operational Indirect and Induced GVA:  
**USD774 million**

#### Direct Employees

Total  
**2,728 staff**

Female:  
**49%**

Malaysians:  
**99.3%**

#### Total Jobs Supported

Total  
**46,720 jobs**

Directly Employed:  
**2,728**

Supported by Capital Investment:  
**11,297**

Operational Indirectly Supported:  
**32,695**

#### Capital + Operating Expenditure

**USD1,448 million**

Capital Expenditure:  
**USD262 million**

Operating Expenditure:  
**USD1,186 million**

Every **USD1** spent on Capex translated to **USD6.9** GVA Contribution

#### Contribution to Public Finance

**USD215 million**  
(0.4% of total tax revenue of the Malaysian federal government)



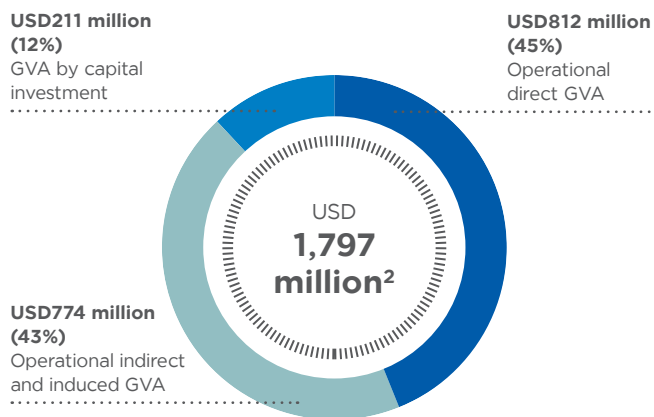
# Malaysia

## Celcom's total economic contribution to the Malaysian economy

Celcom's substantial operations and investments in Malaysia contributed USD1.8 billion to Malaysia's GDP in 2018. With a total operating expenditure of USD1,186 million and capital investment of USD262 million, Celcom's total Gross Value Added (GVA) contribution to Malaysia's economy was estimated at USD1,797 million in 2018, accounting for 0.5% of national GDP.

Celcom's operations directly contributed USD812 million in 2018, accounting for 45% of total GVA contribution. It also indirectly contributed USD774 million to economic activity in Malaysia through the inputs it purchased from local suppliers. This indicates that for every USD1 Celcom directly added to Malaysia's economy, it generated just under another USD1 indirectly through purchasing goods and services from Malaysian suppliers, higher than the general industry average of USD0.8.<sup>1</sup> A further USD211 million GVA was generated by Celcom's capital investment in 2018. (Figure 1)

**Figure 1: GVA contribution to the Malaysia economy 2018**



Note: <sup>1</sup> Based on simple average of general industry  
<sup>2</sup> Totals may not add up due to rounding  
 Source: OECD 2011

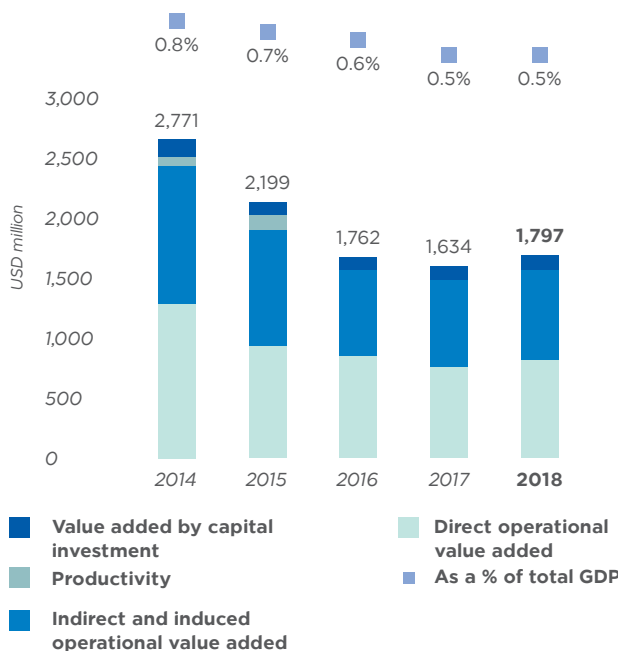
## Celcom's total economic contribution over the last five years

Celcom's total GVA contribution fell from USD2,771 million in 2014 to USD1,797 million in 2018 with a decreasing share of the country's GDP from 0.8% to 0.5%. This was mainly due to a decline in Celcom's operating profits and mobile penetration rate in Malaysia. (Figure 2)

Over the last five years, total operating profits contracted by 37.6% and the mobile penetration rate decreased by 12 percentage points. Meanwhile, the market share of Celcom's penetration dropped from 31% to 23%.

However, total GVA contribution increased by 10.0% in 2018 mainly due to a 17.5% increase in Celcom's operating profits.

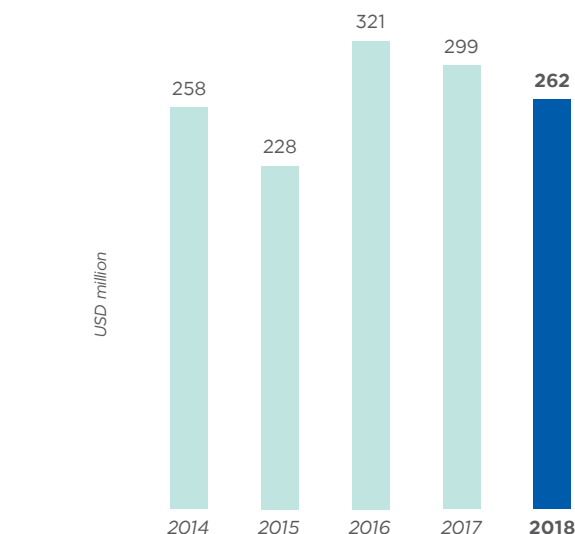
**Figure 2: GVA contribution to the Malaysia economy 2014-2018**



## Investing and innovating for the long-term

Total accumulated capital investment by Celcom over the last five years reached USD1,369 million. In 2018, Celcom continued to make significant investments with increasing revenue and operating profits. This continuous investment supports Celcom's long-term development, and ongoing significant contribution to the Malaysian economy. (Figure 3)

**Figure 3: Total capital investment 2014-2018**



Source: Axiata





# Malaysia

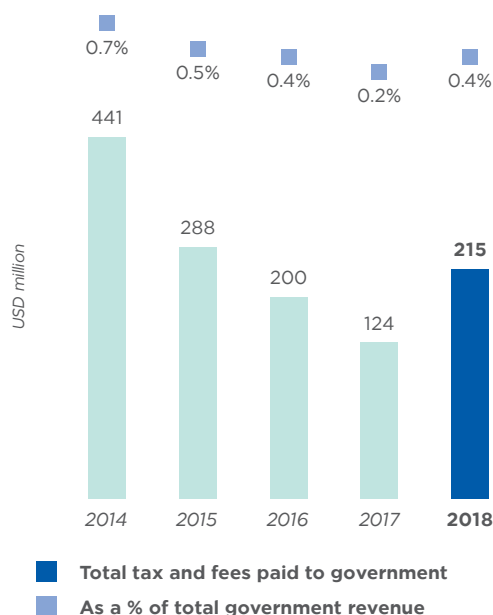


## Contributions to public finance

Total accumulated tax contributions to public finance over the last five years reached USD1,267 million. Annual tax contributions have fallen since 2014 due to lower operating profits, but rebounded in 2018. This is mainly due to a 17.5% increase in Celcom's operating profits in 2018.

In 2018, Celcom contributed USD215 million in tax, accounting for 0.4% of total tax revenue of the Malaysian federal government. (Figure 4)

**Figure 4: Total tax contributions to public finance 2014-2018**



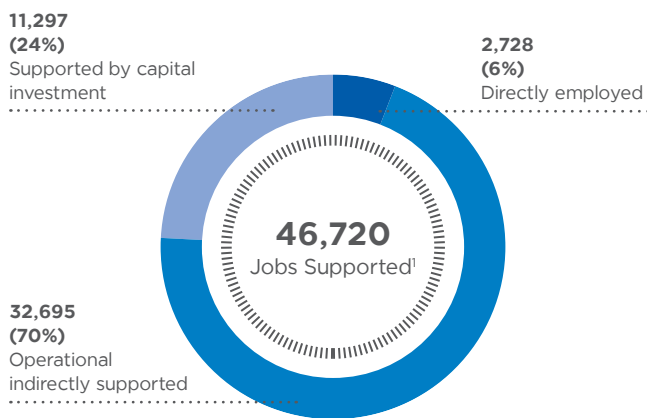
Source: Axiata

## Total employment impact

Celcom directly provided 2,728 jobs in 2018. The company was predominantly run by Malaysian citizens who comprised 99.3% of total employees. Around 49% of Celcom employees were women, higher than the national level recorded at 39%. Celcom also engaged 27 new graduates through its HIPA DRIVE and Young Professionals Chapter to develop future talents in digital and data science.

Celcom's operations indirectly supported an additional 32,700 jobs in Malaysia through its suppliers, and a further 11,300 jobs were supported by Celcom's capital investments in 2018. The total number of employees supported slightly decreased from 47,960 in 2017 to 46,720 in 2018. (Figure 5)

**Figure 5: Total employment impact 2018**



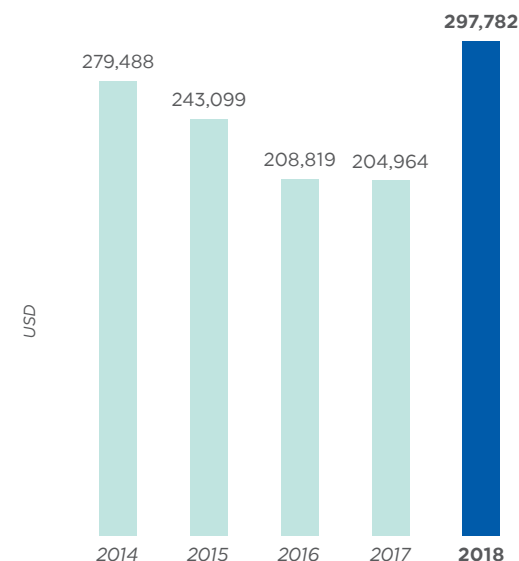
Note: <sup>1</sup> Totals may not add up due to rounding

## Celcom's labour productivity

Celcom's productivity, measured as Gross Value Added (GVA) per employee, reached USD297,782 in 2018, representing a CAGR of 1.6% from USD279,488 in 2014. (Figure 6)

Celcom's productivity increased significantly by 45.3% in 2018. This is mainly due to a 17.5% increase in its operating profits and a 21.6% drop in employment in 2018. The significant increase of productivity likely resulted from Celcom's digital transformation strategy, strong levels of digital diffusion and upskilling of the workforce.

**Figure 6: Celcom's labour productivity 2014-2018**





# Indonesia



XL Axiata is the second largest telecommunications company in Indonesia by market capitalisation. XL Axiata offers an array of innovative telecommunications products and services ranging from voice, SMS, VAS to mobile data covering more than 90% of population throughout Indonesia. With over 20 years' experience,

XL Axiata is credited with bringing cellular services that allow middle and lower-income groups access to cellular services. XL Axiata continues to innovate and transform itself into a leading mobile data provider to serve the burgeoning demand for data amongst Indonesians.

**Indonesia's digital economy is poised to become the largest in Southeast Asia by 2025 fuelled by a strong startup scene, growing accessibility of internet and e-Commerce**

Indonesia's e-Commerce market is expected to grow to USD130 billion in 2020, registering an annual growth of 50%<sup>1</sup> supported by the rapid increase of smartphone and internet penetration as well as online behavior of Indonesians – almost 75% of Indonesia's online shoppers use mobile devices.<sup>2</sup>

Fintech revenues in Indonesia are set to increase from USD237.7 million in 2017 to USD1.25 billion in 2022, at a CAGR of 40%.<sup>3</sup> Fintech not only enables the digital economy, but also promotes financial inclusion. The increasing financial gap has led to the growth of finance companies offering peer-to-peer lending that enables small businesses to get access to financial capital. Exponential growth in e-Commerce has also increased the need for financial technology and payment gateways.

Sources:

<sup>1</sup> Ministry of Communication and Information Technology

<sup>2</sup> McKinsey

<sup>3</sup> Frost & Sullivan 2018

## National Contribution

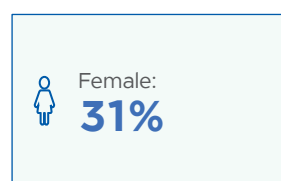
### Contribution to Gross Value Added

**USD1,824 million**  
(0.2% of the Nation's GDP)



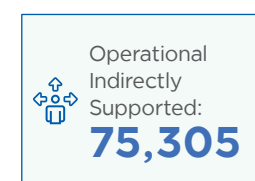
### Direct Employees

**Total 1,677 staff**



### Total Jobs Supported

**Total 203,675 jobs**



### Capital + Operating Expenditure

**USD 1,492 million**



Every **USD1**  
spent on Capex

translated  
to

**USD3.8**  
GVA Contribution

### Contribution to Public Finance

**USD214 million**  
(0.2% of total tax revenue of the Indonesian government)



# Indonesia



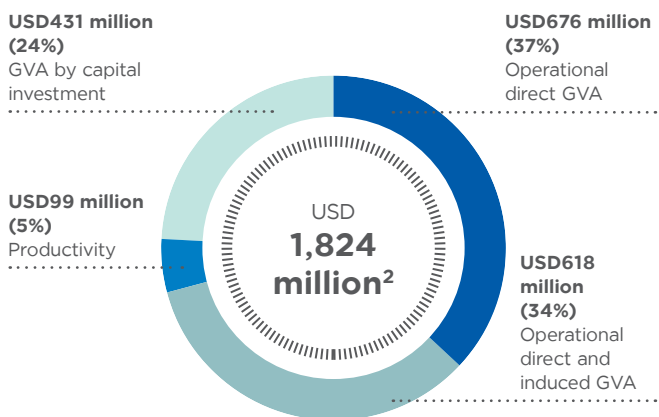
## XL's total economic contribution to the Indonesian economy

Led by XL's total operating expenditure of USD1,015 million and capital investment of USD478 million, the company's total Gross Value Added (GVA) contribution to Indonesia's economy was USD1,824 million, accounting for 0.2% of national GDP.

