axiata
advancing asia

**OUR COMMITMENT TO DEVELOPMENT**

MALAYSIA

CAMBODIA

INDONESIA

INDIA
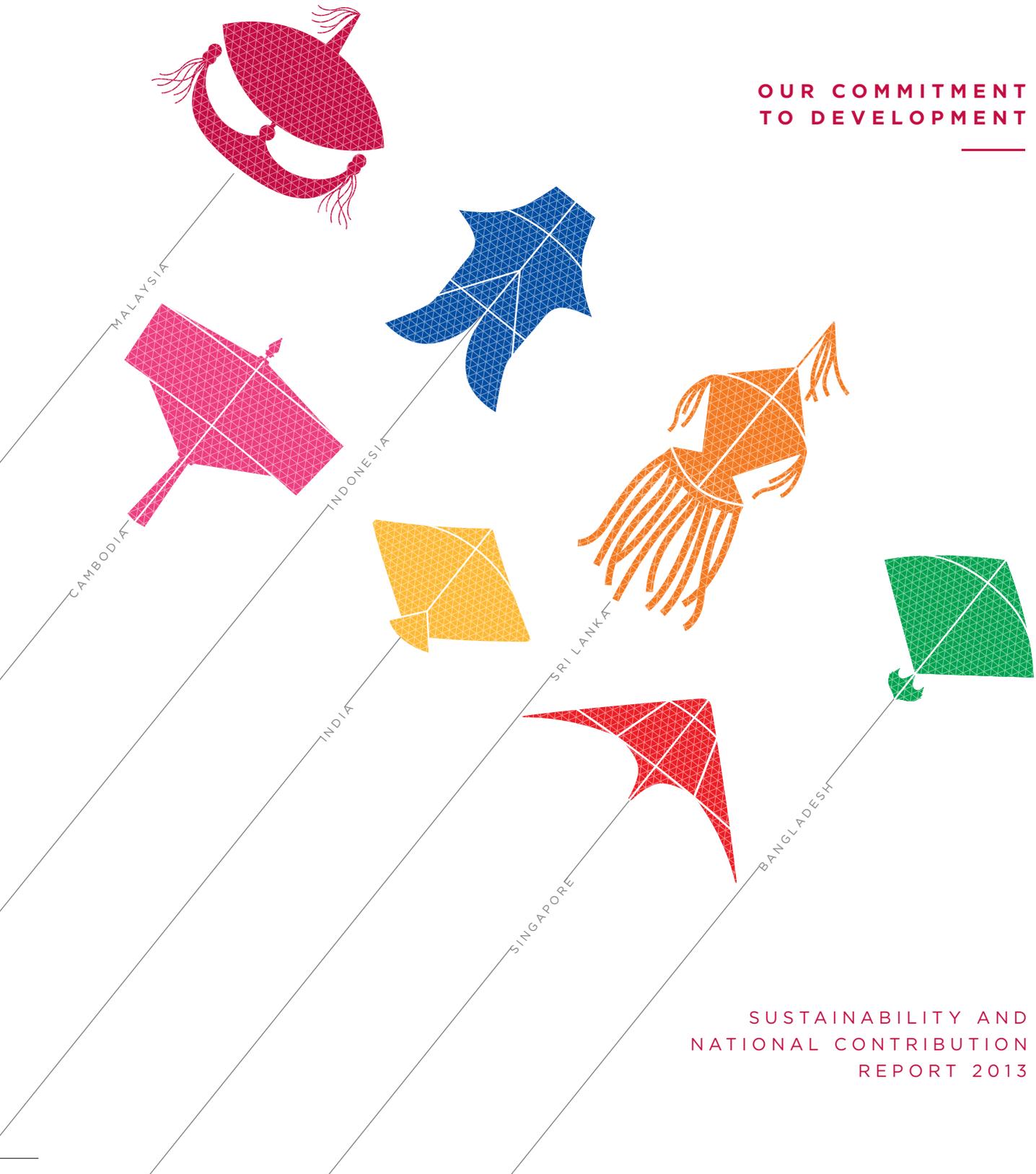
SRI LANKA

SINGAPORE

BANGLADESH

SUSTAINABILITY AND NATIONAL CONTRIBUTION REPORT 2013

# Our Commitment to Development.

Kites are a unifying factor across Asia. Backed by traditions that are centuries old, each kite has a unique cultural reference to its country and people. For generations, these kites have taught us the value of hard work, patience and perseverance. Just as kites soar freely over the horizon, Axiata and its, companies reach far and wide to unite the cultures and people of Asia, transforming the lives of people via affordable connectivity and the latest in technology.

We are a regional telecommunications company, giving over 240 million people across the continent the power to connect with each other. We are committed to our investments and the development of the countries and societies that we operate in.

**Axiata. Advancing Asia.**
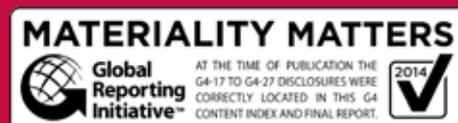
# The kites of Asia

### Wau Bulan, Malaysia

The Wau Bulan is an intricately designed kite fashioned after a crescent moon. It is usually adorned with floral motifs, and traditionally flown by men in the Malaysian state of Kelantan. It is also a Malaysian national symbol, alongside the Hibiscus and Kris.

### Kleng, Cambodia

Klengs, meaning "eagle" in Khmer, have flown for generations. These majestic creations are sent into the sky for many reasons. They provide entertainment, and are seen as symbols of freedom, happiness and peace. Locals also believe that flying them brings good weather in times of drought or flooding.

### Jangan, Indonesia

The Jangan is a traditional Balinese kite that is commonly flown during competitions or as offerings to Hindu Gods to bless the lands with abundant harvests. They come in many shapes but are typically large, casting an impressive presence in the skies.
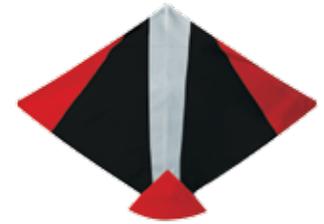
### Patang, India

The Patang is used in the sport of kite fighting. Traditionally, most are small, unstable single line flat kites with an abrasive line to cut down other kites in flight. Kite fighting usually takes place during major festivals, particularly the spring festival known as Basant and more recently, on Independence Day.
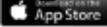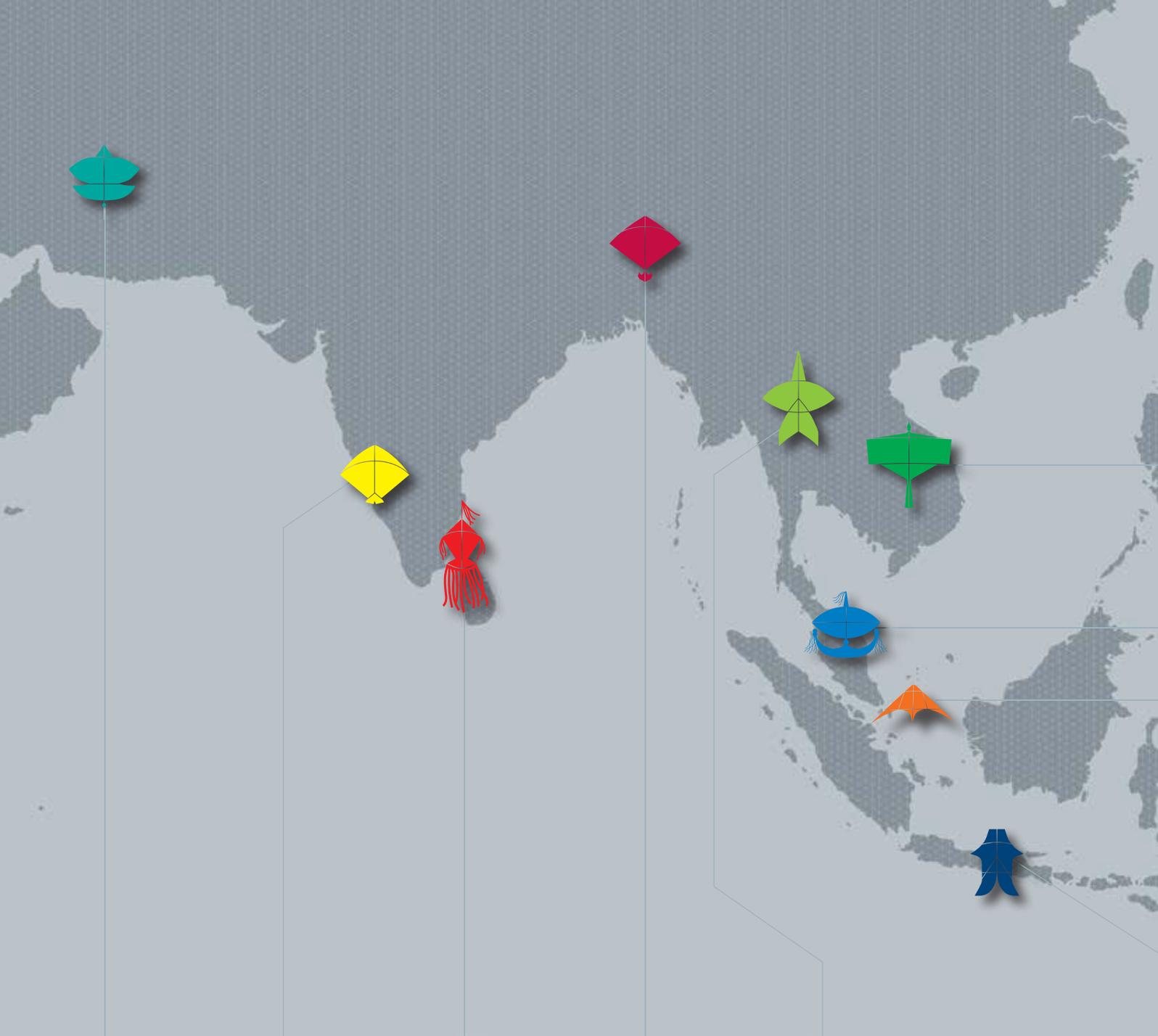
### Sri Lanka

### Bangladesh

### Singapore

The kites of Asia fly as freely as the cultures they represent and are flown for many reasons, ranging from leisure, festive, symbolic and ceremonial purposes. For instance, kites mark the beginning of spring in Bangladesh. In Sri Lanka, kites cruise the coastlines of Colombo in a showcase of local craftsmanship. The island nation of Singapore hosts an annual kite festival, bridging international ties through a common passion for kite flying. For generations, kites have entertained and enchanted, inspiring pride and hope in both the young and old.