XL's operations directly contributed USD676 million, accounting for 37% of total GVA contribution. Another USD618 million was indirectly generated through the expenditures by XL's suppliers. For every USD1 XL contributed directly to Indonesia's economy, another USD0.9 was generated indirectly through local suppliers, higher than the general industry average of USD0.6.<sup>1</sup>

A further USD431 million was contributed by XL's capital investment with a share of 24% of total GVA contribution. GVA contribution from productivity improvement was estimated at USD99 million, accounting for 5% of total GVA contribution. (Figure 1)

**Figure 1: GVA contribution to the Indonesian economy 2018**



Notes: <sup>1</sup> Based on simple average of general industry

<sup>2</sup> Totals may not add up due to rounding

Source: Statistics Indonesia 2010

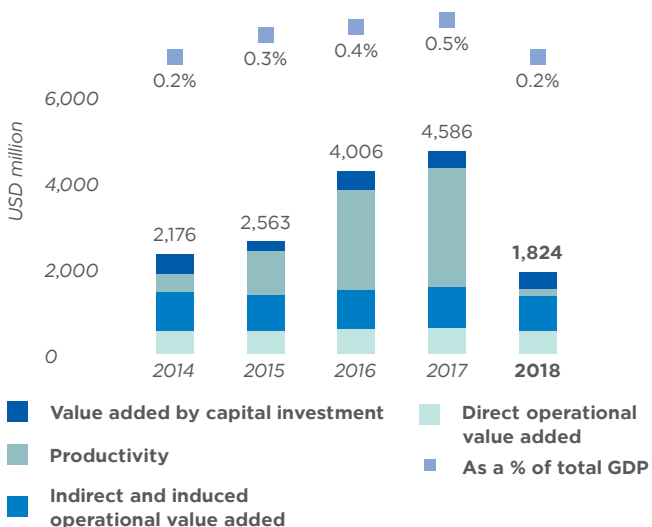
## XL's total economic contribution over the last five years

XL's total GVA contribution increased from USD2,176 million in 2014 to USD4,586 million in 2017. However, the contribution decreased to USD1,824 million in 2018, mainly due to a drop in the national mobile subscriptions as a result of the new national SIM card registration decree. The total number of mobile subscribers decreased by 20.6% from 438 million to 348 million over 2017-2018.

The productivity increase from fixed broadband penetration was included in 2018's contribution. For every 10% increase in fixed broadband penetration, there is a 0.5% increase in GDP contribution.<sup>1</sup> In 2018, fixed broadband subscriptions grew by 15.2% with a GVA contribution of USD99 million.

However, XL's operational profit has also slightly contracted from USD738 million in 2014 to USD603 million in 2018. (Figure 2)

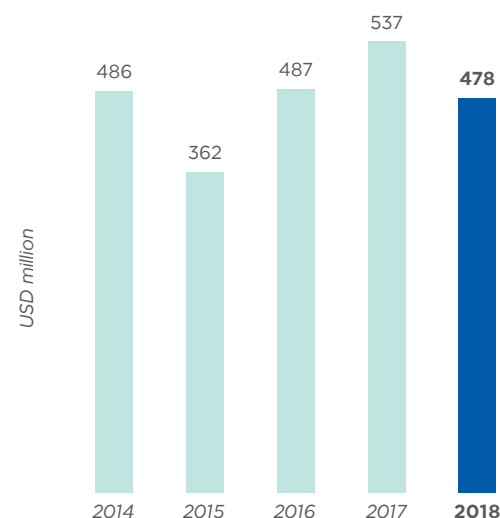
**Figure 2: GVA contribution to the Indonesian economy 2014-2018**



## Investing and innovating for the long-term

Total accumulated capital investment by XL over the last five years reached USD2,349 million. In 2018, capital investment dropped by 11.1% from USD537 million to USD478 million. Over 2014 to 2018, capital investment contracted slightly from USD486 million to USD478 million. (Figure 3)

**Figure 3: Total capital investment 2014-2018**



Source: Axiata



# Indonesia

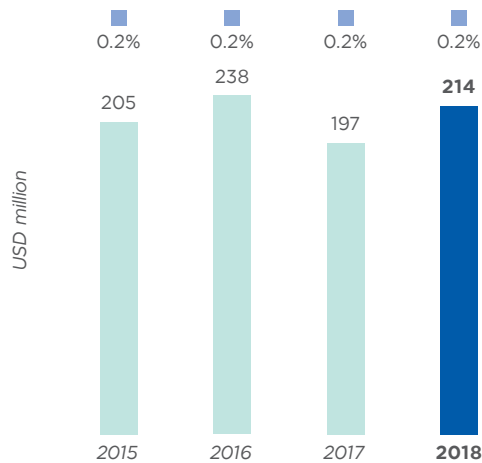


## Contributions to public finance

Total accumulated tax contributions to public finance over the last four years<sup>1</sup> reached USD855 million.

Annual tax contribution was quite stable over the last four years. In 2018, it contributed USD214 million, accounting for 0.2% of total tax revenues of the government of Indonesia. (Figure 4)

**Figure 4: Total tax contribution to public finance 2015-2018**



**Total tax and fees paid to government**  
**As a % of total government revenue**

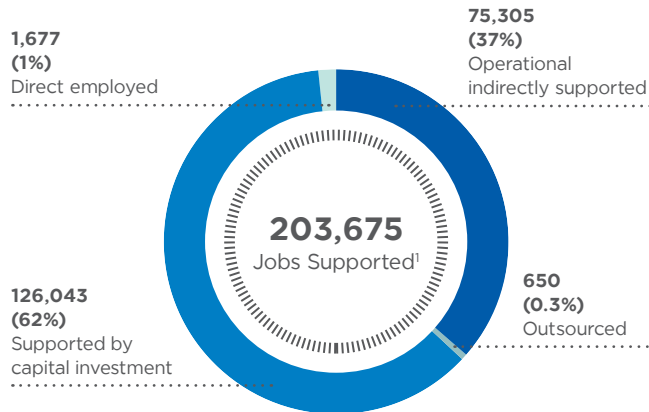
Notes: <sup>1</sup> Only 2015-2018 total tax paid was provided by XL  
 Source: Axiata

## Total employment impact

XL directly provided 1,677 jobs in 2018. 98% of total employees were Indonesian and around 31% of XL employees were women. XL also engaged 23 new graduates, apprentices and interns to provide young people with the specialist skills required to operate in the digital economy.

A further 650 jobs were outsourced by XL and 75,305 jobs were supported indirectly by its operations. XL's capital investment supported over 126,043 jobs. (Figure 5)

**Figure 5: Total employment impact 2018**

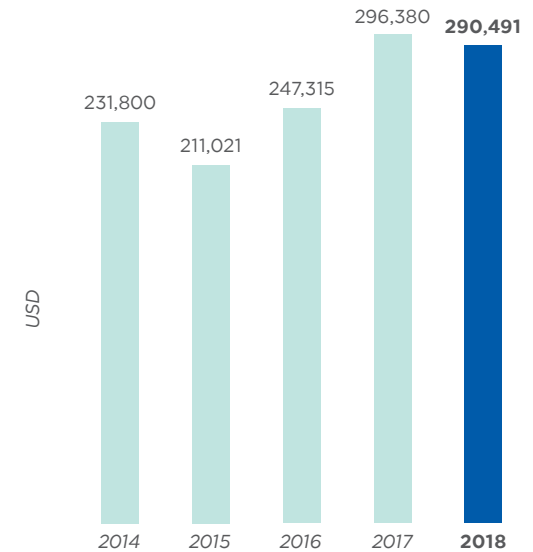


Note: <sup>1</sup> Totals may not add up due to rounding

## XL's labour productivity

XL's productivity, measured as Gross Value Added (GVA) per employee, reached USD290,491 in 2018. It grew by a CAGR of 5.8% from USD231,800 in 2014. Shrinking employment with relatively stable operating profits supported the growth in productivity. (Figure 6)

**Figure 6: XL's labour productivity 2014-2018**





Dialog Axiata PLC operates Sri Lanka's largest and fastest growing mobile telecommunications network serving over 13.8 million subscribers. Dialog is one of the largest companies by market capitalisation listed on the Colombo Stock Exchange, and represents Sri Lanka's largest Foreign Direct Investment. Dialog has been at the

forefront of innovation in the Sri Lankan mobile industry since the late 1990s, delivering advanced mobile telephony and high speed mobile broadband services, Fixed Telecommunications, and Digital Pay Television through its fully-owned subsidiaries.

### Building a hub for ICT Sector with high mobile and internet adoption

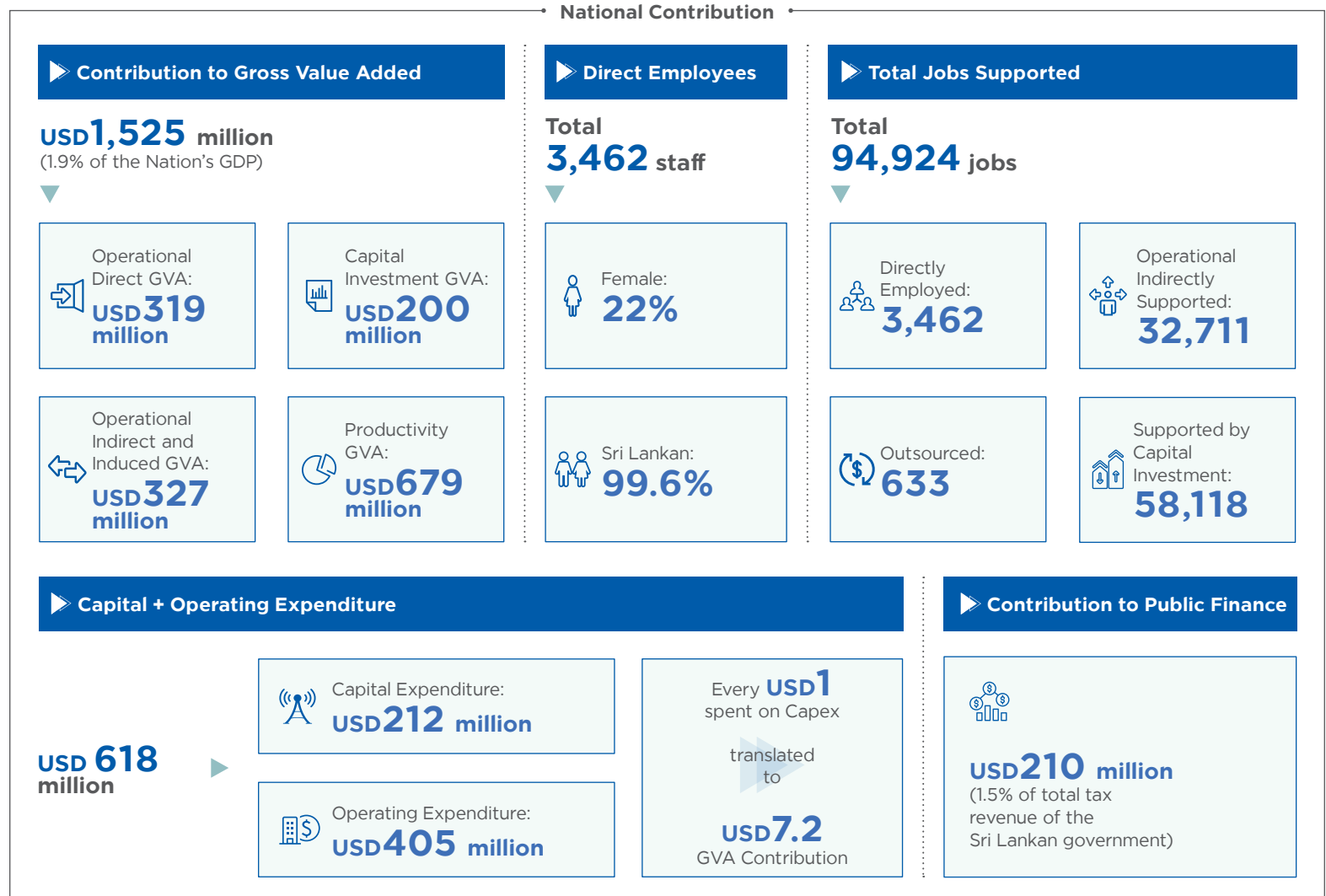
Sri Lanka has the highest mobile penetration rate in South Asia and is the first in South Asia to pilot 5G technology.

The Sri Lankan ICT sector has grown by 34 percent over the past five years making it one of the highest growth areas in the economy and the fourth largest export earner for the country.

Leveraging on a highly talented ICT skill pool, high internet access and improved connectivity, Sri Lanka has emerged as a preferred hub for the ICT sector.

In its Vision 2022 statement, Sri Lanka has set itself targets to expand its digital economy. This includes an export revenue target of USD5 billion, create a skilled workforce of 200,000, and launch 1,000 startups in the ICT sector.<sup>1</sup>

Source:  
<sup>1</sup> Sri Lanka Export Development Board





# Sri Lanka

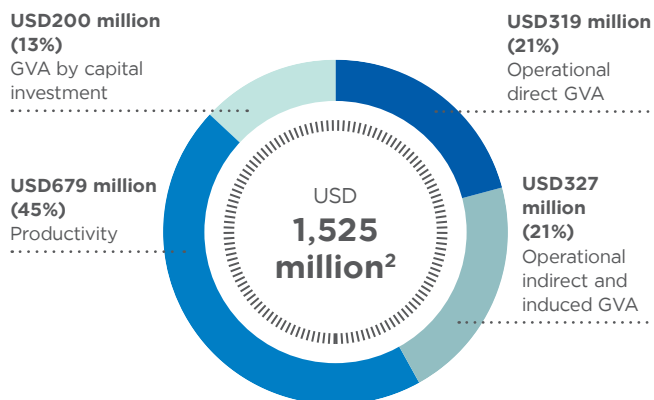
## Dialog's total economic contribution to the Sri Lanka economy

Dialog's substantial operational activities and capital investment contributed significantly to the Sri Lanka economy in 2018. Led by Dialog's total operating expenditure of USD405 million and capital investment of USD212 million, Dialog's total Gross Value Added (GVA) contribution to Sri Lanka's economy was USD1,525 million in 2018, accounting for 1.9% of national GDP.