**multinet**

PAKISTAN

**!dea**

INDIA

**Dialog**

SRI LANKA

**robi**

BANGLADESH

**i-mobile**
by SAMART

THAILAND

# Advancing Asia

## 2013

**Revenue**

## RM18.4 Billion
USD5.8 Billion

**PAT**

## RM2.7 Billion
USD870 Million

**Market Cap**

## RM58.9 Billion
USD18.7 Billion

**Subscribers**

## > 240 Million

**Employees**

## 23,000

**Countries**

## 9

INDONESIA

SINGAPORE

celcom
MALAYSIA

Smart
CAMBODIA

eco
enabling connectivity

# Contents

# Group Profile

Axiata Group Berhad is one of the largest Asian telecommunications group in Asia with over 240 million customers. Axiata's vision is to be a regional champion by 2015 by piecing together the best throughout the region in connectivity, technology and talent, uniting them towards a single goal: Advancing Asia.

Axiata has controlling interests in mobile operators in Malaysia, Indonesia, Sri Lanka, Bangladesh and Cambodia with significant strategic stakes in India and Singapore. In addition, the Malaysian-grown holding company has stakes in non-mobile telecommunications operations in Thailand and Pakistan.

The Group's mobile subsidiaries and associates operate under the brand name "Celcom" in Malaysia, "XL" in Indonesia, "Dialog" in Sri Lanka, "Robi" in Bangladesh, "Smart" in Cambodia, "Idea" in India and "M1" in Singapore. Added to this the Group has established a communications infrastructure solutions and services company called "edotco".

## 2007 vs 2013

| Revenue | ↑ | 84% |
| EBITDA | ↑ | 76% |
| PAT | ↑ | 94% |
| Subscribers | ↑ | 513% |
| Market Capitalisation | ↑ | 333%* |

\* Market Capitalisation is 2008 vs 2013

The Group, including its subsidiaries and associates, has over 240 million mobile subscribers in Asia. The Group revenue for 2013 was RM18.4 billion (USD5.8 billion). Its market capitalisation stood at over RM58.9 billion (USD18.7 billion) at the end 2013.

The Group provides employment to over 23,000 people across Asia.

Axiata was awarded the Frost & Sullivan Asia Pacific ICT Award for Best Telecom Group for five consecutive years in 2009, 2010, 2011, 2012 and 2013 and the Telecom Asia Best Regional Mobile Group 2010 and 2011 for its operations in multiple Asian markets. In 2011, Axiata was the only Malaysian company to make the Forbes Asia Fab 50 List.

### Axiata's Journey

Axiata was incorporated in Malaysia on 12 June 1992 as a private limited company under the name of TMI, operating as a division within TM. The initial focus was on expanding the Group's footprint, primarily through mergers and acquisitions, building a portfolio which balances interests in emerging markets with low mobile penetration rates, and best-in-class and innovation driven subsidiaries in mature markets.

In 2008, the TM Group completed a strategic demerger exercise that saw the separation of the mobile business from TM. The demerger resulted in an enhanced TMI, which was merged with Celcom, enabling it to focus on its own core business and accelerate operational improvements and growth initiatives; emerging as an independent entity in the regional mobile telecommunications market.

TMI was subsequently listed on Bursa Securities on 28 April 2008, marking a new chapter in its transformation towards becoming a regional giant in the mobile communications market.

In March 2009, TMI changed its name to Axiata Group Berhad and launched a new identity, as part of a rebranding exercise aimed at enhancing its position as a leading regional mobile operator. The move was a requisite step to reinforce the Group's new business philosophy and its commitment to advancing Asia by addressing the unfulfilled communication needs of local populations with affordable and innovative products and services. Axiata has blazed a path across the region; from 40 million customers, pre-demerger, to over 240 million across 9 countries, in six years, making Axiata one of the largest mobile players in Asia.

### Shaping the Future

Axiata has always been ahead of the curve, quickly adapting to change and positioning its business model to capitalise on the developments in an increasingly digitalised world. Parallel to its investments in network and technology modernisation over the years, Axiata has also evolved its business to embrace the digital age and fast growing demand for data. 2014 will be a critical year for Axiata as it progresses in its transformation beyond a traditional telecommunications company.

In advancing Asia, Axiata remains committed to its role as a responsible corporate citizen, to make a difference to people's lives and help transform the countries in which it operates. Details of Axiata's sustainability efforts are available as a separate booklet, together with this Annual Report.

## Vision ▶

# Regional Champion
## by 2015

▶ ## By

## Advancing Asia, bringing together people, connectivity and technology

## Code of Conduct ▶

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

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

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

# Core Values ▶

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

**UI·EP**
Uncompromising Integrity
Exceptional Performance

**Uncompromising Integrity**

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

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

**Exceptional Performance**

Always pushing ourselves to deliver benchmarked outstanding performance.

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

Uncompromising Integrity and Exceptional Performance are our distinct values and key to our success towards becoming a regional champion.

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

These two core values will be incorporated into the existing values of the individual OpCos which includes, amongst others, service excellence, teamwork, creativity and customer centricity.
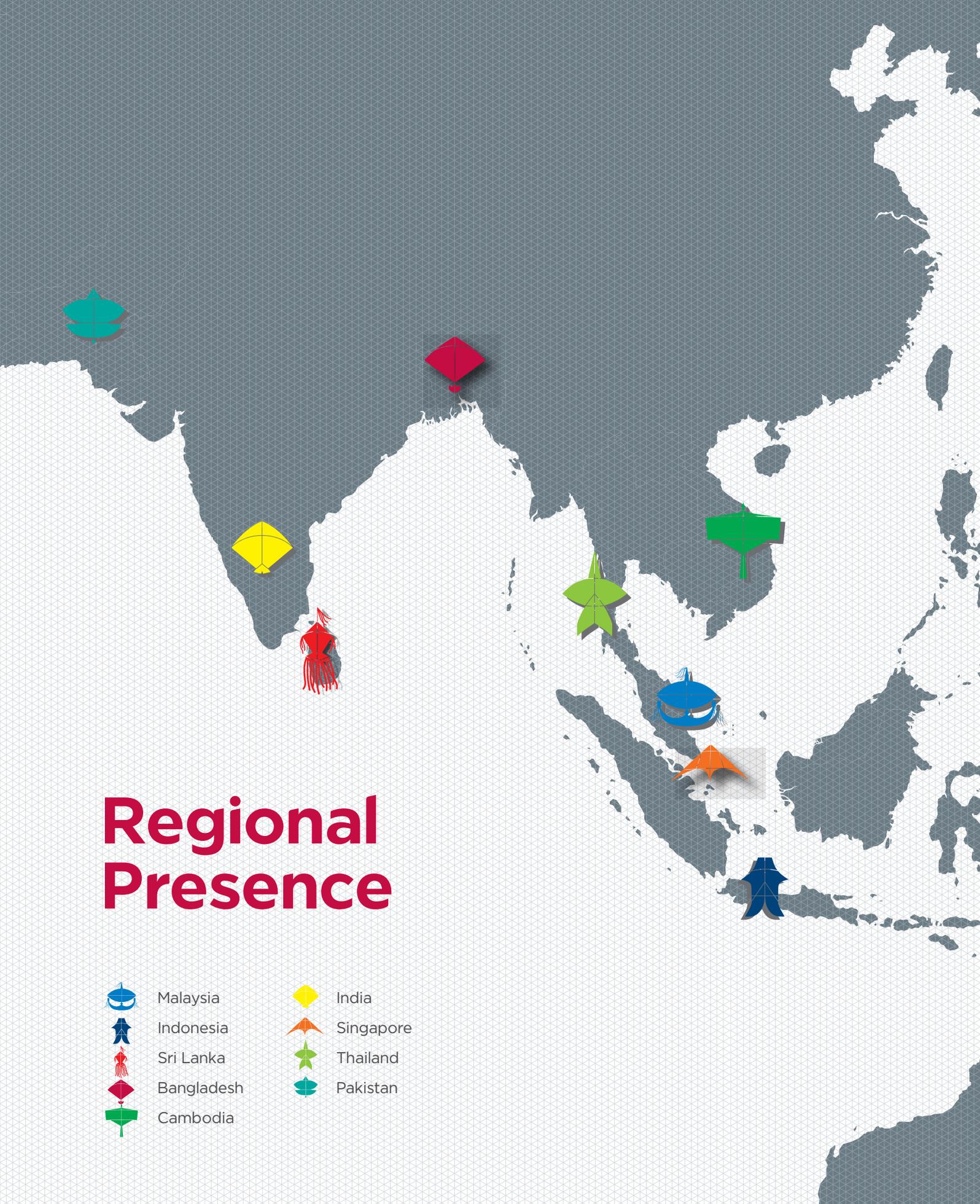
# Regional Presence

- Malaysia
- Indonesia
- Sri Lanka
- Bangladesh
- Cambodia
- India
- Singapore
- Thailand
- Pakistan

# Entities
## across Asia

## Mobile Subsidiaries

### MALAYSIA



**CELCOM AXIATA BERHAD**
Year of Investment/Shareholding: 2008/100%
Nature of Business: Mobile
Subscribers: 13.1 Million
Technology Deployed: GSM, GPRS, EDGE,
3G, HSDPA+, WiFi, 4G LTE
No. of BTS (2G/3G): 14,688
Network Coverage (By population
coverage): 2G-95.2% 3G-82.6%

**Note:**
Coverage based on national census of 2010.

### INDONESIA



**PT XL AXIATA TBK**
Year of Investment/Shareholding:
2005/66.5%
Nature of Business: Mobile
Subscribers: 60.5 Million
Technology Deployed: GSM, GPRS, EDGE,
3G, HSPA+, DC-HSPA+
No. of BTS (2G/3G): 44,946
Network Coverage (By population
coverage): 2G->90% 3G->40%

### SRI LANKA



**DIALOG AXIATA PLC**
Year of Investment/Shareholding: 1996/85.0%
Nature of Business: Communication
Services, Telecommunications Infrastructure
Services, Media and Digital Services
Subscribers: 8.7 Million
Technology Deployed: GSM, GPRS, EDGE,
3G, HSPA, WiFi, CDMA, WiMAX, 4G LTE,
MPEG-2, MPEG-4, HD
No. of BTS (2G/3G/4G): 6,635
Network Coverage (By population
coverage): 2G-96%/3G-74%

### CAMBODIA



**SMART AXIATA CO., LTD.**
Year of Investment/Shareholding: 2013/87.5%
Nature of Business: Mobile
Subscribers: 5.3 Million
Technology Deployed: GSM, GPRS, EDGE,
3G, HSPA+, 4G LTE
No. of BTS (2G/3G): 2,009
Network Coverage (By population
coverage): >96%

### BANGLADESH



**ROBI AXIATA LIMITED**
Year of Investment/Shareholding:
1995/91.59%
Nature of Business: Mobile
Subscribers: 25.38 Million*
Technology Deployed: GSM, GPRS, EDGE,
HSPA+, 3G
No. of BTS (2G): 9,358
Network Coverage (By population
coverage): 98.7%

**Note:**
Robi's active sub-base as reported to BTRC
(Bangladesh Telecommunications Regulatory
Commission) is 25.38 Million (as of December 2013).