Dialog's operations directly contributed USD319 million, representing a share of 21% of total GVA contribution. Another USD327 million was indirectly generated through the expenditures by Dialog's suppliers, accounting for 21% of total GVA. For every USD1 Dialog contributed directly to the economy, another USD1 was generated indirectly through local suppliers, higher than a general industry average of USD0.4.<sup>1</sup>

Productivity improvements contributed USD679 million, accounting for 45% of total GVA contribution. Dialog's capital investment contributed a further USD200 million with a share of 13% of total GVA contribution in 2018. (Figure 1)

**Figure 1: GVA contribution to the Sri Lankan economy 2018**



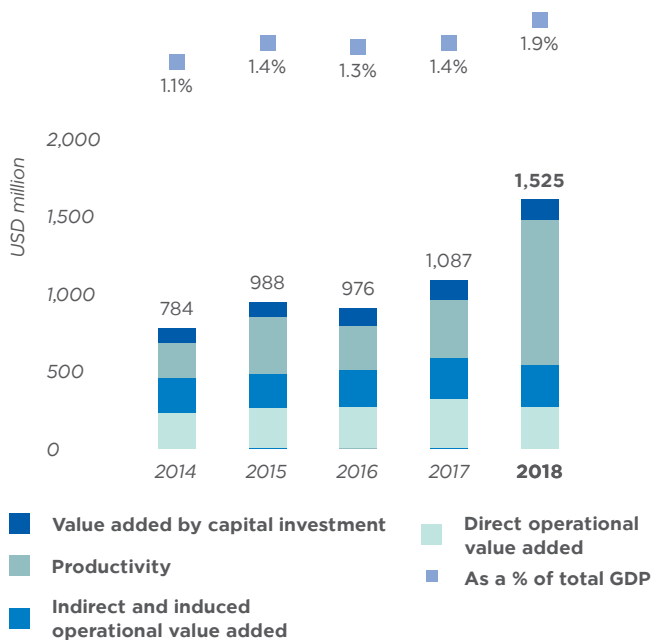
Note: <sup>1</sup> Based on simple average of general industry  
<sup>2</sup> Totals may not add up due to rounding  
 Source: ADB 2006

## Dialog's total economic contribution over the last five years

Dialog's total GVA contribution grew at a CAGR of 18.1% from USD784 million to USD1,525 million over the last five years. The contribution accounted for 1.9% of the nation's GDP in 2018, increasing from 1.1% in 2014. This is mainly driven by expanded mobile subscription and increased operating profits. (Figure 2)

Total operational profits increased by 13.8% annually from USD160 million in 2014 to USD268 million in 2018. Sri Lanka's mobile subscription base expanded by 44.9% from 22 million to 32 million over 2014-2018, boosting the national mobile penetration rate from 106% to 148% during the period. Dialog's mobile subscription base also expanded at a similar rate of 44.4% from 10 million to 14 million over the same period.

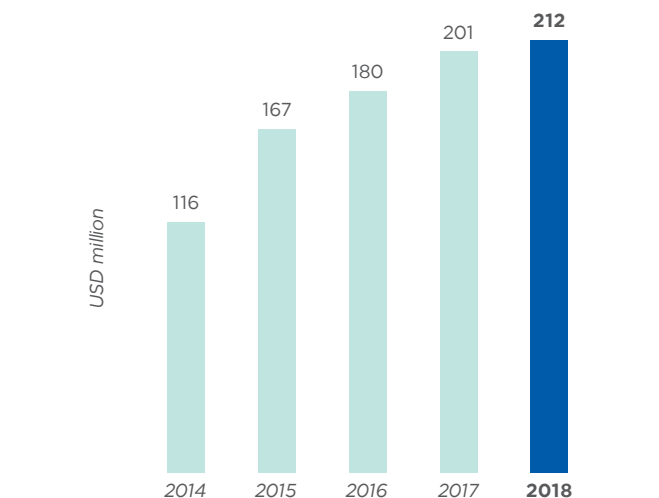
**Figure 2: GVA contribution to the Sri Lankan economy 2014-2018**



## Investing and innovating for the long-term

Dialog's total accumulated capital investment reached USD878 million over 2014-2018. In 2018, Capital investment grew by 5.7% and reached USD212 million. Solid growth of capital investment supports Dialog's long-term development and contributes to the growth of the Sri Lanka economy. (Figure 3)

**Figure 3: Total capital investment 2014-2018**



Source: Axiata

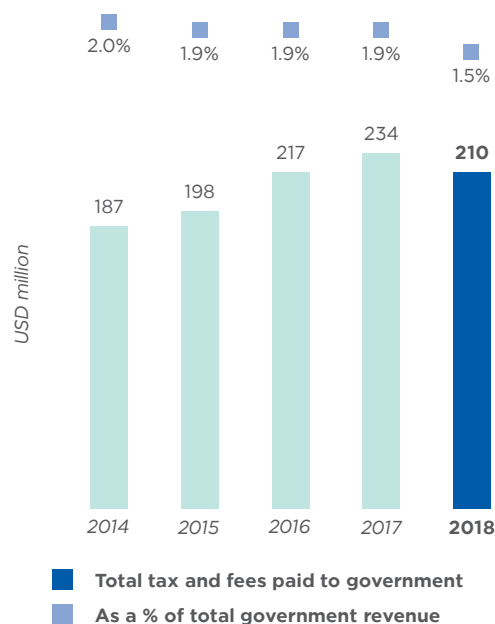


## Contributions to public finance

From 2014 to 2018, Dialog contributed a total of USD1,047 million taxes and fees to public finance. Annual tax contributions grew at a CAGR of 2.9% from USD187 million in 2014 to USD210 million in 2018.

In 2018, Dialog contributed USD210 million in tax, accounting for 1.5% of Sri Lankan government's total tax revenue. (Figure 4)

**Figure 4: Total tax contribution to public finance 2014-2018**



Source: Axiata

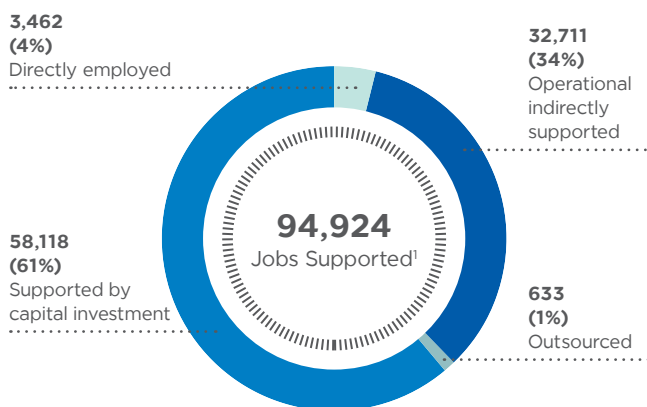
## Total employment impact

Dialog's directly employed 3,462 people in 2018. 22% of the total employees were female. Dialog was dominated by Sri Lankans as 99.6% of total employees were locals. Dialog also engaged 183 interns in 2018.

A further 633 jobs were outsourced by Dialog and approximately 32,700 jobs were supported indirectly by its operations.

Dialog's capital investment supported 58,000 jobs. (Figure 5)

**Figure 5: Total employment impact 2018**



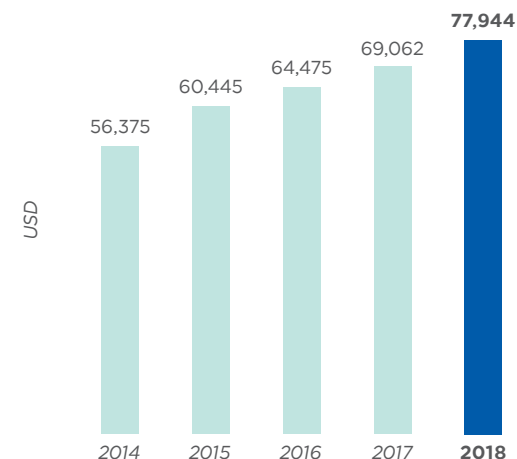
Note: <sup>1</sup> Totals may not add up due to rounding

## Dialog's labour productivity

Dialog's productivity, measured as Gross Value Added (GVA) per employee, grew by 38.3% from USD56,375 in 2014 to USD77,944 in 2018.

Annual growth rate of Dialog's productivity was estimated at around 8.3% over the last five years. Expanding operational profits contributed to the growth of productivity. (Figure 6)

**Figure 6: Dialog's labour productivity 2014-2018**



# Bangladesh



Robi is the second largest mobile network operator, serving more than 46 million subscribers. Robi has been the leader in Bangladesh in rolling out innovative and new solutions. It was the first operator to introduce GPRS, 3.5G services and the first to launch 4.5G service in all the 64 districts of the country. By the end of 2018, Robi

created the largest 4.5G network of the country with nearly 7,400 sites covering 66% of the country. It is the only mobile operator to have successfully conducted the trial run of 5G and Voice over LTE technology on its 4.5G network.

## Towards developing a digital economy

The government of Bangladesh has demonstrated strong commitment to supporting progress towards the digital economy. This includes the launch of the Digital Bangladesh 2021 vision with aims to:<sup>1</sup>

- Develop human resources ready for the 21<sup>st</sup> century
- Connect citizens through ICT
- Introduce digital government for pro-poor service delivery
- Improve productivity of the private sector through use of digital technology

It is expected that the digital economy will generate USD17 billion and provide employment to 850,000 by 2020 through mobile internet expansion and growth in content and services.<sup>2</sup> Efforts to improve digital education continue, such as bringing ICT into schools to deliver hands on training in digital literacy.

Sources:

<sup>1</sup> Bangladesh: Driving mobile-enabled digital transformation by GSMA

<sup>2</sup> Bangladesh: Mobile industry driving growth and enabling digital inclusion by GSMA

## National Contribution

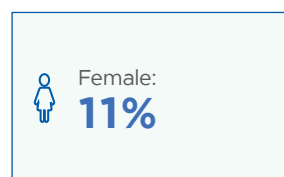
### Contribution to Gross Value Added

**USD1,406 million**  
(0.5% of the Nation's GDP)



### Direct Employees

**Total 1,567 staff**



### Total Jobs Supported

**Total 103,922 jobs**



### Capital + Operating Expenditure

**USD 860 million**



Every **USD1** spent on Capex

translated to

**USD5.6**  
GVA Contribution

### Contribution to Public Finance

**USD367 million**  
(1.0% of total tax revenue of the government of Bangladesh)



# Bangladesh

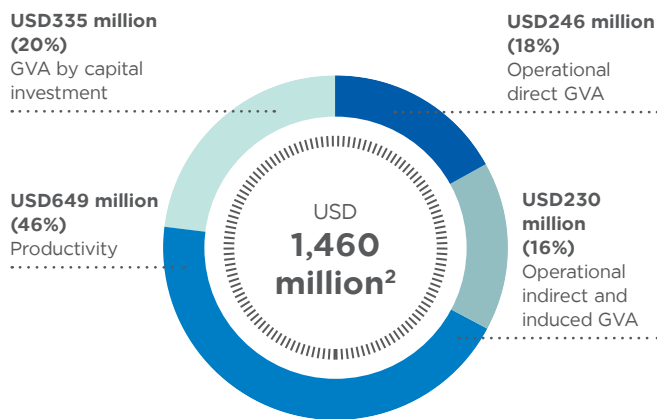
## Robi's total economic contribution to the Bangladesh economy

Robi's substantial operations and investments in Bangladesh contributed significantly to the country's economic growth. With a total operating expenditure of USD611 million and capital investment of USD249 million, Robi contributed USD1,406 million to the economy of Bangladesh, accounting for 0.5% of national GDP.

Robi's operations directly contributed USD246 million in 2018, accounting for 18% of total GVA contribution. Another USD230 million was indirectly generated through the expenditures by Robi's suppliers. For every USD1 Robi directly added to the Bangladesh economy, it generated just under another USD1 indirectly from local suppliers, higher than an average of USD0.4 for the general industry.<sup>1</sup>

Productivity improvements contributed USD649 million, accounting for 46% of total GVA contribution. Robi's capital investment contributed a further USD282 million, representing a share of 20% of the total GVA in 2018. (Figure 1)

**Figure 1: GVA contribution to the Bangladesh economy 2018**



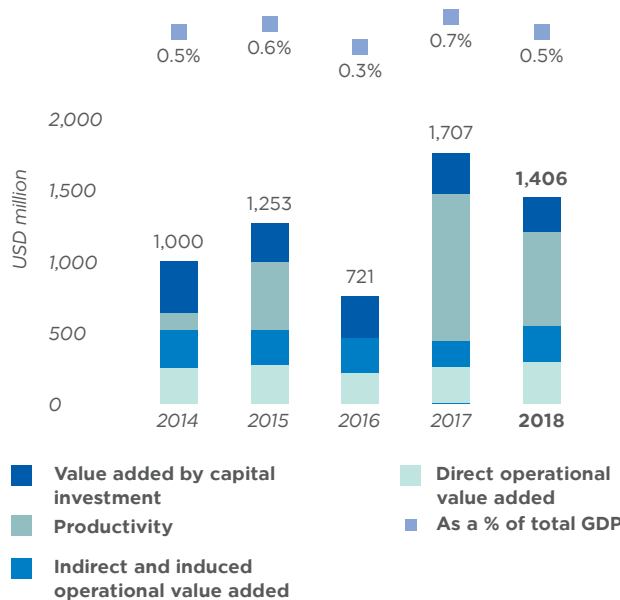
Note: <sup>1</sup> Based on simple average of general industry  
<sup>2</sup> Totals may not add up due to rounding  
 Source: ADB 2006

## Robi's total economic contribution over the last five years

Robi's total GVA contribution grew at a CAGR of 8.9% from USD1,000 million in 2014 to USD1,406 million in 2018, representing 0.5% of the national GDP in 2018. Total GVA dropped in 2016 to USD721 million, mainly due to the fluctuation of the mobile penetration rate in Bangladesh. (Figure 2)

Over 2017-2018, Robi's total GVA declined by 18% from USD 1,707 million to USD 1,406 million. This is mainly due to a lower growth of the mobile penetration rate over 2017-2018 compared to the period of 2016-2017.

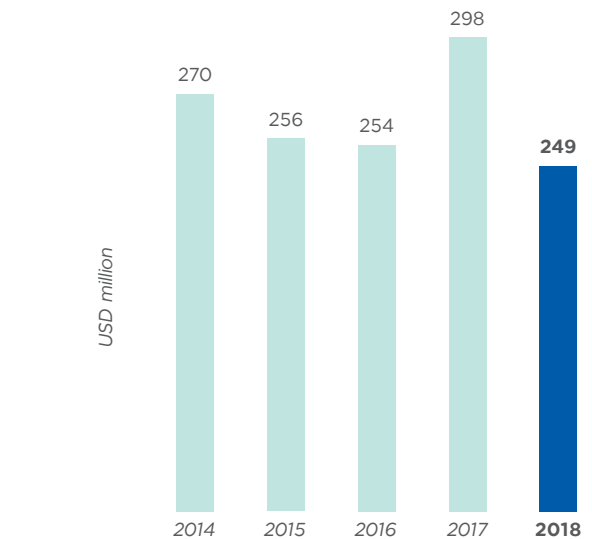
**Figure 2: GVA contribution to the Bangladesh economy 2014-2018**



## Investing and innovating for the long-term

The total accumulated capital investment by Robi over the last five years reached USD1,327 million. In 2018, Robi invested another USD249 million mainly for network expansion. Capital investment plays an important role in facilitating long-term sustainable development of Robi's business and contributing to the growth of the Bangladesh economy. (Figure 3)

**Figure 3: Total capital investment 2014-2018**



Source: Axiata

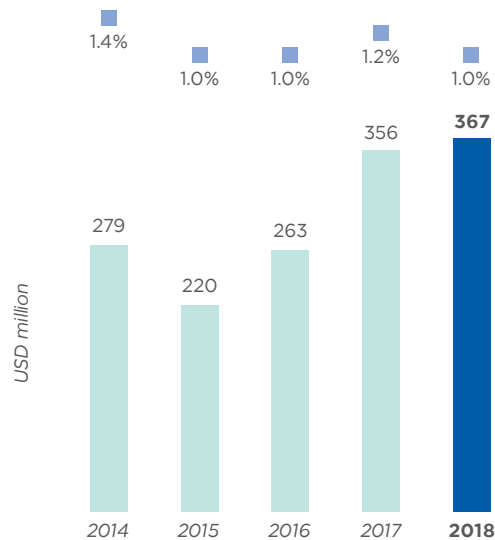
# Bangladesh

## Contributions to public finance

Total accumulated tax contributions to public finance over the last five years reached USD1,484 million.

Annual tax contributions in 2018 were USD367 million, accounting for 1.0% of the total tax revenue of the government of Bangladesh. (Figure 4)

**Figure 4: Total tax contribution to public finance 2014-2018**



- Total tax and fees paid to government
- As a % of total government revenue

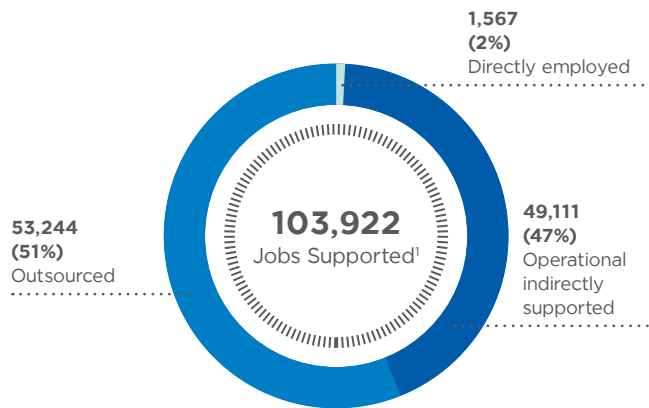
Note: Totals may not add up due to rounding  
Source: Axiata

## Total employment impact

Robi's direct operations generated 1,567 jobs in 2018. 11% of total employees were female. All of Robi's employees are Bangladeshi citizens. Robi also engaged around 61 interns to provide young people with the specialist skills required to operate in the digital economy.

Robi's operations also indirectly supported 49,100 jobs. A further 53,200 jobs were supported by its capital investment. (Figure 5)

**Figure 5: Total employment impact 2018**



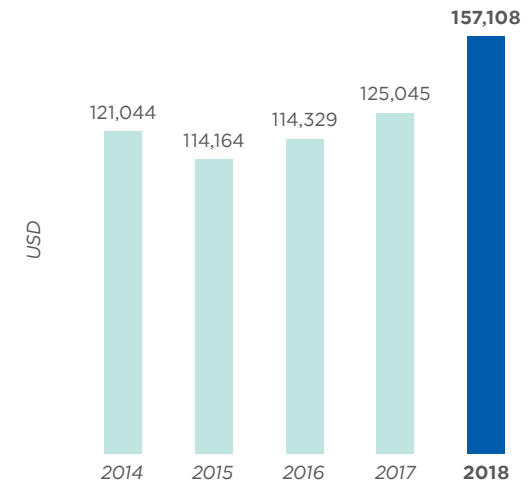
Note: <sup>1</sup> Totals may not add up due to rounding

## Robi's labour productivity

Robi's productivity, measured as Gross Value Added (GVA) per employee, increased by a CAGR of 6.7% to USD157,108 in 2018 from USD121,044 in 2014, mainly due to a decrease in the employment number. (Figure 6)

Robi's productivity grew by 25.6% from USD 125,045 per worker to USD 157,108 per worker over 2017-2018, mainly due to a 26.5% increase in operating profits.

**Figure 6: Robi's labour productivity 2014-2018**





Smart Axiata Co., Ltd. is Cambodia's leading mobile telecommunications operator, serving 8 million subscribers under the 'Smart' brand. Smart is at the forefront of mobile technology advancement in Cambodia with an extensive nationwide network coverage that stretches to more than 98% of the Cambodian population. Smart is also rapidly transforming itself into a digital lifestyle brand, having introduced many innovative

offerings, entertainment value propositions as well as digital services. Smart was the first network to introduce 4G LTE in 2014, 4G+ in 2016 and 4G+ with HD Voice (VoLTE) in early 2017. In mid-2017, Smart introduced cutting-edge 4.5G, manifesting its data leadership position in Cambodia. Smart aspires to become Cambodia's Digital Champion, while playing an active role in socioeconomic growth.

## Vibrant Startup Ecosystem

Cambodia has great potential for the digital economy with more than 300 active tech startups, including in Fintech, Digital Media and Advertising. The number of tech startups is expected to double in the next three-years.<sup>1</sup>

There is strong interest from local and international investors in the tech startup ecosystem. The Smart Axiata Digital Innovation Fund has earmarked USD5 million for Cambodian-based digital businesses and startups to spur the digital ecosystem in the country. Universities and training providers are offering more entrepreneurship and technical programmes to support the ecosystem.

The Cambodian government has also adopted initiatives such as drafting a startup policy that will receive input from multiple ministries, awarding startups and individuals, designing new incentives for tech startups and providing new resources for entrepreneurship.

Sources:

<sup>1</sup> Startup Kingdom: Cambodia's Vibrant Tech Startup Ecosystem in 2018

## National Contribution

### Contribution to Gross Value Added

**USD374 million**  
(1.5% of the Nation's GDP)

Operational Direct GVA:  
**USD146 million**

Capital Investment GVA:  
**USD63 million**

Operational Indirect and Induced GVA:  
**USD73 million**

Productivity GVA:  
**USD92 million**

### Direct Employees

Total  
**838 staff**

Female:  
**38%**

Cambodian:  
**97%**

### Total Jobs Supported

Total  
**51,035 jobs**

Directly Employed:  
**838**

Supported by Capital Investment:  
**23,415**

Operational Indirectly Supported:  
**26,782**

### Capital + Operating Expenditure

**USD 233 million**

Capital Expenditure:  
**USD80 million**

Operating Expenditure:  
**USD153 million**

Every **USD1** spent on Capex translated to **USD4.7** GVA Contribution

### Contribution to Public Finance

**USD86 million**  
(2.6% of total tax revenue of the Cambodian government)

# Cambodia

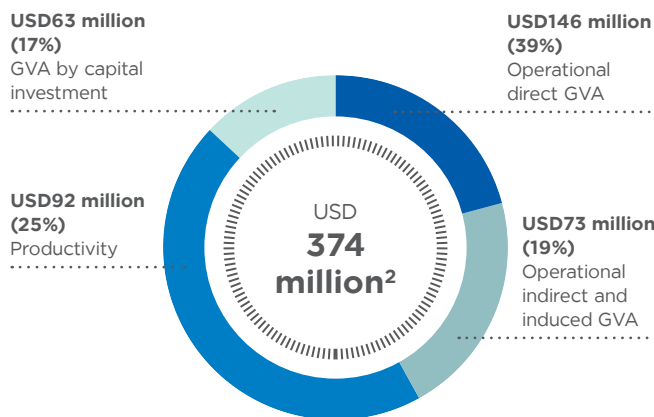
## Smart's total economic contribution to the Cambodian economy

Smart's substantial operations and investments in Cambodia had a strong positive impact on the Cambodian economy in 2018. With a total operating expenditure of USD153 million and capital investment of USD80 million, Smart's total Gross Value Added (GVA) contribution to Cambodia's economy was estimated at USD374 million in 2018, accounting for 1.5% of national GDP.

Smart's operations directly contributed USD146 million in 2018, accounting for 39% of total GVA contribution. It also indirectly contributed USD73 million to economic activity in 2018. For every USD1 Smart contributed directly to Cambodia's economy, another USD0.5 was generated indirectly through local suppliers, higher than the general industry average of USD0.4.<sup>1</sup>

Capital investment contributed USD63 million in 2018, representing 17% of total GVA. A further USD92 million which was generated from productivity improvement due to the rising mobile data growth and penetration rates, accounted for 25% of total GVA. (Figure 1)

**Figure 1: GVA contribution to the Cambodian economy 2018**



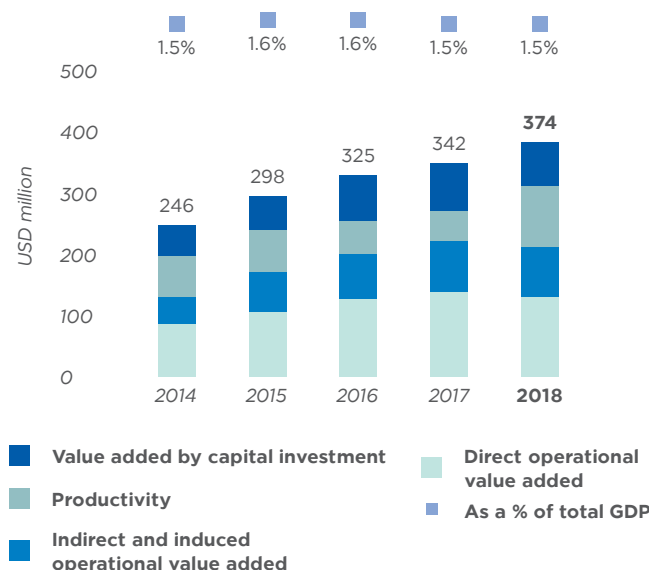
Note: <sup>1</sup> Based on simple average of general industry  
<sup>2</sup> Totals may not add up due to rounding  
 Source: OECD 2011

## Smart's total economic contribution over the last five years

Smart's total GVA contribution increased from USD246 million in 2014 to USD374 million in 2018, with a CAGR of 11.1%, representing a stable share of the country's GDP at 1.5%. Strong operational efficiency and significant mobile data growth in Cambodia facilitated the growth of GVA contribution. (Figure 2)

Over the last five years, total operational profits grew from USD77 million to USD134 million, with a CAGR of 15.0%. With the total number of mobile subscribers in Cambodia expanding from 18.6 million in 2017 to 19.4 million in 2018 while internet subscribers grew from 10.8 million to 13.6 million. According to the Telecommunications Regulator of Cambodia, mobile penetration rates increased from 117% to 121% while internet penetration rates increased from 68% to 85%. (Figure 2)

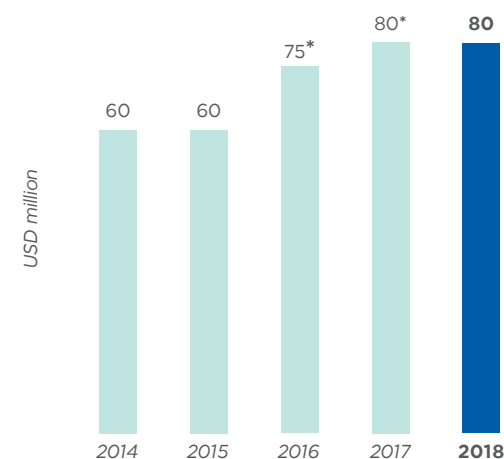
**Figure 2: GVA contribution to the Cambodian economy 2014-2018**



## Investing and innovating for the long-term

The total accumulated capital investment by Smart over the last five years reached USD355 million. In 2018, Smart invested another USD80 million primarily for network expansions. Smart's continuous capital investment over the years is in line with the company's commitment towards developing Cambodia's ICT sector. (Figure 3)

**Figure 3: Total capital investment 2014-2018**



Note: \* Smart's capital investment has been revised from USD 69mn to USD 75mn for 2016 and from USD 74mn to USD 80mn for 2017. As a result of the revision, as well as the updated economic indicators (i.e. current GDP and population) from National Institute of Statistics, total GVA contribution has been revised from USD 316mn to USD 325mn for 2016 and from USD 339mn to USD 342mn for 2017.