## Non-Mobile Subsidiaries &
## Associates/Affiliates



**edotco Group Sdn. Bhd.** *(formerly
known as Axiata SPV3 Sdn. Bhd.)*
Year of Incorporation/Shareholding:
2012/100%
Nature of Business: Infrastructure and
Telecommunications Services

### PAKISTAN



**MULTINET PAKISTAN
(PRIVATE) LIMITED**
Year of Investment/Shareholding:
2005/89%
Nature of Business: Broadband and
long distance, and international
services

### THAILAND



**SAMART I-MOBILE PUBLIC COMPANY
LIMITED**
Year of Investment/Shareholding:
2006/24%
Nature of Business: Mobile devices and
accessories, multimedia and
international business

## Mobile Associates/Affiliates

### INDIA



**IDEA CELLULAR LIMITED**
Year of Investment/Shareholding: 2008/19.9%
Nature of Business: Mobile Services
Subscribers: 128.7 Million (as of 31 December
2013)

### SINGAPORE



**M1 LIMITED**
Year of Investment/Shareholding: 2005/28.6%
Nature of Business: Mobile and fixed services
Subscribers: 2.11 Million (as of 31 December
2013)

# About the
# Report

**Our first Sustainability Report, Towards Sustainability, was published in 2012 and laid the foundation for the Group's sustainability journey. This year's Sustainability Report, Our Commitment to Development, provides a detailed account of our efforts in sustainability in the reporting period, highlighting our economic and social contributions to the communities we serve.**

Information and Communications Technology (ICT) is a key enabler of social, environmental and economic sustainability. Advanced ICT infrastructures not only play an important role in the creation of a knowledge society, but also in contributing to the economic growth and environmental sustainability of a nation. Therefore, building the infrastructure of a future sustainable digital society remains one of Axiata's priorities.

## Forward Looking Statements

This report contains forward-looking statements characterised by the use of words and phrases such as "might" "forecast" "anticipate", "project", "may", "believe", "predict", "expect", "continue", "will", "estimate", "target," and other similar expressions. Our business operates in an ever-changing macro environment. As such, our business is subject to uncertainties that could cause actual results to differ from those reflected in the forward-looking statements. Such statements reflect the expectations of the Group and may or may not turn out as predicted.

## Changes from Previous Report

Our 2012 report scope included the passive infrastructure of our operations which is now managed by edotco, the communications infrastructure solutions and services company covering a network of over 13,000 sites in Malaysia, Bangladesh, Cambodia and Sri Lanka. Since this demerger took place in 2013, this report does not cover the passive infrastructure of the network.

G4-17
G4-23

# Report Scope &
## Boundary

### Scope

Axiata's 2013 Sustainability Report presents our economic, social and environmental progress to date. It discloses the Group's management approach in relation to 24 material aspects, covering 33 indicators, of the Global Reporting Initiative's G4 guidelines. Pages 021 and 022 details out the materiality mapping process for Axiata Group and its operating companies (OpCos).

This Sustainability Report should be read in conjunction with the Axiata Group Berhad Annual Report 2013. We welcome any feedback on our approach to sustainability, and on our report. Please direct such feedback or other communication to sustainability@axiata.com.

### Report Boundary

The 2013 Axiata Sustainability Report covers the sustainability performance of Axiata Group Berhad but is limited to the operations where Axiata held majority of the shares for the 12-month period ending 31st December 2013. These entities include:

G4-17

- Axiata Group Berhad
- Celcom Axiata Berhad
- PT XL Axiata Tbk
- Dialog Axiata PLC
- Robi Axiata Limited
- Smart Axiata Co., Ltd.

Since the operating environments in the five companies differ significantly, the sustainability context and materiality would differ in each OpCo. Due to this fact, the disclosure will be indexed with the coloured kites of each company to indicate relevance of the account.



### Independent Assurance

The report has been independently assured by Net Balance for a 'Type 2' and 'Moderate Level Report' as set out in the AA1000 Assurance Standard of 2008 and includes a Global Reporting Initiative (GRI) G4 'Core' in accordance with the requirements assessment. Pages 093 to 095 carries the independent assurance statement.

The Global Reporting Initiatives (GRI)[1] has checked the disclosure of topics material to our business and key stakeholders.

[1] www.globalreporting.org

# President & Group Chief Executive Officer's Statement

## Dear Shareholders,

Given the long-term nature of our investments, sustainability is a fundamental and important aspect of our operations. As a Group, advancing Asia is at the very core of our business strategy. We strive to achieve this through bringing affordable connectivity, innovative technology and world-class talent to the entire region, and our motivation has always been beyond ensuring short-term financial returns to our shareholders. Serving over 240 million customers* within our markets, places us in a strong position to transform lives and societies. This report details our approach towards obtaining a balanced sustainability scorecard through value creation in the four key areas of focus beyond short-term profits, nurturing our people, process excellence and responsibility towards planet & society.

### BEYOND SHORT-TERM PROFITS
### Commitment to Long-Term Investment in All Our Countries

Axiata is a long-term investor in all our countries with investments going back more than 19 years in Bangladesh, 18 years in Sri Lanka and 16 years in Cambodia. As a Group, we have contributed substantially to the Gross Domestic Product (GDP) of all 7 telco operating countries, amounting to around USD63.8 billion from 2008 to 2013. Added to this, we have created over 23,000 jobs directly and have indirectly created over a million jobs in these countries over the last six years. In parallel, we have spent over USD12.4 billion on capital investments across our footprint, building necessary telecommunications infrastructure and providing connectivity to more than 95% of the population in our operating countries. This makes Axiata the top foreign direct investor in Sri Lanka, and one of the top economic contributors in every country we operate in.

### Commitment to Services Beyond Commercial Motivation – Towards Less Developed Communities

Today, the upsurge in demand for digital services, data and mobility is creating a valuable opportunity for telecommunications operators. With Asia accounting for 60% of the global mobile revenue growth, Axiata is well placed to capitalise on this trend, enabling our customers to gain a competitive advantage. In 2013, we continued to introduce innovative and attractive data services and applications to our customers bringing applicable mobile- based services to connect rural communities, thus bridging the digital divide and improving customer experience. 47.3% of our sites are located in rural areas of OpCo countries.

# Statement from the
## President & GCEO

We also made strides in the development of digital services such as m-money, m-health, m-advertising, m-insurance and social networking that would benefit less affluent, unbanked or rural communities. EzCash, an m-money service operated by Dialog, allows those without access to banks to perform a wide array of financial transactions. In Indonesia, we collaborated with Western Union and mini market chain, Alfamart, to provide mobile-based remittance services to customers through XL-Tunai. Our m-insurance service has provided insurance coverage to more than 4.6 million customers for the first time in Indonesia, Sri Lanka and Bangladesh. Kolony and Circle allows non-smart phone users to communicate and interact on a social media platform in Malaysia and Bangladesh.

### Commitment to the Development of the Global Mobile Industry

Over the years, Axiata has played an active role in GSMA's Mobile for Development efforts. The Group strongly believes the opportunity to work alongside our global peers in the GSMA will allow us to play a larger leadership role in shaping the priorities of the industry. Some of these initiatives include enabling relevant, impactful services that connect people, transform daily lives and improve sources of income. Dialog and Robi have already taken the initiative to work alongside the GSMA in partnering with m-agri, green power, m-women initiatives in Sri Lanka and Bangladesh.

## Connecting Over
# 240 million
### people

## NURTURING OUR PEOPLE

### Commitment to Nurturing Future Leaders

Our anchor Corporate Responsibility (CR) programme, the Axiata Young Talent Programme (AYTP), where we have pledged RM100 million for the development of local students in Malaysia has now matured into an iconic programme with over 270 participants. The AYTP has now been adopted and implemented by XL in Indonesia as the XL Future Leaders programme which has benefitted over 255 students.

Internally, talent development in particular has, and will remain, a leading focus of the Group, as we continue to hire, train and develop highly capable professionals nurturing them for leadership roles across Asia. I am pleased to note that Axiata's talent development engine is on track to deliver a pool of strong and well-equipped leaders with the appropriate skills to ensure they deliver performance and in turn, contribute positively to the development and economic progress in their countries and communities.

## PROCESS EXCELLENCE

### Commitment to Strong Governance and Culture of Integrity

As a Group, we strive to uphold strong governance, transparency and ethics for both internal processes as well as third party practices across the Group. We have been recognised with 4 awards at the Malaysia-ASEAN Corporate Governance Index 2013 awards. In Sri Lanka, Dialog topped the country's Corporate Accountability Index for the fifth year running in 2013. Robi has won the 5th Best Employer of the Year in the World HRD congress for its excellence in talent management and HR strategy.

Furthermore, the Group has adopted 'Uncompromising Integrity' and 'Exceptional Performance' as the two core values to be inculcated amongst all 13,000 Axiata employees.

## PLANET & SOCIETY

### Commitment to Greener Operations

In 2013, Axiata also established edotco, one of the first and largest independent communications infrastructure solutions and services company in Southeast Asia. With a network of over 13,000 sites in Malaysia, Bangladesh, Cambodia and Sri Lanka, this new business unit aims to improve not only cost efficiencies, but also to significantly reduce our $CO_2$ emissions, (40% by 2018) energy and waste consumption.

### Commitment to Society

Each of our OpCos champion necessary CR initiatives in their respective markets beyond areas relevant to our business. Dialog, for example, connects 2,000 schools via its Nenesa television channel with content from the National Institute of Education. Robi, ensures that almost 50,000 passengers on trains benefit daily from their Clean Water project. Robi also provides solar power and livelihood support to more than 2,500 rural villagers in their Model Eco Villages. In Indonesia, XL, led by their staff and supported by customers, carried out effective relief programmes for people affected by floods and the volcano eruption in Indonesia in recent years. These are a few of the in-country CR initiatives that further enhance our overall national contribution in each of our markets.

## CONCLUSION

We hope that both the Axiata Annual Report and the Sustainability & National Contribution Report for 2013 provides a detailed view of our overall financial performance, governance, transparency practices and corporate responsibility initiatives to all our stakeholders. This is our first report produced in accordance with the Global Reporting Initiative (GRI-G4-Core) guidelines, to quantify and benchmark our sustainability performance against global standards. It contains our achievements and our approach to sustainability as a Group and highlights some of the key challenges faced by the Group, and the industry as a whole. With our expansive footprint across Asia and our single-minded focus of advancing Asia, we continue to commit ourselves to making a difference through Axiata's core values of uncompromising integrity and exceptional performance.

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

# Management
## Approach to Sustainability

At Axiata, we are committed to the triple bottom line of economic, environmental and social management - in line with our broader goal of advancing Asia. We strive to be a socially responsible and sustainable business by offering our customers affordable products and services with wider coverage, and state-of-the-art customer-centric touch points. At the same time, we recognise the importance of using telecommunications as a tool to empower local communities.

### Four Sustainability Pillars

We benchmark our sustainability performance against our peers to continuously raise the bar for ourselves. Our approach to sustainability is based on the four main pillars of *Beyond Short-Term Profits*, *Nurturing People*, *Process Excellence and Planet & Society*.

Commitment to
## Beyond Short-Term Profits

**Long Term Investment**

**Services Beyond Commercial Motivation**

**Global Mobile Development**

At Axiata, our success is measured by more than just the achievement of financial targets. We believe financial performance and commitment to sustainability go hand in hand. We place strong emphasis on ethical values, and conduct our business with uncompromising integrity wherever we operate. We are constantly in search of ways in which we can utilise our telecommunications capabilities, expertise and workforce to contribute to the communities in which we operate. The National Contribution Report (page 070) provides an in-depth analysis on the indirect economic impact of our operations in the communities we serve over the last six years.

Commitment to
## Nurturing People
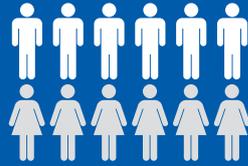
**Nurturing Future Leaders**

**Culture of Integrity**

**Inclusivity**

**Conducive Workplace**

At Axiata, we believe in diversity and equal opportunity. We treat our employees with respect regardless of their backgrounds, cultures and experiences. We engage our employees by conducting surveys to improve our overall engagement. Our training and development programmes are tailored to employees' personal growth and professional development. Our health and safety management system ensures safety and compliance with the necessary safety regulations.

## Commitment to
# Process Excellence

**Supply Chain Management**

**Customer Centricity**

**Centres of Excellence**

**Strong Governance**

The dramatic advances in online services, smart phones and high-speed fibre networks have created entirely new business ecosystems. In view of this, we aim to enhance the customer experience by making process and product improvements. We benchmark our processes i.e. information security policy, environmental management, health and safety standards against industry best practices to ensure they meet or exceed established standards. We are currently establishing common standards in our supply chain to ensure that sustainability practices are adopted across the operating companies.

## Commitment to
# Planet & Society

**Greener Operations**

**Contribution Towards Society**

We are committed to reducing the impact of our operations on the environment despite continuous growth and expansion of our networks. We have embarked on a large-scale exercise to manage energy efficiency for the Group. Our new business unit, edotco, aims to reduce 40% of the total carbon emissions across all operating companies by 2018. We will continue to explore best practices in the areas of material management, energy efficiency, recycling and e-waste management. We are committed to supporting the countries and communities where we operate by making contributions in the areas of economic development, education, health and technology. We also aim to develop and nurture well-rounded individuals into future leaders through the Axiata Foundation.

### The Broad Management Approach to Sustainability

Pages 024 to 025 shows a comprehensive mapping of our activities based on key material issues, which covers all areas of the triple bottom line.

# Risk
# Management

The Board is responsible and accountable for maintaining and ensuring a sound system of risk management and internal control practices to safeguard shareholders' investments, stakeholders' interest as well as the Group's assets. Such systems cover not only financial controls but also operational and compliance controls.

The Board has an on-going process in place for identifying, evaluating, monitoring and managing significant risks that may affect the achievement of the Group's business objectives. The Board is assisted by the Risk Management Committee (RMC) in ensuring that the implementation of the approved policies, manuals and procedures on risks and controls are in place to mitigate key risk areas which have been identified and assessed by the risk owners.

Risk assessment involves the identification and analysis of the key risk areas relevant to the achievement of business objectives. It also involves forming a basis of mitigation strategies. Control activities are practiced that ensure management objectives are achieved and risk mitigation strategies are carried out.

**Below are the key risk areas identified in Axiata Group[2]:**

▶ Sustainability of Long-Term Business Strategy

▶ Adverse Regulatory Development and Tax Environment

▶ Competition Risk

▶ Dependence on the Performance of Major OpCos

▶ Substitution of Voice and Short Message Services

▶ Obsolescence of Technology Over Time

▶ Treasury and Funding Risks

▶ System and Network Failure

▶ Leadership Competency Gap and Loss of Key Personnel

▶ Management of Large Scale Regional Projects

▶ Risks Related to Our Investments

The Axiata Group's enterprise risk management process is depicted in the next page.

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[2] The detailed descriptions of the key risk areas for the Group can be found in the 'Statement on Risk Management Process' in the Axiata Group Berhad Annual Report 2013.

# Diagramme of Risk Management Process

**Board Of Directors**

**Group Internal Audit**

**Board Audit Committee**

**Risk Management Committee (RMC)**

**Group Risk Management**

**Corporate Functions**

CoSec

Marketing

CorpOffice

Legal

Finance

Strategy

Regulatory

HR

Talent

Technology

**Board Risk Council**

**Risk Management Function**

celcom   XL   Dialog   robi   Smart
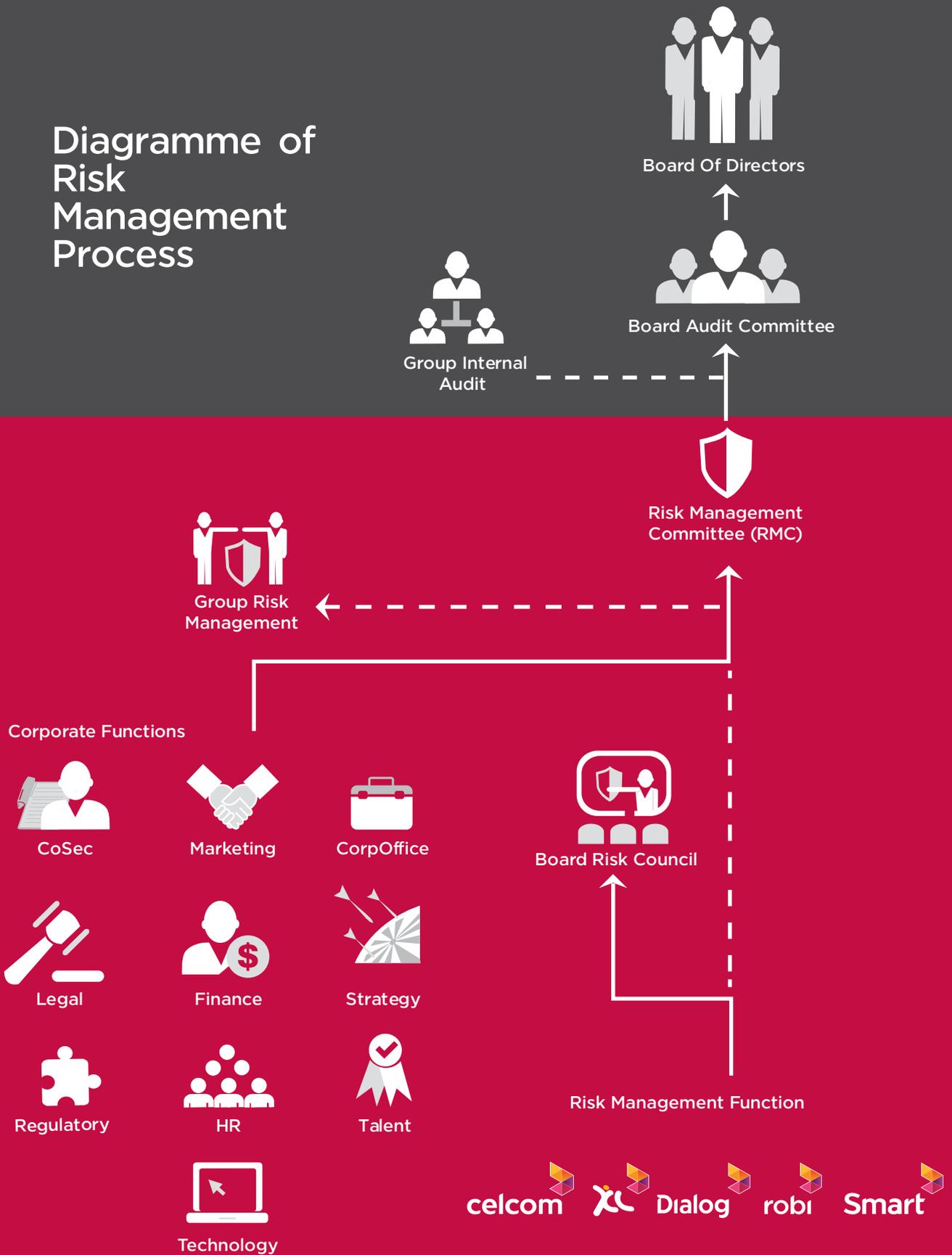
# Stakeholder Engagement

Our engagement with stakeholders is embedded in the way we do business. As a telecommunications provider, we try to understand the expectations of our stakeholders. In our attempt to determine the issues most material to the Group, we are guided by the principles of inclusivity, materiality and responsiveness as defined by the AA1000 Assurance Standard.

At Axiata, we strive to fulfil our economic, environmental and social responsibility in line with our vision to deliver optimum value to our stakeholders. We know that quality engagement with our stakeholders helps us to address and respond to their changing expectations and needs. Hence, we engage with our stakeholders in many ways, through surveys, websites, social media, market research, briefings and meetings.

The Group's current stakeholder engagement practice is stressed in the table below:

| Stakeholder Group | | Types of Engagement | Frequency | Feedback | |
|---|---|---|---|---|---|
| Customers | | • Customer Satisfaction via Net Promoter Score (NPS) | Annually | On affordability and availability of network | G4-24 G4-25 G4-26 G4-27 |
| Employees | | • Employee Engagement Survey (EES) by Towers Watson (independent research agency)<br>• Town Hall Meetings | Annually<br><br><br>Quarterly | Career development, Employee communication | |
| Shareholders | | • Annual General Meeting (AGM)<br>• Investor Roadshows<br>• Meeting(s) with the Top 100 investors<br>• Analyst Meetings | Annually<br><br><br>Ongoing | General interest in business direction and the Social Responsibility Initiatives | |
| Regulators and Government Authorities | | • Compliance with the Malaysian Communications and Multimedia Commission (MCMC)<br>• Compliance with Bursa Malaysia | Ongoing | Information security, Pricing | |
| Suppliers | | • Request for Proposals (RFP)<br>• Supplier Code of Conduct<br>• Vendor Survey | Ongoing | Payment practices, Delivery and definition of vendor performance | |
| Media | | • Media Survey<br>• Media Releases / Conferences | Annually, Quarterly | Company strategy, Future aspirations | |
| Community | | • Axiata Young Talent Programme (AYTP)<br>• Axiata's Sustainability Programmes | Ongoing | Social requirements and specific feedback on programmes | |

Table 1 – Type and nature of engagement with the most material stakeholders of the group.

Stakeholders' Perception from each of the above engagements has been presented, discussed and acted upon internally both OpCo-wide and at Axiata Corporate Centre. Since we are at a stage of defining the future of our industry and shaping it towards future developments, these stakeholder comments are extremely valuable to the Group especially as all these groups are within the ecosystem that is evolving into the next era of telecommunications.

**Materiality**

At Axiata, we define materiality as factors that have an impact on society and the environment, and issues that are relevant to our business and stakeholders.