Source: Axiata

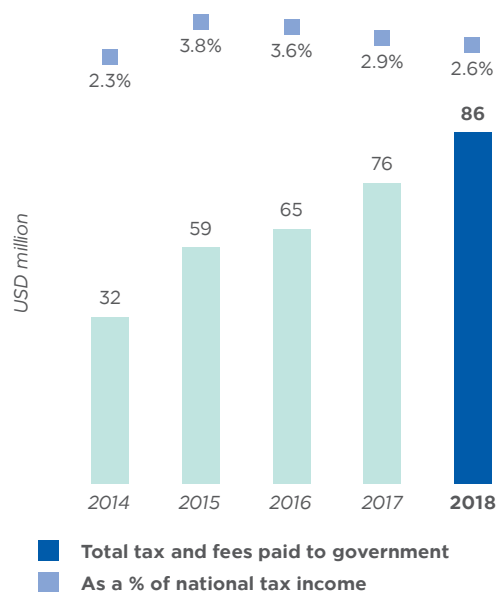


## Contributions to public finance

Total tax and fee contributions by Smart over the last five years reached USD319 million. Annual contributions expanded from USD32 million in 2014 to USD86 million in 2018, with a CAGR of 28.0%.

Smart's contribution of USD86 million includes regulatory related fees, levies and payments. Smart's tax contribution alone accounted for 2.6% of national tax income. (Figure 4)

Figure 4: Total tax contribution 2014-2018



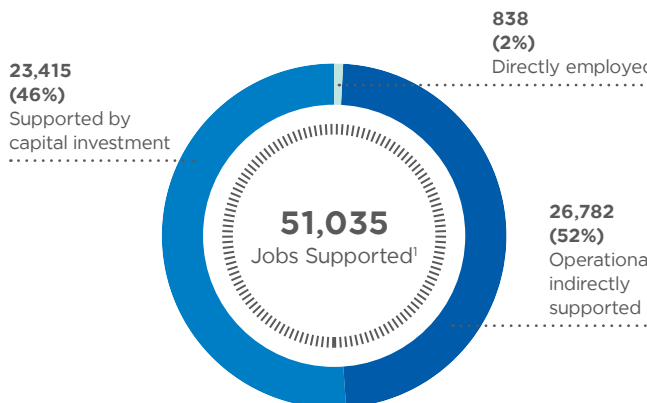
Source: Axiata

## Total employment impact

Smart directly provided 838 jobs in 2018. Cambodian citizens accounted for 97% of total employees of the company. Around 38% of Smart employees were women. Smart also engaged 315 interns to provide young people with the specialist skills required in the ICT and digital economy.

Smart's operations indirectly supported an additional 26,782 jobs and a further 23,415 jobs were supported by Smart's capital investments in 2018. (Figure 5)

Figure 5: Total employment impact 2018

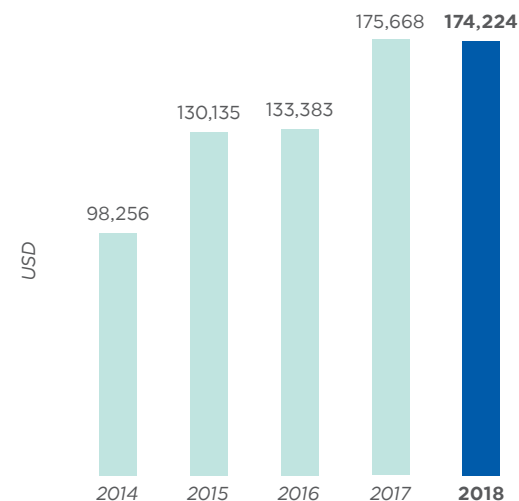


Note: <sup>1</sup> Totals may not add up due to rounding

## Smart's labour productivity

Smart's productivity, measured as Gross Value Added (GVA) per employee, increased from USD98,256 in 2014 to USD174,244 in 2018, with a CAGR of 15.4%. Significant growth in operational profits support the increased productivity. (Figure 6)

Figure 6: Smart's labour productivity 2014-2018





Ncell Private Limited is Nepal's first private sector telecom company to operate GSM service in Nepal. Today, Ncell operates the country's widest 4G network and serves 16.3 million customers, providing high quality, modern and cost-effective services, creating value

for its customers and partners. Contributing to the vision of Digital Nepal and the development of Nepal's economy and infrastructure, Ncell is building a best-in-class network to bring digital services to people living in rural and remote areas of Nepal.

### Towards the Vision of Digital Nepal

The mobile penetration in Nepal has grown exponentially in the last decade to reach 133% in 2018. Internet penetration has also grown rapidly over the last decade from 3% to 57%.<sup>1</sup>

Improvement in digital adoption creates growth potential for digital marketing, e-commerce and m-commerce, in line with the 2018 Digital Nepal Framework, aimed at driving economic growth as well as addressing challenges by leveraging on digital technologies.

The framework identifies 80 digital initiatives across eight key sectors and provides a roadmap for both private sector and public authorities to formulate a digital environment in the local context to enable potential socio-economic growth. The Digital Nepal programme is expected to deliver an economic impact of up to NPR 800 billion by 2022.<sup>2</sup>

Sources:

<sup>1</sup> Nepal Telecommunications Authority

<sup>2</sup> 2018 Digital Nepal Framework, Ministry of Communication and Information Technology

### National Contribution

#### Contribution to Gross Value Added

**USD 741 million**  
(2.7% of the Nation's GDP)

Operational Direct GVA:  
**USD 377 million**

Capital Investment GVA:  
**USD 52 million**

Operational Indirect and Induced GVA:  
**USD 134 million**

Productivity GVA:  
**USD 178 million**

#### Direct Employees

**Total 534 staff**

Female:  
**25%**

Nepalese:  
**98%**

#### Total Jobs Supported

**Total 94,550 jobs**

Directly Employed:  
**534**

Operational Indirectly Supported:  
**66,497**

Outsourced:  
**1,589**

Supported by Capital Investment:  
**25,930**

#### Capital + Operating Expenditure

**USD 271 million**

Capital Expenditure:  
**USD 66 million**

Operating Expenditure:  
**USD 206 million**

Every **USD 1**  
spent on Capex

translated to

**USD 11.3**  
GVA Contribution

#### Contribution to Public Finance

**USD 257 million**  
(4.2% of total tax revenue of the Nepali government)



# Nepal



## Ncell's total economic contribution to Nepal's economy

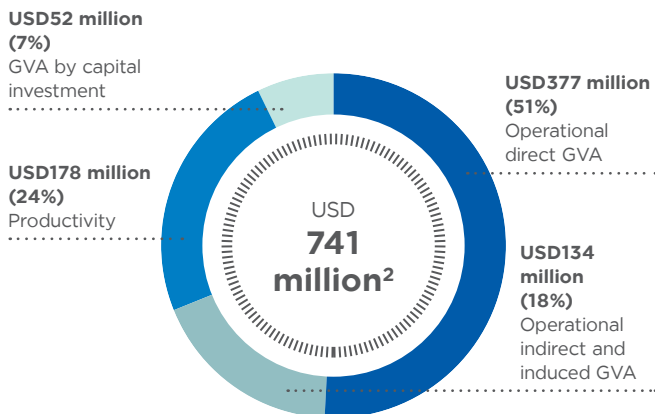
Led by Ncell's total operating expenditure of USD206 million and capital investment of USD66 million, Ncell's total Gross Value Added (GVA) contribution to Nepal's economy was estimated at USD741 million in 2018, accounting for 2.7% of national GDP.

Ncell's operations directly contributed USD377 million GVA, accounting for 51% of total GVA in 2018. A further USD134 million was indirectly generated through the expenditures by Ncell's suppliers, accounting for 18% of total GVA. For every USD1 Ncell directly added to the economy, it generated another USD0.4 indirectly from local suppliers, similar to the general industry average.<sup>1</sup>

The contribution from productivity improvements in 2018 was USD178 million, representing a share of 24% of total GVA contribution.

A further USD52 million contribution came from capital investment, accounting for 7% of the total GVA contribution. (Figure 1)

**Figure 1: GVA contribution to Nepal's economy 2018**



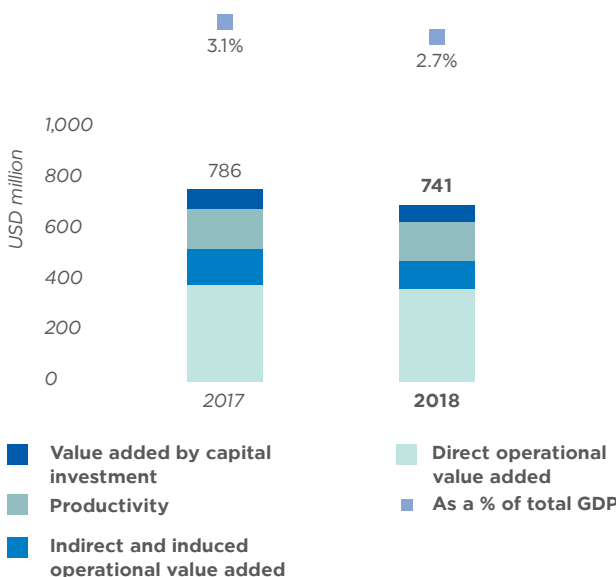
Note: <sup>1</sup> Based on simple average of general industry  
<sup>2</sup> Totals may not add up due to rounding  
Source: OECD 2011

## Ncell's total economic contribution over the last two years

Ncell's total GVA contribution dropped by 5.7% from USD786 million in 2017 to USD741 million in 2018, representing a decreased share of the country's GDP from 3.1% to 2.7%. (Figure 2)

Ncell's operational profits decreased from USD351 million to USD346 million over 2017-2018. The number of mobile subscribers in Nepal reached 39 million in 2018, achieving the highest mobile penetration rate ever of 133%.

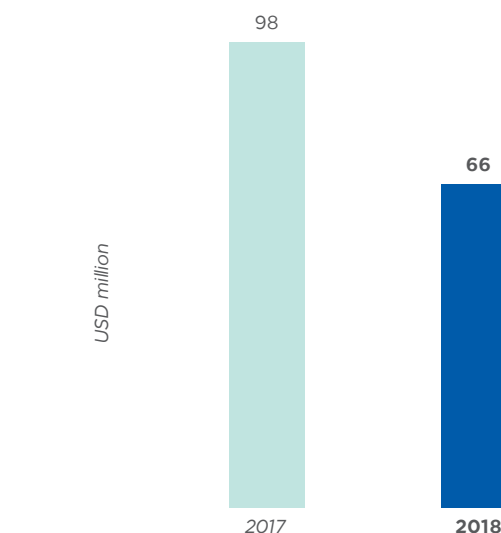
**Figure 2: GVA contribution to Nepal's economy 2017-2018**



## Investing and innovating for the long-term

Ncell's total accumulated capital investment reached USD164 million over the last two years of operations. The capital investment was USD66 million in 2018. Capital investment plays a significant role in enhancing the company's competitiveness and contribution to Nepal's economy. (Figure 3)

**Figure 3: Total capital investment 2017-2018**



Source: Axiata

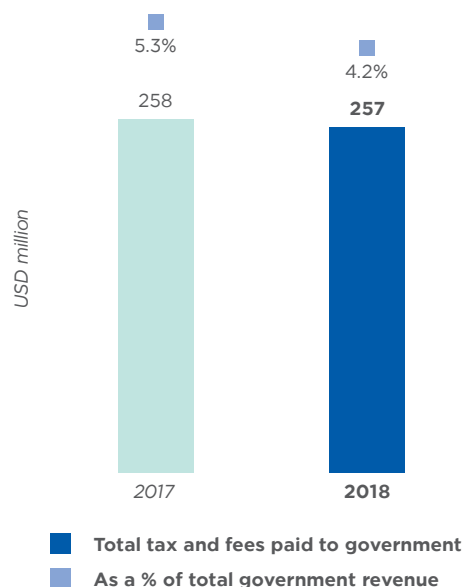
# Nepal



## Contributions to public finance

In 2018, Ncell contributed USD257 million in tax, accounting for 4.2% of total tax revenue of Nepal's government. The accumulated tax contribution was USD515 million for the last two years. (Figure 4)

**Figure 4: Total tax contribution to public finance 2017-2018**



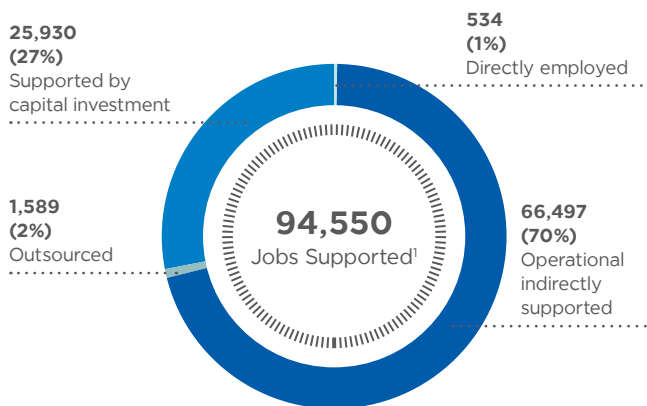
Source: Axiata

## Total employment impact

In 2018, there were 94,550 jobs supported by Ncell's business in total. Ncell directly provided 534 jobs in 2018. 98% of the firm's employees were Nepali residents and 25% of the total employees were female.

A further 1,589 jobs were outsourced by Ncell and 66,500 jobs were supported indirectly by its operations. Ncell's capital investment supported 25,900 jobs. (Figure 5)

**Figure 5: Total employment impact 2018**

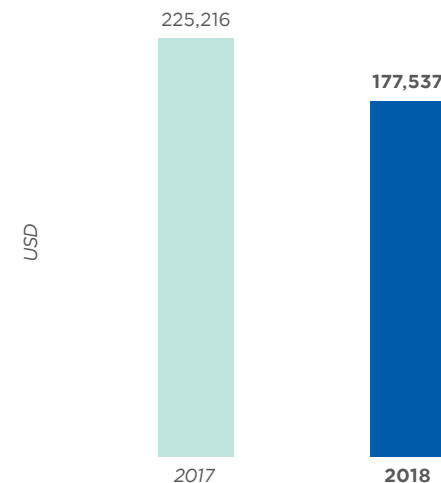


Note: <sup>1</sup> Totals may not add up due to rounding

## Ncell's labour productivity

Ncell's productivity, measured as Gross Value Added (GVA) per employee, was estimated at USD177,537 in 2018, a decrease from USD225,216 in 2017. The decrease was mainly due to an increased number of outsourced employees over 2017-2018.