### Identifying Key Issues

Our process to identify key material issues is based on the Reporting Principle and Guidance for Defining Content in the GRI G4 Sustainability Reporting Framework. We used the following sources to identify the key issues that are material to Axiata Group and our stakeholders in the reporting period:

| External | Internal |
|---|---|
| GRI's research study  (sustainability topics for sectors)[3] | Group-wide Key Performance Indicators (KPIs) |
| Benchmarking study which compared the sustainability performance of top 20 global telecommunications companies in 2013[4] | Group-wide policies |
| | Regulatory framework |
| | Risk matrix for 2013 |

Table 2 - External and internal sources used in the materiality mapping process.

[3]  https://www.globalreporting.org/reporting/sector-guidance/Topics-Research/Pages/default.aspx

[4]  GSMA study report on top mobile service providers for 2012; https://gsmaintelligence.com/analysis/2013/07/the-top-20-global-mobile-operator-groups-by-connections-and-revenue-q1-2013/392/

# Stakeholder Engagement

## Materiality Diagramme

We prioritised these issues and plotted them on a materiality matrix using the external and internal parameters as shown below.

Figure 1. Axiata Group materiality matrix for the year 2013.

### Legend

- ⚖ Ethics and Integrity
- 🔄 Supply Chain
- National Contribution
- ⚠ Disaster Preparedness
- 🌳 Environmental Footprint
- ♻ Environmentally-Friendly Products
- Network
- Mobile Masts & Health
- 👍 Customer Experience
- Employees
- Health & Safety
- Privacy & Data Protection
- Child Safety Online
- Bridging the Digital Gap
- Service Quality

Given the different operating environments and regulatory requirements in the countries where we operate, the issues faced in each location are very different, and their material relevance to our business varies considerably.

The detailed aspect boundary mapping and indication of reporting is given on page 088.

| Material Issues | | celcom | XL | Smart | Dialog | robi | axiata | G4-18 G4-19 G4-20 G4-21 |
|---|---|---|---|---|---|---|---|---|
| **Core Material** | Ethics and Integrity | ● | ● | ● | ● | ● | ● | |
| | Employees | ● | ● | ● | ● | ● | ● | |
| | Privacy & Data | ● | ○ | ○ | ● | ● | ● | |
| | National Contribution | ● | ● | ● | ● | ● | ● | |
| | Supply Chain | ● | ● | ● | ● | ● | ● | |
| | Network Coverage | ● | ● | ● | ● | ● | ● | |
| | Bridging the Digital Gap | ● | ● | ○ | ● | ○ | ○ | |
| | Environmental Footprint | ● | ● | ● | ● | ● | ● | |
| **Additional** | Customer Experience | ● | ○ | ○ | ● | ● | ○ | |
| | Transparency | ○ | ○ | ○ | ○ | ● | ○ | |
| | Disaster Preparedness | ○ | ● | ○ | ● | ● | ○ | |

● Significant    ○ Less Significant

Table 3. Relevance of our material issues to the regulatory and operating environment of each OpCo.

# Stakeholder Engagement

## Materiality and Sustainability Context

This section details key issues that are material to Axiata, and our management approach to each issue.

| | Material issues | Material Aspects | Sustainability Context | |
|---|---|---|---|---|
| | Ethics and Integrity | Corruption | We operate in countries that ranked high in terms of corruption risk in the Corruption Perception Index[5] for 2013. As a result ethics and integrity play an important role in our business operations. | |
| | Employees | Employment<br>Training & Education<br>Diversity & Equal Opportunity<br><br>Labour Grievances<br>Human Rights Grievances | Our employees are both an important stakeholder group and a key player in our business operations. | |
| | Privacy & Data | Customer Privacy<br><br>Marketing Communications | As a telecom service provider we have direct access to personal information of our customers. Each OpCo is responsible for the way they handle this information. | |
| | Supply Chain | Procurement Practices<br><br>Supplier: Labour<br><br>Supplier: Human Rights<br><br>Supplier: Environment | Telco operators use outsourced services directly, indirectly or via other suppliers. Consequently, in our industry influence down the supply chain to adopt our best practices in environmental and social management is very important. | |
| | National Contribution | Indirect Economic Impacts<br>Local Communities | In the countries and communities we operate in, the contribution of a telco via economic development, supporting education, enhancing healthcare services and new technology is perceived to be a defining factor of recognition as a responsible corporate citizen. | |
| | Network Coverage | Coverage in Low/No Income Areas | The affordability and the availability of our network plays a significant role for success in the countries we operate in. Coverage in the rural most areas of a country will enable the people living in those areas to have access to up to date ICT services. | |
| | Health & Safety | Health & Safety | Operational Health and Safety are key industry factors of a telco operator. Safety of the workforce in tower operations and the wellbeing of employees engaged challenging roles in a competitive industry are both key priorities of our industry. | |
| | Bridging the Digital Gap | Customer Satisfaction<br>Inclusion | The explosion in the demand for digital services data and mobility has created a valuable opportunity for our business to be more accessible and inclusive. | |
| | Environmental Footprint | Energy Consumption | In this era where global warming has become a universal issue, any industry irrespective of scale or operation needs to focus on the environmental footprint, and moving towards greener operations. | |

Table 4 – Sustainability context and detailed management approach to address the most material issues of the Group.

[5] http://www.transparency.org/cpi2013/results

| | Management Approach | Target for 2014 | Topics covered |
|---|---|---|---|
| | • 'Uncompromising Integrity' has been identified as one of Axiata's key values, and it underpins the way we do business.<br>• Compliance with our Code of Conduct and Ethics is embedded in Axiata's employment contracts, recruitment and performance management activities. | UI.EP culture programme to be conducted OpCo-wide, establishing two key values across group. | Page 41<br><br>Page 40<br><br>Page 47-48 |
| | • We offer a comprehensive range of learning and development opportunities across Axiata to our employees to develop their skills, and build on their strengths.<br>• We use our annual Group-wide survey to assess our engagement levels, and identify opportunities to improve ways of working and supporting employees to perform at their best.<br>• Our grievance mechanisms and whistle-blowing policy give employees the opportunity to voice concerns, and to report business malpractice or impropriety. | Employee Engagement survey follow up study. | Page 37-39<br><br>Page 42<br><br>Page 41 |
| | • We have business-wide policies and procedures to ensure customer information is protected.<br>• We have implemented measures to ensure our marketing communications and advertising activities remain truthful, legally compliant, and socially and environmentally responsible. | Ensuring adherence to PDPA across in relevant countries and report on IT security practices. | Page 50<br><br>Page 50 |
| | • We work closely with our suppliers to reduce adverse environmental impacts, to promote human rights, health, safety and ethical behaviour. | Establish a group procurement framework inclusive of a group procurement policy and supplier code of conduct. | Page 37-39 |
| | • We made substantial contributions to the Gross Domestic Product (GDP) of these countries, amounting to between USD1.48 billion to USD2.14 billion annually between 2008 and 2013. We created an average of 23,000* jobs directly in these countries annually over the past six years. | Axiata's National Contribution research conducted by third party and findings communicated. | Page 70 |
| | • We are committed to facilitating access to all and in 2013 our overall customer base grew to more than 240 million*. | Report on Group's availability, affordability and applicability factors in rural populations and marginalised segments. | Page 30 |
| | • We comply with the Occupational Health and Safety 18001:2007 standards to promote a safe and healthy work culture. | | Page 42-43 |
| | • We conduct customer surveys from time to time to measure our achievements regarding customer satisfaction.<br>• In 2013, we continued to introduce innovative and attractive data services and applications to our customers. | | Page 49<br><br>Page 32-33 |
| | • We have implemented a number of energy optimisation measures that are cost-effective, while at the same time improving the environmental performance of our mobile network growth in the region.<br>• We target to reduce 40% of total $CO_2$ emission across Axiata and its OpCos by 2018.<br>• We have a waste management system in place to reduce the impact associated with resource use and disposal. | Reporting progress on edotco and progress made in the overall target on reducing the carbon footprint by 40%. | Page 55-59 |

*Includes Idea and MI customers*

Commitment to

# Beyond Short-Term Profits
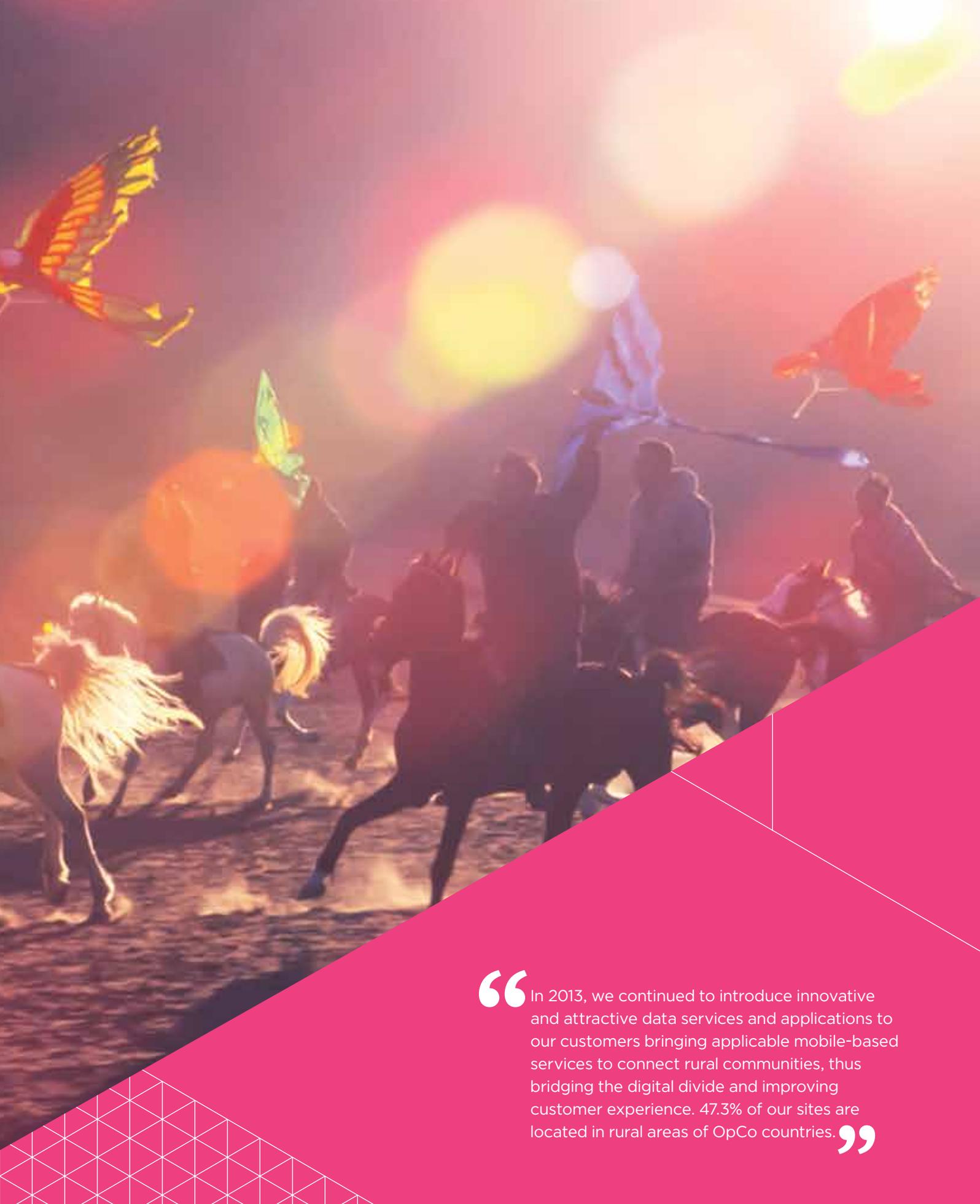
> In 2013, we continued to introduce innovative and attractive data services and applications to our customers bringing applicable mobile-based services to connect rural communities, thus bridging the digital divide and improving customer experience. 47.3% of our sites are located in rural areas of OpCo countries.

# Beyond
# Short-Term Profits

Network Covers

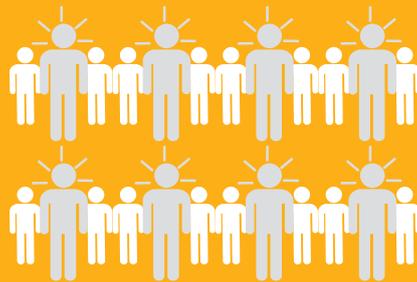## ~450 million
People

## 39,069 Total sites

## 47.3% in Rural Areas

### In 5 Countries

## 13,000
Employees

## 1.2 million*
Jobs Created

## USD63.8 billion*
GDP Contribution
over 6 years

*Includes Idea and M1 Numbers*

## Long Term Investment in All Our Countries

Axiata is a long-term investor in all our countries with investments going back more than 19 years in Bangladesh, 18 years in Sri Lanka and 16 years in Cambodia. Consequently, our focus has always been on long term sustainability of our business in all countries we operate in. We have made significant economic contributions to the countries where we operate, amounting to around USD63.8 billion* from 2008 to 2013. We have also provided employment opportunities to the communities we serve over the last 6 years. Our contribution to the economy of each of our OpCo countries was studied in detail by an independent group in 2013. The National Contribution Report on page 070 details out the findings of our long term economic and social contribution.

## Services Beyond Commercial Motivation, Towards Less Developed Communities

At Axiata, we embrace a broad view of responsibility that goes beyond profit-making. We view sustainability as a foundation to broaden business opportunities for creating new markets, operational efficiency, effective access to capital, and long-term value that benefits our people, our shareholders, the communities and economies in which we operate. During the last year, we continued to introduce innovative and attractive data services and applicable mobile-based services to our customers within rural communities, thus bridging the digital divide and improving customer experience. 18,477 of our sites (47.3%) are located in rural areas of OpCo countries. Page 031, depicts our presence in the rural most areas of the region in which we have an average of 95% population coverage. This accounts to the potential network connectivity for a total of ~450 million lives through our network.

### Extending Our Reach in Indonesia

*Most Indonesians live in rural areas, where transportation is limited, and mobile phones are vital in helping micro and small enterprises reduce operational costs in conducting their business and increasing productivity, thus leading to more inclusive economic growth. The island topography of Indonesia means that fixed services are limited, so wireless is relied upon for providing connectivity. XL remains focused on expanding coverage and capacity to extend their reach into more rural areas in Indonesia. XL's network is now availabe to ~227 million people across Indonesia.*

## Affordable Products and Rural Coverage

There are many less affluent consumers in the communities which we serve who can benefit from our affordable products and services. Our approach is not only about expanding into these markets; it is also about offering affordable products to meet the increasingly diverse needs of our customers.

### Affordable Products and Services in Cambodia

*Smart serves more than 5 million subscribers in Cambodia, and has seen constant growth of its subscriber base. For the average Cambodian, mobile phones were considered a luxury product, but with Smart's affordable rates and tariffs, more and more Cambodians are now owning mobile phones. Mobile Internet became the second key service through the availability of 3G, especially through Smart's HSPA+ in all 25 provinces of Cambodia. Smart is taking a key role in connecting Cambodians to the internet, especially considering the vast absence of other possibilities to go online except in major cities.*

## Digital Inclusion Products

We also made strides in the development of digital services such as m-money, m-health, m-advertising, m-insurance and social networking. More than 12 million people across the region are already subscribers to these new initiatives, which have been pioneer initiatives of digital inclusion in their respective countries (pages 032-033). These new initiatives have enabled groups of society, generally excluded from the digital development and new products, to be connected and able to engage in activities such as banking, insurance, e-learning, social media and specialist health services via the resources they already have. i.e, access of social media through feature phones via Kolony in Malaysia and Circle in Bangladesh.

## Global Mobile Development

Over the years, Axiata has played an active role in GSMA's Mobile for Development efforts. We believe the opportunity to work alongside our global peers in the GSMA would allow us to play a larger leadership role in shaping the priorities of the industry. Some of these initiatives include enabling relevant, impactful services that connect people, transform daily lives and improve sources of income.

Dialog and Robi have already taken the initiative to work alongside the GSMA in partnering with m-agri, green power, m-women initiatives in Sri Lanka and Bangladesh.

---

*\* Includes Idea and M1 customers*

# Beyond
# Short-Term Profits

## % Network Coverage
## by Population coverage

**robi**
Since 1995
**99%**
~155 million

**Smart**
Since 1998
**96%**
~14 million

**Dialog**
Since 1996
**96%**
~21 million

**celcom**
Since 2008
**95%**
~29 million

Since 2005
**90%**
~227 million

Since 1995
**95%**
Average

**~450 million**
People
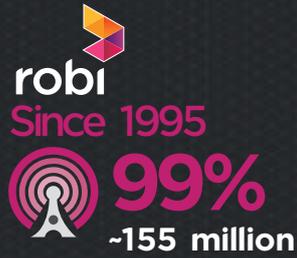
Enabling a connected lifestyle, entrepreneurship and essential services via our network to the rural areas of the region

# Our Network Coverage for Rural Areas

**Smart**

1,400 Total
745 Rural

53.2%

**Celcom**

6,871 Total
3,473 Rural

50.5%

**Axiata Group**

47.3%

39,069 Total
18,477 Rural

6,516 Total
4,196 Rural

64.4%

**Robi**

21,518 Total
8,660 Rural

40.2%

**XL**

2,764 Total
1,403 Rural

50.8%

**Dialog**

% coverage in low/ no income areas
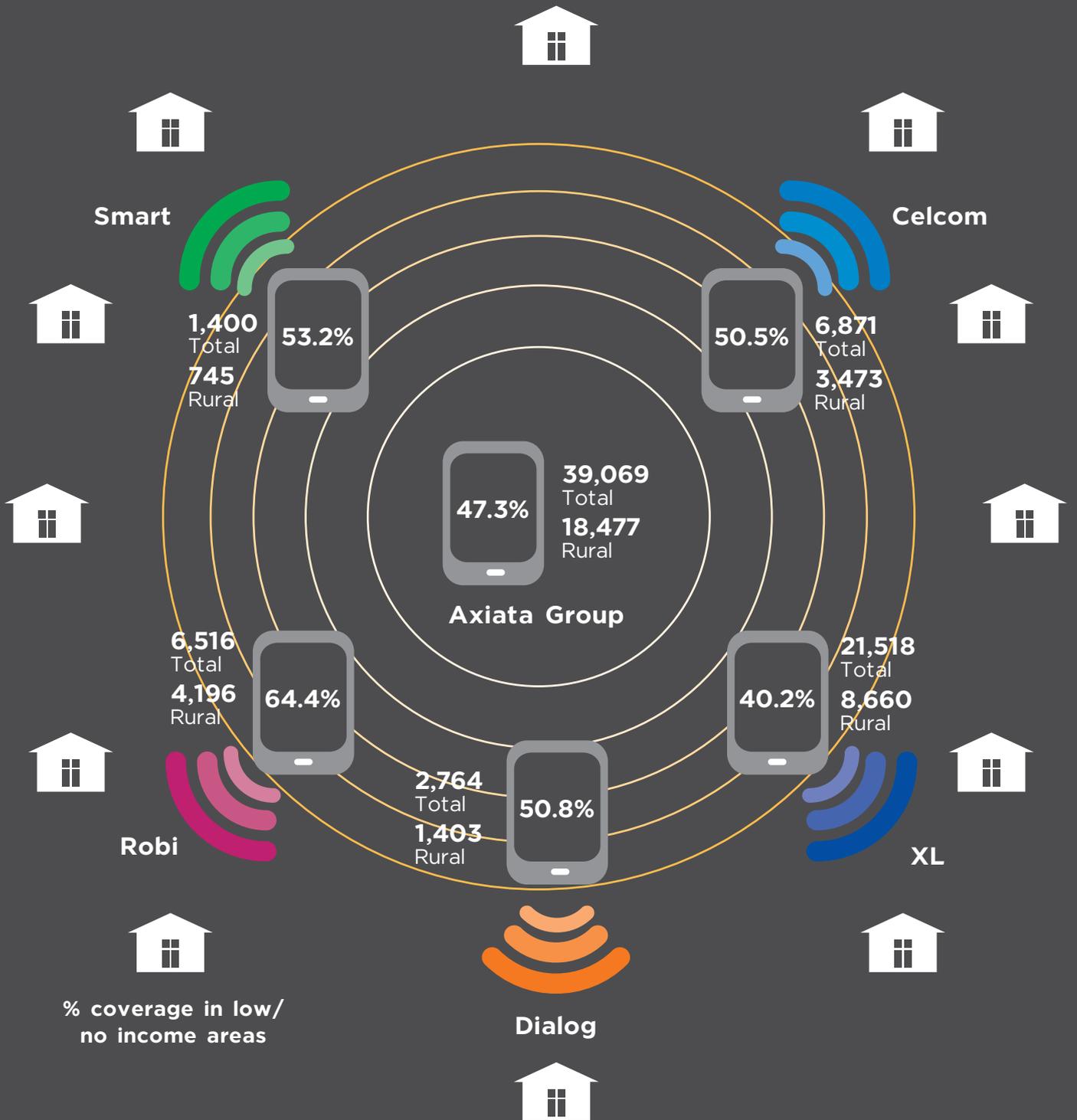
# Digital Inclusion

**M-Insurance**

Robi has launched an innovative service to offer free life insurance coverage for all of its prepaid subscribers. It is a joint effort between Bima and Robi to create value added services to mobile subscribers, who would otherwise have no acces to insurance. The Life Insurance policy is a cumulative life insurance package offered to all Robi Prepaid registered subscribers. Each registered subscriber is entitled to his or her insurance coverage every calendar month depending on his or her airtime usage. This has been the first ever insurance policy for 78% of the subscribers insured under this scheme.