**Figure 6: Ncell's labour productivity 2017-2018**





# Methodology

## 1. Methodologies and computational formula

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

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

**Employment** is generated through a number of avenues including:

1. Directly through Axiata and related industries.
2. Outsourced support services including customer support and network operations and maintenance.
3. Indirectly through firms that provide services to Axiata's operations.
4. Induced as employees from the above spend their household income thereby generating further rounds of employment.

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

## 2. Capital Investment

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

2. (a) **For countries where 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

## 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 where employment multipliers are available,**  
Total Employment = Total Operational Expenditure x Average Employment Multiplier

(b) **For countries when 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*

## 4. Productivity Analysis

Axiata Contribution to GDP Growth = National Contribution to GDP Growth x Market Share of Axiata

Where,

National Contribution to GDP Growth = National Penetration Growth x Growth Factor Penetration = Number of Customers/Population

*Note: Growth Factor was assumed to be 1.2% per 10% change in market penetration for all countries except 0.6% market penetration for Singapore*

## 5. Multiplier Analysis

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

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



# Appendices



## About this Report

This Sustainability Report should be read together with Axiata Integrated Annual Report 2018, and the Governance and Audited Financial Statements 2018 to understand how we create value for our stakeholders across our markets.

This standalone Sustainability Report is a comprehensive document detailing the management of our business impacts on Economic, Environmental and Social (EES) issues.

Our Sustainability Report contains detailed information about Axiata's Sustainability Framework, anchored on our 4P approach; Beyond Short-Term Profits, Nurturing People, Process Excellence and Governance, and Planet and Society. The 2018 edition is our sixth sustainability report using the Global Reporting Initiative's G4 (GRI-G4) guidelines.

### Report Boundary

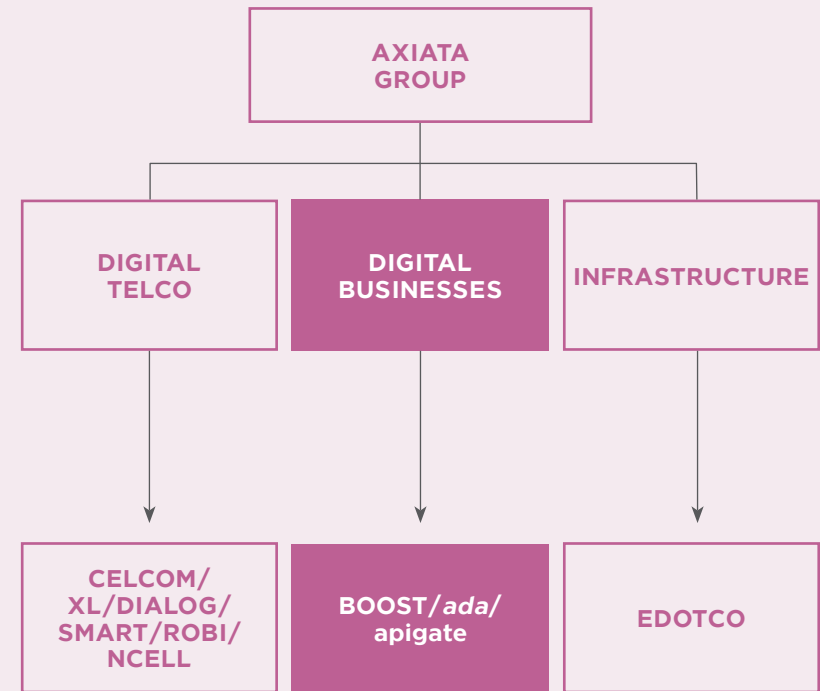
The Axiata Sustainability Report 2018 covers the sustainability performance of our Group Corporate Centre (CC), and key operating companies. This includes our digital telcos - Celcom (Malaysia), XL (Indonesia), Smart (Cambodia), Robi (Bangladesh), Dialog (Sri Lanka), Ncell (Nepal), and edotco Group which covers their operations in Malaysia, Cambodia, Sri Lanka, Bangladesh, Myanmar and Pakistan. Non-financial data for digital services are reflected in the CC numbers where available. Digital telco operations accounts for 97% of the Group's Operating Revenue.


The report excludes wholly owned and non-wholly owned subsidiaries and financial investments, and associate and companies that are in the process of being disposed. This report discusses the sustainability of the Group as a whole.

The 2018 volume of our Sustainability Report differs from past years' in that a focused effort was made to harmonise and integrate the reporting methods used throughout the Group, including our OpCos. We note that our OpCos' operating environments may vary significantly from one market to the next, but we have nevertheless made the attempt to harmonise general reporting areas. Our OpCos are encouraged to produce their own standalone sustainability report to provide more insight into their respective sustainability management and context.

### Assurance

Selected subject matter within this Sustainability Report has been independently assured by Deloitte PLT (Deloitte) at a limited level as defined by ISAE3000. Among our key operating companies only Dialog conducts a third party independent assurance of their report. For more information on the subject matter and scope of assurance, please refer to Deloitte's assurance statement on pages 83-85.



 Non-financial data for digital services are reflected in Corporate Centre's data where available

## Our Sustainability Matters

Sustainability Matters	Context	Importance to the Group	Importance to our Stakeholder Groups	Mitigating our key business risks	Our sustainability initiatives
<b>Network Quality &amp; Coverage</b>	Enhancing the quality and coverage of the Group's network across all OpCos through continuous improvement of its efficiency, availability and reliability.	In maintaining the Group's position as the leading regional mobile network operator in the face of market competition, it is crucial to increase connectivity and enhance network reliability across the Group - ultimately, translate into positive business outcomes and strengthen our relationship with stakeholders.	Through quality network service and coverage, we bring connectivity to rural and urban communities, businesses and corporate enterprises to create real and tangible impacts in their lives.	<ul style="list-style-type: none"> <li>▶ Financial Risk</li> <li>▶ Market Risk</li> <li>▶ Regulatory Risk</li> <li>▶ Operational Risk</li> <li>▶ Strategic &amp; Investment Risk</li> <li>▶ Technology Risk</li> </ul>	IAR Pg. 47-54
<b>Digital Inclusion</b>	Providing affordable and innovative products and service offerings to address sustainability issues in our operating markets.	Investments in digital services and product innovation allows us to create products and services that are appealing to our customers - bridging the digital gap in our operating markets.	Our investments in digital technology give better access to basic services (e.g. financial, healthcare and education), to foster inclusion and drive innovation.	<ul style="list-style-type: none"> <li>▶ Financial Risk</li> <li>▶ Market Risk</li> <li>▶ Regulatory Risk</li> <li>▶ Strategic &amp; Investment Risk</li> <li>▶ Technology Risk</li> </ul>	SR Pg. 23-27 IAR Pg. 47-54
<b>Sustainable Business Growth</b>	Taking into account sustainability considerations in making strategic investments/acquisitions/expansion/partnerships.	Venturing into new growth areas ensures competitive edge and business sustainability, while creating greater positive direct and indirect economic impacts to the society.	The Group as a strategic technology enabler supports technology partners to rapidly scale innovative digital inclusion programmes, while ensuring digital access for rural communities and developing inclusive products and services.	<ul style="list-style-type: none"> <li>▶ Financial Risk</li> <li>▶ Market Risk</li> <li>▶ Regulatory Risk</li> <li>▶ Geopolitical Risk</li> <li>▶ Strategic &amp; Investment Risk</li> </ul>	SR Pg. 23-27 IAR Pg. 47-57
<b>Customer Satisfaction</b>	Delivering a differentiated user experience for its customers, including having processes/procedures in place to gauge their perception and address their concerns.	Customer satisfaction is key to our business success. Understanding our customers' evolving needs and providing service that exceeds their expectations allows us to remain relevant and competitive.	Our customers/community depend on us to deliver our commitment through innovative products and services, playing a prominent role in the telecommunication industry.	<ul style="list-style-type: none"> <li>▶ Market Risk</li> <li>▶ Cyber Risk</li> <li>▶ Operational Risk</li> <li>▶ Strategic &amp; Investment Risk</li> </ul>	SR Pg. 39
<b>Fair Employment and Welfare</b>	Supporting local talent and fostering fair recruitment practices by embracing diversity and inclusion in a diversified workforce while maintaining a safe and healthy working environment across all our operations. We also promote fair remuneration.	Promoting inclusion and ensuring employee welfare. Diverse and motivated employees allows us to broaden our perspectives and present new opportunities for business growth. Respecting labour practices strengthens our social license to operate in various operating markets.	Embracing a diverse, inclusive and collaborative work culture promotes employee well-being and enable our employees to be empowered and to achieve their best in serving the customers' needs.	<ul style="list-style-type: none"> <li>▶ Geopolitical Risk</li> <li>▶ People Risk</li> </ul>	SR Pg. 29-33
<b>Talent Development</b>	Investing in effective programmes to promote development and uplift competencies of employees.	Our specialised development programmes increases our employees' competitive edge in responding to the rapidly changing and complex business environment.	As our industry evolves in the era of digital disruption, it is crucial for our employees to understand the risk of not adopting new skills and be quick to seize opportunities.	<ul style="list-style-type: none"> <li>▶ Geopolitical Risk</li> <li>▶ People Risk</li> </ul>	SR Pg. 32



# Our Sustainability Matters

Sustainability Matters	Context	Importance to the Group	Importance to our Stakeholder Groups	Mitigating our key business risks	Our sustainability initiatives
<b>Privacy &amp; Data Protection</b>	Protection of data/information/ intellectual property belonging to our stakeholders (e.g. customers, suppliers, business partners, etc.) against cyber security breaches and implementation of initiatives to prevent, detect and respond to data breaches.	The security of our stakeholders' data is of utmost importance in maintaining a transparent relationship, and also to ensure long-term viability of our business.	Stakeholders entrust us with their data, and we maintain that trust with the commitment to ensuring the security and privacy of their data.	<ul style="list-style-type: none"> <li>▶ Cyber Risk</li> <li>▶ Digital Risk</li> </ul>	GAFS Pg. 31, 35
<b>Business Ethics and Compliance</b>	Compliance with local and cross-borders regulatory requirements & internal company policies in maintaining the Group's business integrity, performance and managing impacts of new regulatory changes.	We seek to uphold a culture of ethics and integrity. The inability to do so may impact/limit our growth, relationship with stakeholders and our reputation as a reliable organisation.	It is of utmost importance to secure and maintain a relationship based on trust with the relevant stakeholders.	<ul style="list-style-type: none"> <li>▶ Regulatory Risk</li> <li>▶ Cyber Risk</li> <li>▶ Digital Risk</li> <li>▶ Operational Risk</li> <li>▶ Geopolitical Risk</li> <li>▶ Governance &amp; Integrity Risk</li> </ul>	SR Pg. 31 <a href="#">Code of Conduct</a> GAFS Pg. 24
<b>Supply Chain Management</b>	Consideration of EES factors across processes involved in the supply chain management to manage vendor-related risks and performance.	Suppliers are an integral part of our business operations to ensure quality services and help to shape innovative products, while ensuring customer satisfaction.	Our efforts to support local vendors and partners is crucial in upgrading the qualifications of local suppliers/vendors, on par with the global and regional service providers.	<ul style="list-style-type: none"> <li>▶ Operational Risk</li> <li>▶ Governance &amp; Integrity Risk</li> </ul>	SR Pg. 37
<b>Digitalisation &amp; Modernisation</b>	Continuously at the forefront of technological innovation to enhance its key internal business functions.	Such investment allows the Group to improve its internal process efficiency, effectiveness, promote innovation while ensuring business continuity, in our pursuit of becoming the New Generation Digital Champion	Enhanced internal processes provides opportunities for us to better serve our stakeholders (e.g. customers, employees) to experience a more efficient and customer-friendly services.	<ul style="list-style-type: none"> <li>▶ Market Risk</li> <li>▶ Digital Risk</li> <li>▶ Operational Risk</li> <li>▶ Strategic &amp; Investment Risk</li> <li>▶ Technology Risk</li> </ul>	SR Pg. 40-41 GAFS Pg. 31
<b>Climate Action and Environmental management</b>	Internal controls & monitoring mechanisms to manage environmental impacts arising from the Group's business operations, including the reduction of energy consumption at office premises/ network infrastructure through renewable sources.	Affects our reputation as a responsible corporate citizen and strengthens our social license to operate through our efforts in reducing environmental impacts arising from our business.	Uphold our reputation as a responsible corporate citizen and maintain positive relationship with the stakeholders (e.g. local community, regulatory bodies, etc.) by minimising negative impacts to the environment.	<ul style="list-style-type: none"> <li>▶ Regulatory Risk</li> <li>▶ Governance &amp; Integrity Risk</li> <li>▶ Operational Risk</li> </ul>	SR Pg. 44-45
<b>Community Impact/ Development</b>	Monetary and non-monetary contribution to local communities/underprivileged/ underserved through partnerships, in areas where we operate (e.g. focusing on education, disaster relief aid, improving welfare of local citizens, etc.).	Foster positive relationships with our stakeholders, particularly local communities and regulators, as we contribute to national aspirations to uplift the well-being of local communities and protect the environment.	Uphold our reputation as a responsible corporate citizen and maintain positive relationship with the stakeholders (e.g. local community, regulatory bodies, etc.) by supporting the local communities' needs, based on the national context or priorities.	<ul style="list-style-type: none"> <li>▶ Geopolitical Risk</li> <li>▶ Governance &amp; Integrity Risk</li> </ul>	SR Pg. 23-27, 48

Notes: SR (Sustainability Report 2018). IAR (Axiata Group Integrated Annual Report 2018). GAFS (Governance & Audited Financial Statements 2018)