Robi has been awarded with the Emerging Market Initiative of the Year Award for its "BIMA and Robi – Life Insurance" service. The award is based on the achievements of Asian telecommunications companies and their ability to innovate and transform to build a better tomorrow within the industry.

Similarly, XL is providing free life insurance to its registered customers. M-insurance has been well accepted by low to mid income subscribers.

## 4.4 million
**Total Subscribers Insured
in Bangladesh and Indonesia**

**Access for Social Media via Feature Phones**

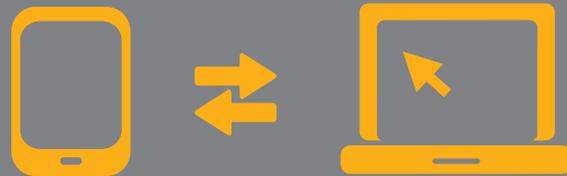*Circle*

Mobile social networking is one of several services that Robi hopes will continue to stimulate growth in VAS revenue. Robi's Circle is a unique unlike web-centric social networks such as Facebook, Circle was designed to be truly mobile-centric with SMS at its core. This liberates the experience from a web connection and makes it available to anyone with even the most basic mobile phone. By end of 2013, there were 10.2 million Bangladeshi's otherwise deprived or with limited access to social media, connected to the new dimension of social network called Circle.

## 10.2 million
**Users Access to Social Media**

Circle allows for the following options:

- Looking for other members
- Finding out about someone
- Personalised information settings (name, date of birth and gender)
- Communicating with others via poke (poke is a fun way of sending personalised message because it vanishes immediately after reading)
- Shout message (It's like status update)
- Commenting on shouts (short message)
- Access to chat rooms
- Inviting friends to join Circle

### M-Health

*eChannelling*
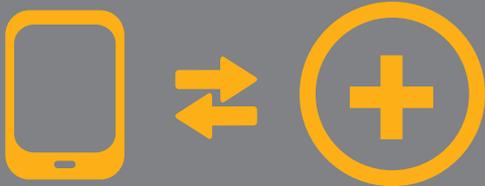


Access to effective and efficient healthcare services is one of the essential parameters to consider for a country's sustainable development. Dialog's eChannelling service aims to provide better healthcare service to rural communities in Sri Lanka. It is a centralised real time online appointment booking system implemented by private hospital chains in Sri Lanka. With this service, customers can book their desired doctors by simply dialing 225 from their Dialog Mobile or Fixed-Line phone.

# 300,000
## Users Annually

### M-Education

*guru.lk*
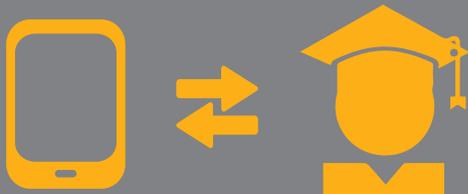


Online learning is an increasingly effective way to reach out to students in rural and remote areas who do not have access to quality educational opportunities. Dialog, launched its first educational platform e-teacher in 2012, which has since been revamped and relaunched as guru.lk. With a view to broadening access to education in Sri Lanka, guru.lk is changing the way education is delivered in Sri Lanka, especially for students whose choices are limited due to their location. Dialog users can pay for the courses they have registered for through Dialog Mobile, eZ cash or by credit card. From mid November to December 2013, there were 10,000 users registered with guru.lk.

# 10,000 Users

### M-Money

*eZ Cash*
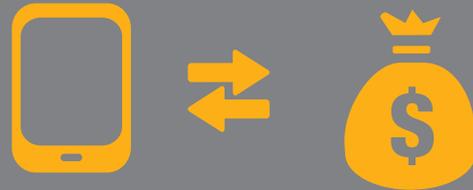


Dialog's eZ Cash is the first mobile payment service in Sri Lanka that enables customers to carry out financial transactions on their mobile phones. eZ Cash enables a subscriber to perform a wide array of financial transactions using their mobile phones irrespective of the time or location they are in. Through eZ Cash a subscriber has a Cash Account in his/her mobile phone which he can top-up and use to carry out a range of cash transactions including utility bill payments, transfers and insurance. 1.2 million Dialog customers have already subscribed to this m-money initiative.

# 1.2 million
## Users

# 4.1 million
## Total Number of Transactions

# SLR5.5 billion
## Total Amount Transacted

Commitment to

# Nurturing
People

> Axiata's talent development engine is on track to deliver a pool of strong and well-equipped leaders with the appropriate skills to ensure they deliver performance and in turn, contribute positively to the development and economic progress in their countries and communities.

**23,000**
Employees*

**50 +**
Nationalities

**UI·EP**
Uncompromising Integrity
Exceptional Performance

**92%**
Group Employee
Engagement Survey
Participants

Total Training
**394,530**
**Hours**

**34 Hours**
Per Employee

*Includes Idea and M1 customers*

## Nurturing Future Leaders

### Our Team

At Axiata, we uphold our core values of uncompromising integrity and exceptional performance. We support, train and encourage the 13,000 people (excluding Idea and M1) working across Axiata to ensure that they have the right capabilities, commitment and enthusiasm to achieve our business goals. Our aim is to attract, develop and retain the very best people by having an inclusive workplace in which talent is recognised and developed. We listen to our employees to gain a better understanding of their views on how we can improve our performance and create a satisfying work experience for everyone. We monitor employee engagement and satisfaction levels through our annual group-wide people survey, and use this to drive improvements across Axiata.

### Talent Development

The Group has spent more than USD10 million annually in learning and development. We have successfully developed unique leadership development programmes in partnership with global top business schools. These include a joint programme by Axiata and INSEAD, facilitated by INSEAD at its campus in Singapore, a Telco mini-MBA programme and a "War Game" business simulation programme. These world-class programmes will ensure our talent deepen their industry knowledge and their leadership competencies, especially in strategic thinking, business acumen and execution capabilities.

At Axiata, we uphold our role to create jobs in the markets we operate in and provide the opportunities to develop capabilities, progress and skills within the organisation. In line with the Group's proposition and value, we aspire to hire the right talent locally while providing clear career opportunities for them to grow and contribute within the Group, locally and across the region.

In establishing the 'Axiata Talent Factory', we are also conscious of developing a regional talent pool that is agile, competitive and committed in effectively driving and transforming our business. Our development and training programmes ensure we have the skills and talent needed to expand our business and sustain our future. We help our employees across the OpCos gain new skills and experiences through formal training, on the job experience, coaching and mentoring.
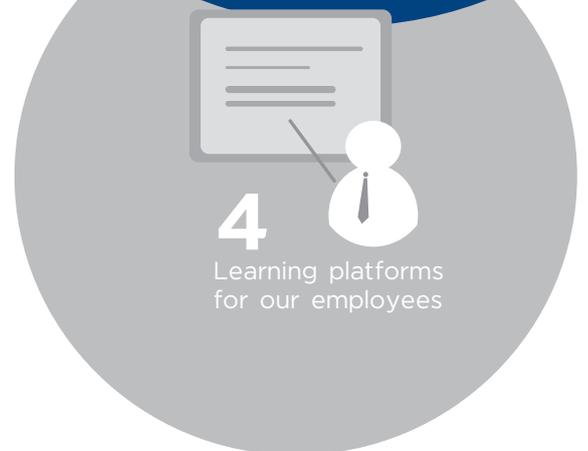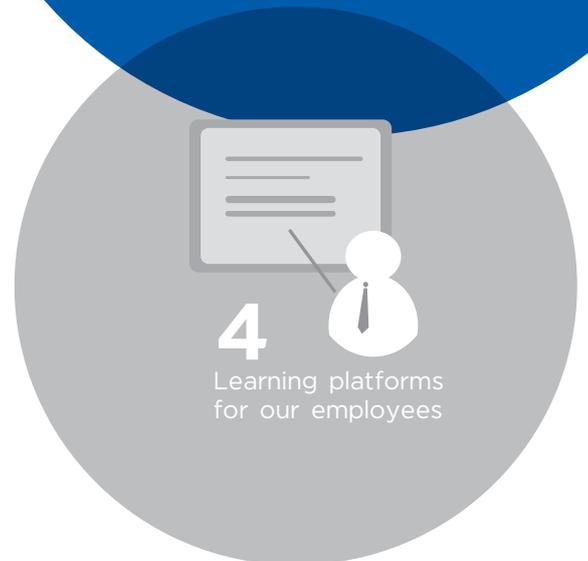
At Axiata, we are committed to helping our employees to further develop their functional skills, leadership development as well as personal effectiveness. Functional skills development focuses on developing and refining the technical skills of our people towards becoming the subject matter experts in their areas of specialisation – technology, marketing, sales, finance, customer analytics, strategy, human resource, and internal audit, legal and regulatory.

**34 hours**
Average training for our employees

**874**
Employees selected for accelerated development

**4**
Learning platforms for our employees

# Nurturing People

## Total Employees* & Workforce#

### Celcom
**1,847** Female
**2,668** Male
Total Employees

1,893 Female
2,710 Male
Total Workforce

### XL
**577** Female
**1,444** Male
Total Employees

1,406 Female
2,085 Male
Total Workforce

### Dialog
**608** Female
**2,445** Male
Total Employees

645 Female
2,958 Male
Total Workforce

### Robi
**131** Female
**1,274** Male
Total Employees

131 Female
1,274 Male
Total Workforce

### Smart
**171** Female
**367** Male
Total Employees

320 Female
571 Male
Total Workforce

### Corporate Centre
**67** Female
**100** Male
Total Employees

67 Female
100 Male
Total Workforce

## New employee hires - by gender & No. of employees leaving – by gender

**In**

| | | |
|---|---|---|
| **45% Female** **55% Male** Celcom | **27% Female** **73% Male** Dialog | **8% Female** **92% Male** Robi |
| **28% Female** **72% Male** Smart | **23% Female** **77% Male** XL | **20% Female** **80% Male** Axiata |

**Out**

| | | |
|---|---|---|
| **40% Female** **60% Male** Celcom | **30% Female** **70% Male** Dialog | **13% Female** **87% Male** Robi |
| **42% Female** **58% Male** Smart | **28% Female** **72% Male** XL | **17% Female** **83% Male** Axiata |
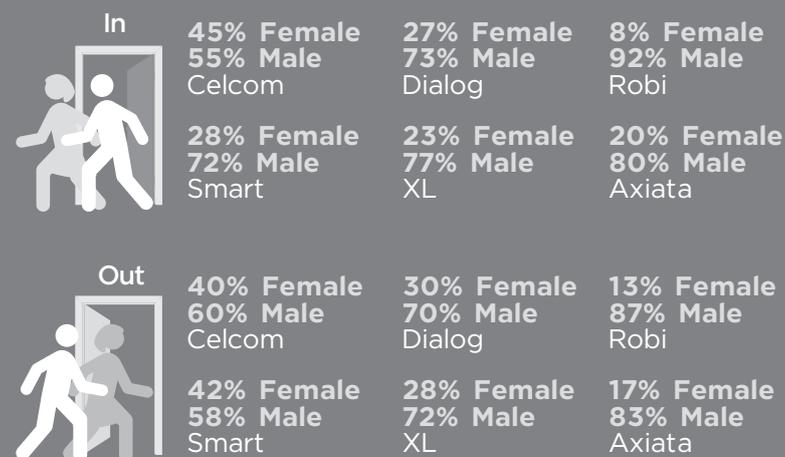
* 'Employees' refers to personnel directly employed under the Group.
# 'Workforce' includes all employees and outsourced personnel working on our premises.