## Stakeholder Engagement

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

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

Stakeholders	Why They Are Important	How We Engage with them	Subjects Raised	Axiata's Response
<b>Customers</b>	Our customers are key contributors to our success as a commercial enterprise. Through their purchases of our products and services, they provide us a direct gauge of the efficiency and effectiveness of our product and service portfolio. To maintain high levels of customer satisfaction, we need to fully understand our customers needs.	<ul style="list-style-type: none"> <li>▶ Customer satisfaction levels are benchmarked through the Net Promoter Score system conducted annually</li> </ul>	<ul style="list-style-type: none"> <li>▶ Customer experience</li> <li>▶ Product affordability</li> <li>▶ Network availability</li> </ul>	<ul style="list-style-type: none"> <li>▶ Driving efficiencies and innovations through investments in new technologies</li> <li>▶ Establishing strategic ties with 'Over-The-Top' (OTT) or other digital product developers to create products and services that meet evolving customer needs, increase the Group's share of customers' wallets and rebuilds customer loyalty</li> </ul>
<b>Employees</b>	As our human capital base, our employees are a key resource for all our activities in the realisation of our vision to become a New Generation Digital Champion by 2021. Employee satisfaction is a top priority, and we continuously strive to ensure that morale remains high in all our business units.	<ul style="list-style-type: none"> <li>▶ Employee Engagement Survey annually</li> <li>▶ Town hall Meetings conducted every quarter</li> </ul>	<ul style="list-style-type: none"> <li>▶ Career development</li> <li>▶ Employee communication</li> </ul>	<ul style="list-style-type: none"> <li>▶ Developing our people through robust talent development programmes</li> <li>▶ Offering attractive performance-based rewards</li> <li>▶ Providing a safe and healthy work environment</li> <li>▶ Ensuring continuous employee engagement through a variety of channels</li> </ul>
<b>Shareholders</b>	As owners of the Company, shareholders provide us with the financial capital needed to sustain our growth. Consequently, they are entitled to receive a return on their investment and to be apprised of developments in the Company. They are also entitled to express their views on the Company or to share any concerns about the way the business is being run.	<ul style="list-style-type: none"> <li>▶ Annual General Meeting</li> <li>▶ Investor Roadshows</li> <li>▶ Analyst Meetings</li> </ul>	<ul style="list-style-type: none"> <li>▶ Business performance and strategy</li> <li>▶ Social responsibility initiatives</li> </ul>	<ul style="list-style-type: none"> <li>▶ The Axiata Treasury Management Centre has been tasked to oversee and control the Group's treasury and funding matters</li> <li>▶ The Centre develops hedging strategies which are governed strictly by the treasury policies, taking into consideration current and future outlook of the relevant economies and foreign exchange markets with the ultimate objective of preserving the Group's profitability and sustainability</li> </ul>
<b>Regulators &amp; Government</b>	Our regulators and authorities specify the laws and regulations that determine the scope and extent of our activities in our respective countries of operation. They provide our OpCos access to spectrum and operating licences, and impose regulatory measures with potential cost implications for our Group. We maintain open channels of communication with them, as they are best positioned to provide advice and clarification in relation to our operations and obligations.	<ul style="list-style-type: none"> <li>▶ Axiata works proactively with local regulators and authorities from every jurisdiction as local requirements vary from one country to the next</li> <li>▶ Compliance with the Malaysian Communications and Multimedia Commission (MCMC)</li> <li>▶ Compliance with Bursa Malaysia</li> </ul>	<ul style="list-style-type: none"> <li>▶ Information security</li> <li>▶ Personal Data Protection Act 2010</li> <li>▶ Tax issues</li> </ul>	<ul style="list-style-type: none"> <li>▶ Advocating strict compliance and transparency in putting our case before the relevant authorities</li> <li>▶ Participating in government consultations and sharing knowledge and best practices in the development of healthy regimes for the telecoms sector</li> <li>▶ Ensuring our Group Regulatory Policy is based on strict compliance with all applicable laws and regulations, regulatory obligations and governmental policies in the jurisdictions in which we operate</li> <li>▶ Obtaining regulatory advice in an efficient and cost effective manner as and when required</li> </ul>



# Stakeholder Engagement

Stakeholders	Why They Are Important	How We Engage with them	Subjects Raised	Axiata's Response
<b>Suppliers</b>	Our broad range of suppliers support all aspects of our business. Our supply chain covers vendors supplying infrastructure components to professional corporate service providers. They are our key enablers as providers of vital services. It is important that we maintain a professional relationship of trust where views from either party can be freely exchanged, as well as to apprise them of changes to our procurement policy and to seek relevant feedback and information from them.	<ul style="list-style-type: none"> <li>▶ Supplier Code of Conduct</li> <li>▶ Vendor Satisfaction Survey</li> </ul>	<ul style="list-style-type: none"> <li>▶ Payment practices</li> <li>▶ Delivery and definition of vendor performance</li> </ul>	<ul style="list-style-type: none"> <li>▶ Centralised Axiata Procurement Centre that handles all network related procurement to improve efficiencies</li> <li>▶ Conducting Supplier Performance Management assessments for continuous improvement in vendor performance</li> <li>▶ Optimising procurement budgets and the development of a network of suppliers and vendors committed to best practices and enhanced corporate governance</li> </ul>
<b>Media</b>	The media is our primary channel of communicating with the public at large. They play a critical role in sharing information such as our Company's financial performance and changes to our products and services, as well as information on our CR programmes. They also provide us with valuable feedback on any general concerns or views that the public may have about us.	<ul style="list-style-type: none"> <li>▶ Media Meetings</li> <li>▶ Quarterly Media Surveys</li> <li>▶ Media Releases and Press Conferences</li> </ul>	<ul style="list-style-type: none"> <li>▶ Company performance and strategy</li> <li>▶ Future business aspirations</li> </ul>	<ul style="list-style-type: none"> <li>▶ Emphasising on our long-term value creation efforts which extend beyond commercial considerations, and include initiatives that will result in greater social uplift of our communities and contribute to positive market impacts in the long-term</li> <li>▶ Sharing updates on our efforts to expand our regional network coverage to connect less commercially viable rural regions</li> <li>▶ Sharing updates on our digital inclusion efforts to facilitate access to digital connectivity for underserved segments of the community</li> </ul>
<b>Community</b>	Through our Corporate Responsibility (CR) projects, we are contributing to the ongoing socioeconomic development of our communities in our operating countries. This presence us with the opportunity to ascertain how we can make meaningful impacts on their lives and improve our products and services to better serve them.	<ul style="list-style-type: none"> <li>▶ Axiata Young Talent Programme</li> <li>▶ Axiata's Corporate Responsibility Programmes</li> <li>▶ Green Initiatives</li> <li>▶ Disaster Management and Response Initiatives</li> </ul>	<ul style="list-style-type: none"> <li>▶ Social requirements</li> <li>▶ Specific feedback on our CR programmes and initiatives</li> </ul>	<ul style="list-style-type: none"> <li>▶ Innovating our digital offerings to meet the needs of all our communities including those located in rural regions</li> <li>▶ Developing digital ecosystems that provide basic services such as access to capital (m-money) and trade transactions (m-commerce)</li> <li>▶ Tailoring products and services to meet the specific needs of particular segments of the community, such as the 'Govi Mithuru' service that was launched for Sri Lankan farmers by Dialog</li> </ul>

## Management of Material Risks and Opportunities

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

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

Risk Category	Mitigation Measures
<b>Geopolitical Risk</b>	<ul style="list-style-type: none"> <li>▶ Working closely with the respective OpCo Management, leveraging on their local expertise, knowledge and ability to continually assess the changing political scenario</li> <li>▶ Implementing measures to ensure timely response in the event of such occurrences</li> <li>▶ Maintaining neutral government relations</li> <li>▶ Contributing to our operating countries' socioeconomic development</li> </ul>
<b>Strategic Risk</b>	<ul style="list-style-type: none"> <li>▶ Closely monitoring the competitive landscape</li> <li>▶ Exploring and investing in technology and platform upgrades</li> <li>▶ Reviewing the relevance of products and services</li> <li>▶ Prudent cost management keeping budgets lean while maintaining strong strategic alliances with network vendors to keep pace with technology shifts</li> </ul>
<b>Investment Risk</b>	<ul style="list-style-type: none"> <li>▶ Our Mergers and Acquisition Committee oversees all acquisitions and divestments</li> <li>▶ Maintaining a robust due diligence process to evaluate and manage the potential risks involved</li> <li>▶ Post-acquisition, transition teams are put together to ensure that organisational, cultural and mind-set changes required are implemented appropriately</li> </ul>
<b>People Risk</b>	<ul style="list-style-type: none"> <li>▶ Talent Management team is on a constant lookout for suitable employees</li> <li>▶ Developing our people through robust talent development programmes</li> <li>▶ Providing attractive performance based rewards and providing a safe and healthy work environment</li> <li>▶ Advocating staff empowerment to allow for employees to respond to rapidly changing customer demands and work processes</li> <li>▶ Focusing on employee engagement to motivate employees and increase staff morale and attrition rates</li> </ul>
<b>Technology Risk</b>	<ul style="list-style-type: none"> <li>▶ Constantly reviewing and refreshing our Group's whilst maintaining financial prudence</li> <li>▶ Reviewing and revamping capital expenditure (capex) governance and business planning processes, focusing on prudent cost management and capex productivity, whilst increasing our visibility of these expenditures across all OpCos</li> </ul>
<b>Governance &amp; Integrity Risk</b>	<ul style="list-style-type: none"> <li>▶ Our Code of Conduct sets out rules and guidelines on how personnel acting for or on behalf of the Group are expected to conduct business</li> <li>▶ Continuing to focus on maintaining and further developing a strong ethical platform and corporate governance standard to support Axiata's business integrity and strong performance</li> </ul>





## List of Abbreviations

'Over-the-Top' (OTT)	Global Reporting Initiative (GRI)	Market Capital (Market Cap)
Annual General Meeting (AGM)	Government-Linked Company (GLC)	Memorandum of Understanding (MoU)
Axiata Digital (AD)	Greenhouse Gas (GHG)	Ministry of Higher Education (MoHE)
Axiata Digital Innovation Fund (ADIF)	Gross Domestic Product (GDP)	Minority Shareholder Watchdog Group (MSWG)
Axiata Procurement Centre (APC)	Gross Value Added (GVA)	Malaysia Digital Economy Corporation (MDEC)
Axiata Treasury Management Centre (ATMC)	Group Accelerated Development Programme (GADP)	Net Promoter Score (NPS)
Axiata Young Talent Programme (AYTP)	Group Risk Management Committee (GRMC)	Occupational Health and Safety (OHS)
Base Transceiver Station (BTS)	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)	OpCo Accelerated Development Programme (OADP)
Board Audit Committee (BAC)	GSMA's Humanitarian Connectivity Charter (HCC)	Operating Companies (OpCos)
Business Continuity Management (BCM)	High Throughput Satellite (HTS)	Operating Expenditure (Opex)
Business Development Programme (BDP)	Human Resources (HR)	Personal Accident (PA)
Capital Expenditure (Capex)	Improvement, Innovation, Investment & Impact (4i)	Personal Data Protection Act (PDPA)
Compound Annual Growth Rate (CAGR)	Info-communications Media Development Authority (IMDA)	Profit After Tax (PAT)
Connected Woman Commitment Initiative (CWCI)	Information and Communication Technology (ICT)	Senior Leadership Team (SLT)
Corporate Responsibility (CR)	International Finance Corporation (IFC)	Short Messaging System (SMS)
Corporate Social Responsibility (CSR)	International Long Distance (ILD)	Small and Medium Enterprises (SME)
Cyber Security Operations Centre (CSOC)	International Standard on Assurance Engagement (ISAE)	Standard & Industrial Research Institute of Malaysia (SIRIM)
Cyber Security Steering Committee (CSSC)	Internet Data Centre (IDC)	Strategic Partners Development Programme (SDP)
Department of Education (DOE)	Internet-of-Things (IoT)	Supplier Performance Management (SPM)
Department of Hydrology & Meteorology (DHM)	Key Performance Indicators (KPI)	Sustainability Engagement Index (SEI)
Disaster and Emergency Warning Network (DEWN)	Kilowatt (kW)	Uncompromising Integrity. Exceptional Performance (UIEP)
Disaster Readiness Programme (DRP)	Local Partner Development Programme (LPDP)	University Leadership Development Programme (ULDP)
edotco group (e.co)	Majlis Amanah Rakyat (MARA)	Value Added Services (VAS)
Employee Engagement Survey (EES)	Malaysian Communication and Multimedia Commission (MCMC)	Vendor Development Programmes (VDP)
Enterprise Risk Management (ERM)	Malaysian Sustainability Reporting Awards (MasRA)	Venture Capital (VC)
Environmental, Social and Governance (ESG)		Year Over Year (YoY)
Economic, Environmental and Social (EES)		Young CEO Development Programme (YCDP)
First Line Manager (FLM)		
Get Out of Diesel (GOOD)		
Gigajoule (GJ)		

## Data in Numbers

Aspect	Indicator	Detail		Celcom	XL	Dialog	Robi	Smart	Ncell	edotco	CC	Overall	
<b>Market Presence</b>	202-1	Ratios of standard entry level wage vs local minimum wage	Male	2.7:1	1.5:1	1.7:1	3.4:1	1:1	1:1	3.0:1	3.0:1	2.2:1	
			Female	2.7:1	1.5:1	1.7:1	3.4:1	1:1	1:1	3.0:1	3.0:1	2.2:1	
	202-2	Proportion of senior management from local country <sup>1</sup>	%	67%	22%	73%	100%	13%	33%	69%	60%	56%	
<b>Procurement Practices</b>	204-1	Percentage local <sup>2</sup>	%	29%	93%	46%	50%	25%	50%	76%	64%	43%	
		Percentage foreign	%	71%	7%	54%	50%	75%	50%	24%	36%	57%	
<b>Energy</b>	302-1	Direct energy consumption	GJ	7,179	167,875	69,367	210,656	90,412	54,634	610,233	0	1,210,358	
		Indirect energy consumption	GJ	3,747	2,573,149	532,255	746,396	274,490	262,782	1,311,260	1,729	5,705,809	
<b>Emissions</b>	305-1	Scope 1 GHG – GHG from fuel	Tonnes CO <sub>2</sub> e	493	11,530	4,764	14,468	6,210	3,752	41,912	0	83,130	
	305-2	Scope 2 GHG – GHG from grid	Tonnes CO <sub>2</sub> e	699	578,378	80,148	119,240	40,332	278	208,626	322	1,028,022	
<b>Employment</b>	401-1	Employees by gender	Male	1,391	1,165	2,694	1,399	527	402	753	156	8,487	
			Female	1,337	512	768	168	311	132	194	150	3,572	
			Total employees	2,728	1,677	3,462	1,567	838	534	947	306	12,059	
			Women in Leadership Positions	%	22%	25%	27%	0%	0%	0%	13%	13%	13%
		401-1	Joining the Group – By Gender	Male	80	189	241	188	365	9	122	55	1,259
				Female	25	81	114	45	231	1	56	44	597
		401-1	Joining the Group – By Age Group	<30 years old	34	142	277	157	539	2	66	33	1,250
	30-50 years old			69	126	76	76	57	5	106	58	573	
	>50 years old			3	2	2	0	0	3	6	8	24	
<b>Health &amp; Safety</b>	403-1	H & S representation		100%	100%	100%	100%	100%	100%	100%	100%	100%	
	403-2	Injuries (Workforce)	Number	4	0	11	0	0	N/A	0	N/A	N/A	
			%	0.10%	N/A	0.35%	N/A	0%	N/A	N/A	N/A	N/A	
		403-2	Fatalities	Number	0	0	0	0	0	N/A	1	0	N/A
	403-2	Lost Day Rate	LTIFR	8.47	0.12	181	0	0	N/A	N/A	0	N/A	
<b>Training</b>	404-1	Average Training hours per employee <sup>1</sup>	Male	6.86	32.69	40.08	20.00	18.77	29.00	14.00	4.70	20.76	
			Female	6.42	27.18	36.45	19.91	19.03	29.00	16.00	9.81	20.47	
	404-3	Employees receiving Performance Review	Male	100%	100%	100%	100%	100%	100%	100%	100%	100%	
			Female	100%	100%	100%	100%	100%	100%	100%	100%	100%	
<b>Diversity</b>	405-1	Staff diversity – By Age Group	<30 years old	315	393	1,113	427	493	26	178	68	3,013	
			30-50 years old	2,214	1,258	2,300	1,104	340	500	712	204	8,632	
			>50 years old	199	26	49	36	5	8	57	34	414	

Notes: Totals may not add up due to rounding

<sup>1</sup> Senior Management is defined as CEO and CEO-1. Local country refers to citizens of respective OpCo country

<sup>2</sup> Local percentage considers weightage given to local participation in ownership, management, employment, and extent of value added locally as defined by Axiata Procurement Centre



# GRI Content Index

This Content Index provides an overview of the GRI Standard (in Accordance Core) Disclosures made in this report, the Axiata Integrated Annual Report (IAR) 2018, and the Governance and Audited Financial Statements (GAFS) 2018

General Standard Disclosures		Page Number
<b>Organisational Profile</b>		
Disclosure 102-1	Name of the organisation	Pg. 2
Disclosure 102-2	Activities, brands, products, and services	Pg. 5-7, IAR Pg. 48-57
Disclosure 102-3	Location of headquarters	IAR Pg. 83
Disclosure 102-4	Location of operations	Pg. 5-7
Disclosure 102-5	Ownership and legal form	Pg. 3, GAFS Pg. 190
Disclosure 102-6	Markets served	Pg. 5-7
Disclosure 102-7	Scale of the organisation	Pg. 5-7, 29, IAR Pg. 49-57
Disclosure 102-8	Information on employees and other workers	Pg. 29, 79
Disclosure 102-9	Supply chain	Pg. 37
Disclosure 102-10	Significant changes to the organisation and its supply chain	None
Disclosure 102-11	Precautionary Principle Approach	Pg. 44
Disclosure 102-12	External initiatives	Pg. 27
Disclosure 102-13	Membership of associations	Pg. 27
<b>Strategy</b>		
Disclosure 102-14	Statement from senior decision-maker	Pg. 13-16
<b>Ethics and Integrity</b>		
Disclosure 102-16	Values, principles, standards, and norms of behavior	Pg. 31, GAFS Pg. 33
<b>Governance</b>		
Disclosure 102-18	Governance structure	Pg. 9, IAR Pg. 59-71

General Standard Disclosures		Page Number
<b>Stakeholder Engagement</b>		
Disclosure 102-40	List of stakeholder groups	Pg. 11, 73-74
Disclosure 102-41	Collective bargaining agreements	Pg. 33
Disclosure 102-42	Identifying and selecting stakeholders	Pg. 75-76, IAR Pg. 23
Disclosure 102-43	Approach to stakeholder engagement	Pg. 75-76, IAR Pg. 23
Disclosure 102-44	Key topics and concerns raised	Pg. 11, 75-76
<b>Reporting Practice</b>		
Disclosure 102-45	Entities included in the consolidated financial statements	GAFS Pg. 166-172
Disclosure 102-46	Defining report content and topic Boundaries	Pg. 72
Disclosure 102-47	List of material topics	Pg. 10
Disclosure 102-48	Restatements of information	None
Disclosure 102-49	Changes in reporting	Pg. 72
Disclosure 102-50	Reporting period	Pg. 72
Disclosure 102-51	Date of most recent report	Pg. 72
Disclosure 102-52	Reporting cycle	Pg. 72
Disclosure 102-53	Contact point for questions regarding the report	sustainability@axiata.com
Disclosure 102-54	Claims of reporting in accordance with the GRI Standards	This Page
Disclosure 102-55	GRI content index	Pg. 80-82
Disclosure 102-56	External assurance	Pg. 83-85

## GRI Content Index

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		Page Number	External Assurance
<b>Topic-specific Standard: Economic</b>			
Disclosure 201	Management Approach: Economic Performance	IAR Pg. 11-19, 40-57	
Disclosure 201-1	Direct economic value generated and distributed	Pg. 51-71, IAR Pg. 40-46	
Disclosure 201-3	Defined benefit plan obligations and other retirement plans	GAFS Pg. 88	
Disclosure 202	Management Approach: Market Presence	Pg. 5-7	
Disclosure 202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Pg. 79	
Disclosure 202-2	Proportion of senior management hired from local community	Pg. 29, 79	CC
Disclosure 203	Management Approach: Indirect Economic Impacts	IAR Pg. 11-19	
Disclosure 203-1	Infrastructure investments and services supported	IAR Pg.48-57	
Disclosure 203-2	Significant indirect economic impacts	Pg. 51-71	
Disclosure 204	Management Approach: Procurement Practices	Pg. 37	
Disclosure 204-1	Proportion of spending on local suppliers	Pg. 37, 79	CC
Disclosure 205	Management Approach: Anti-corruption	Pg. 31, GAFS Pg. 33	
Disclosure 205-1	Operations assessed for risks related to corruption	Pg. 31	
Disclosure 205-2	Communication and training about anti-corruption policies and procedures	Pg. 31	
Disclosure 205-3	Confirmed incidents of corruption and actions taken	See Notes	
Disclosure 206	Management Approach: Anti-competitive Behaviour	<a href="#">Code of Conduct 4.7</a>	
Disclosure 206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	None Reported	

		Page Number	External Assurance
<b>Topic-specific Standard: Environmental</b>			
Disclosure 302	Management Approach: Energy	Pg. 44	
Disclosure 302-1	Energy consumption within the organisation	Pg. 45	CC
Disclosure 302-3	Energy intensity	Pg. 45	
Disclosure 302-4	Reduction in energy consumption	Pg. 45	
Disclosure 303	Management Approach: Water	See Notes	
Disclosure 305	Management Approach: Emissions	Pg. 44	
Disclosure 305-1	Direct (Scope 1) GHG emissions	Pg. 45	CC
Disclosure 305-2	Energy indirect (Scope 2) GHG emissions	Pg. 45	CC
Disclosure 305-4	GHG emissions intensity	Pg. 45	
Disclosure 305-5	Reduction of GHG emissions	Pg. 45	
Disclosure 307	Management Approach: Environmental Compliance	Pg. 44	
Disclosure 307-1	Non-compliance with environmental laws and regulations	None Reported	
<b>Topic-specific Standard: Social</b>			
Disclosure 401	Management Approach: Employment	Pg. 29-34	
Disclosure 401-1	New employee hires and employee turnover	Pg. 79	
Disclosure 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	GAFS Pg. 88	
Disclosure 402	Management Approach: Labour Management Relations	Pg. 33	
Disclosure 402-1	Minimum notice periods regarding operational changes	See Notes	
Disclosure 403	Management Approach: Occupational Health and Safety	Pg. 38	



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		Page Number	External Assurance
<b>Topic-specific Standard: Social</b>			
Disclosure 403-1	Workplace representation in formal joint management-worker health and safety committees	Pg. 38, 79	
Disclosure 403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities	Pg. 38	
Disclosure 404	Management Approach: Training and Education	Pg. 32	
Disclosure 404-1	Average hours of training per year per employee	Pg. 79	
Disclosure 404-2	Programmes for upgrading employee skills and transition assistance programme	Pg. 32	
Disclosure 404-3	Percentage of employees receiving regular performance and career development reviews	Pg. 79	CC
Disclosure 405	Management Approach: Diversity	Pg. 29	
Disclosure 405-1	Diversity of governance bodies and employees	Pg. 79, IAR Pg. 62-68	
Disclosure 405-2	Ratio of basic salary and remuneration of women to men	Pg. 79	
Disclosure 406	Management Approach: Non-discrimination	Pg. 29, <a href="#">Code of Conduct 4.7</a>	
Disclosure 406-1	Incidents of discrimination and corrective actions taken	None Reported	
Disclosure 407	Management Approach: Freedom of Association and Collective Bargaining	Pg. 33	
Disclosure 407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Pg. 33	

		Page Number	External Assurance
<b>Topic-specific Standard: Social</b>			
Disclosure 408	Management Approach: Child Labour	Pg. 33	
Disclosure 408-1	Operations and suppliers at significant risk for incidents of child labour	Pg. 33	
Disclosure 409	Management Approach: Forced or Compulsory Labour	Pg. 33	
Disclosure 409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Pg. 33	
Disclosure 413	Management Approach: Local Communities	Pg. 23-26, 38, 48	
Disclosure 413-1	Operations with local community engagement, impact assessments, and development programmes	Pg. 23-26, 38, 48	
Disclosure 415	Management Approach: Public Policy	<a href="#">Code of Conduct 4.7</a>	
Disclosure 415-1	Political contribution	<a href="#">Code of Conduct 4.7</a>	
Disclosure 418	Management Approach: Customer Privacy	GAFS Pg. 35	
Disclosure 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	None Reported	
Disclosure 419	Management Approach: Socioeconomic Compliance	GAFS Pg. 23-34	
Disclosure 419-1	Non-compliance with laws and regulations in the social and economic area	None Reported	

Notes: Disclosure 205-3: We have chosen not to disclose at this time  
 Disclosure 303: All water source are from public utilities  
 Disclosure 402-1: Minimum notice period according to local laws

# Assurance Statement

## Independent Limited Assurance Report On Axiata Sustainability Report For The Financial Year Ended 31 December 2018

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

### Scope of our work

Axiata Group Berhad has engaged Deloitte PLT (LLP0010145-LCA) to perform limited assurance procedures for the Corporate Centre ("CC") on selected Subject Matter ("the Subject Matter") for the financial year ended 31 December 2018 presented in the Axiata Group Berhad's Sustainability Report 2018, in accordance with the Selected Reporting Requirements ("the Reporting Requirement").

### Subject Matter

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

Subject Matter	Selected Reporting Requirements (Description)	Page No.
<b>Energy and Climate Change</b>		
Scope 2 Carbon Dioxide("CO <sub>2</sub> ") emissions	GRI 305-2 Direct (Scope 2) Green House Gases ("GHG") emissions - Gross location-based energy indirect emissions in metric tons of CO <sub>2</sub> equivalent	Appendix (pg. 79)
<b>Employee Development &amp; Welfare</b>		
Average training hours per year per employee	GRI 404-1 Average hours of training per year per employee by gender, and by employee category during the reporting period	Appendix (pg. 79)
Percentage of employees receiving regular performance and career development	GRI 404-3 Percentage of employees receiving regular performance and career development reviews, by gender and by employee category during the reporting period	Appendix (pg. 79)
<b>Supply Chain Management</b>		
Spending on local suppliers	GRI 204-1 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. 79)
<b>Local Hiring</b>		
Senior management hired from the local community	GRI 202-2 Percentage of senior management at location of operation that are hired from the local community	Appendix (pg. 79)

Note: All data points refer to the Corporate Center only.

### Criteria

The selected Subject Matter above are included in the Axiata Group Sustainability Report 2018 and has been assessed in accordance with the Global Reporting Initiative Standards based on the selected Reporting Requirements, as mentioned above.



# Assurance Statement

## Basis of our work and level of assurance

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

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

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

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

## 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 the information and explanations considered necessary to provide sufficient evidence to support our assurance conclusion on the selected subject matter.

Our assurance procedures included, but were not limited to:

- Gaining an understanding of Axiata’s business and approach to sustainability reporting.
- Visiting Axiata’s Corporate Centre.
- Interviewing management at Axiata’s head office, including the sustainability reporting 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 selected Subject Matter by:
  - a. Assessing the methodologies applied;
  - b. Performing testing of selected data on a sampling basis;
  - c. Identifying and testing calculations; and
  - d. 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 2018 which is in accordance with Global Reporting Initiative Standards on the selected Reporting Requirements. Management’s responsibility also includes the collection, preparation and presentation of the Subject Matter in the Report in accordance with the above Reporting Requirements, and for maintaining adequate records and internal controls that are designed to support the sustainability reporting process.



## Assurance Statement

### Our responsibility

Our responsibility is to independently express a limited assurance conclusion on the selected Subject Matter in accordance with the selected Reporting Requirements. 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 selected Subject Matter set out within the Axiata Sustainability Report 2018. 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 selected Reporting Requirements are appropriate for any third party purpose.

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

### Our assurance opinion

Based on the work described above, nothing has come to our attention that causes us to believe that the selected Subject Matter for the year ended 31 December 2018 included in the Axiata Group Berhad's Sustainability Report 2018 has not been prepared, in all material respects, in accordance with the selected Reporting Requirements.