Our leadership development centres around seven Axiata Leadership competencies:
• Strategic thinking
• Business acumen
• Results achievement
• Coalition building
• People management and development
• Personal attributes

At Axiata, we offer four learning and development platforms for our people:

| Types | Details |
|---|---|
| Education-based development | Classroom trainings and workshops are provided to equip our people with specific skills and knowledge. The curriculum is designed to enhance "think-act-embrace" leadership skills among the participants. |
| Experience-based development | On-the-job experience is provided to our people where we emphasise on various skill sets. |
| Relationship-based development | Network sessions are held where our people meet and learn from internal senior executives and peers from across the region. The network sessions encourage discussion and collaboration among leaders on strategy related topics. |
| Personal development | It aims to enhance individual understanding of own strengths, limitations and motivation. |

Table 5 – Axiata's learning and development platforms

The Group manages its top management succession planning through a series of talent management programmes. High potential fresh graduates are being trained at the operating company level in each respective country. The 18-month development programme aims to promote greater adaptability among fresh graduates. In the long run, this pool of talent will be an asset to our Group.

Types of career progression and development programmes:

| Programme | Description | Talent pipeline as of December 31st, 2013 |
|---|---|---|
| Axiata Group Accelerated Development Programme (GADP) | High-potential leaders amongst the senior management team are included in GADP. These high fliers are managed as a common pool across the Group and governed by the Group Talent Council. It aims to provide targeted and structured development opportunities for senior managers to accelerate their development and readiness for future top leadership roles across the Group | 117 |
| Axiata OpCo Accelerated Development Programme (OADP) | High-potential leaders from executive and middle management levels are included in the OADP. It aims to accelerate the development and readiness of our individual contributors and junior managers for future senior management roles | 657 |

Table 6 – Axiata's career progression and development programmes

# Nurturing People

SLR **1.2 million**
spent for volunteer projects

**2,921 students**
**69 teachers**
benefited

**1,604 hours**
of volunteer work

## Employee Volunteerism

We support the communities where our employees live and work and place special emphasis on programmes that utilise the time and skills of our employees as volunteers. When disaster strikes, we respond with funds, supplies and a helping hand so communities can recover and rebuild.

### Dialog Volunteer Network

*Dialog has taken volunteering one step further in allowing its employees to propose, plan and execute various social initiatives in the rural areas of Sri Lanka, under the Dialog Volunteer Network. SLR 1,174,610 was spent (SLR 800,000 alocated by company and rest contrbuted by volunteers) to a wide range of initiatives in relation to the areas of education, information and communications technology (ICT), and the environment. Several major existing projects are run under the Dialog Foundation, while Dialog continues to drive these initiatives directly through its Sustainability and Strategic Engagements division.*

## Culture of Integrity

Axiata Group intends to create long-term value, both through its traditional business and innovative adjacencies of new business and market-focused solutions. We conduct our business fairly and in full compliance with all applicable laws and regulations in Malaysia and the region. With the Board setting the tone for corporate culture of ethical conduct throughout the Group, all our employees are subjected to high ethical business standards and guidelines as outlined under the Code of Conduct. The Code serves as a guideline for employee conduct in the workplace, business conduct when dealing with external parties and key issues such as bribery, conflict of interest, insider trading and data integrity.

## UI.EP Culture

At Axiata, we are guided by the values of Uncompromising Integrity and Exceptional Performance (UI.EP). We believe in doing the right thing and fulfilling the promise to earn the trust of our stakeholders. We uphold the highest standards of ethical conduct, and demonstrate honesty, fairness and accountability in the relationships with our stakeholders, customers, employees and suppliers. A total of 135 senior participants across the various OpCos have participated in the first round of workshops highlighting our values on Uncompromising Integrity and Exceptional Performance (UI.EP).

All employees have a duty to act with integrity and respect towards their colleagues and customers, and in all our operations. We do not condone unfair treatment or discrimination on any grounds. This applies to anyone working for Axiata whether they are employees, suppliers or contractors.

## Grievance and Wistle Blowing Process

We promote an open culture and open-door policy that encourage our people to raise issues to ensure that any behaviour, which excludes or discriminates against individual/or company values, does not go unchallenged. There is no restriction from management to form worker groups and labour unions and, where it is mandatory by law in the OpCos, to have their own unions. We always ensure that sufficient opportunity is given to employees to interact and express their concerns through our employee engagement activities. Each operating company has its own grievance procedures and whistle-blowing policy.

**105** Complaints made

**93** Proven & action taken

**103** Investigated

Figure 2 – Whistle-blowing process activity in 2013

## Inclusivity

### Diversity and Equal Opportunity

Axiata, being one of the largest telecommunications companies in Asia, is committed in promoting diversity to attract and retain top talent. We have more than 50 nationalities working across our OpCos and affiliates. We are committed to creating a dynamic and innovative workplace, necessary in the evolving telecommunications industry.

Axiata cultivates a climate of diversity and inclusiveness among employees by providing equal access and opportunities to our employees in terms of recruitment, retention, training and development processes.

*Robi Day Care Centre and Child Education Support*

*Robi Day Care is a child care centre that is based in Bangladesh. The facility is available for children of every Robi employee. Robi's employees are not required to pay any fee as it is a company initiative to promote better work-life balance for employees. The centre was established with a vision to provide Care; Love; Fun; Education and Security. It also provides reassurance to its employees that their children will be properly cared as the centre is located within 10 minutes' walk from the Robi Corporate Office. The Centre currently looks after 25 children, and 12 staff members are available for these children.*

*The Robi Child Education policy supports the education of 2 children for every employee until the child is 25 years old. The Child Education benefit is enjoyed by all Robi's employees.*

# Nurturing
# People

## Conducive Workplace

### Employee Engagement

Open and regular communication is fundamental to employee engagement. Our intranet keeps employees up to date on company strategy, internal news and events, and promotes discussion among them. We have our Employee Engagement Survey (EES), conducted by a third party, annually across the Group. We use our annual group-wide survey to assess our engagement levels, and identify opportunities to improve ways of working and supporting employees to do their best. Key findings such as training and development, communication strategy and benefits are shared with management and employees. The outcome of our annual EES reflects our objective of building an environment where our people feel a sense of belonging, and that they are given the opportunity to grow and succeed.
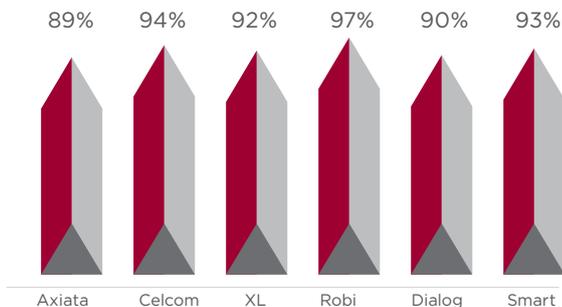


| | | | | | |
|---|---|---|---|---|---|
| 89% | 94% | 92% | 97% | 90% | 93% |
| Axiata | Celcom | XL | Robi | Dialog | Smart |

Figure 3 - Participation in the 2013 Emlpoyee Engagement Survey

### Communication Channels

Axiata has established several communication platforms to help our employees to align their interests and goals. The various outreach channels cater to the diverse needs of our employees, and enable us to better reach out to them in a timely and effective manner.

Types of communication channels:
• Email and Intranet
• Townhall meetings
• Skip-level meetings

## Change Management

The telecommunications sector is undergoing rapid change and development. As we continue to expand our local footprint to meet the evolving needs of our customers, we also face several challenges and constraints.



*The Merger Between Smart Mobile and Hello Axiata*

*Cambodia, a market with nine mobile players in a country with a population of approximately 15 million, was primed for consollidation. Axiata led the way with the merger of Smart and Hello. The merger, completed sucessfully in less than a year, created the 2nd largest mobile telecommunications company in Cambodia with more than 5 million subscribers. Smart Mobile was known for its efficient operation, highly competent work force, its market leadership in the youth and data segment, attractive tariffs and price leadership, a strong brand presence as well as a sizeable asset base including spectrum. Hello, on the other hand, had a pool of loyal customers and the strength and scale of the Axiata Group. Together the combined entity is now one of the biggest mobile networks in Cambodia in terms of coverage and capacity.*

## Safe Workplace

All our OpCos have occupational health and safety management systems in place. We take reasonable care for the health and safety of everyone at work, including visitors and other non-employees who use our premises including our base stations and tower infrastructure.

In 2013, there were 7 injuries recorded within the Group, translating to an injury rate of 0.027 per 13,000 employees (excluding Idea and MI). There were a total of 122 lost days recorded due to work related injuries during the reporting period.

Each OpCo has a dedicated health and safety committee overseeing the management of its health and safety measures. Floor Wardens are appointed for each floor of a building, to control the emergency procedures for their floor. Any safety concerns or issues are directed to them and the contact details of these representatives are clearly displayed on each floor.

We continue to develop our health and safety systems, which are progressively benchmarked against international standards. This is the case at Celcom, which complies with the Occupational Health and Safety 18001:2007 standards to promote a safe and healthy work culture.

### Celcom's Occupational Safety and Health Management System

*Celcom's Occupational Safety and Health Management System is aligned with the requirements of Occupational Safety and Health Assessment Series 18001:2007 (OSHAS 18001:2007) and the Occupational Safety and Health Act 1994 (OSHA 1994). The Company plans to go for the OHSAS 18001:2007 certification in 2014.*

*A project team has been set up to establish, document and implement Occupational Safety and Health Management System in-line with the standard that will ensure all employees comply with the management system and avoid effects of occupational risks.*

*A comprehensive Occupational Safety and Heath gap study has been conducted to look into the improvement factors in the Company's operations. Based on the findings and gap analysis conducted, improvements have been incorporated into the existing business controls and support processes to manage occupational risks. Employees are engaged and trained on a regular basis.*

*High-risk activities such as working at height and other occupational hazards have been identified and appropriate risk controls are in place. The employees who work in those areas are identified, trained, equipped with specific personal protective equipment with strict enforcement. In addition, other specialised training, workshops and briefings are conducted for employees and contractors/business partners to improve their awareness and compliance with the established Occupational Safety and Health Management System.*
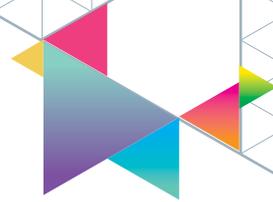
# Commitment to
# **Process** Excellence
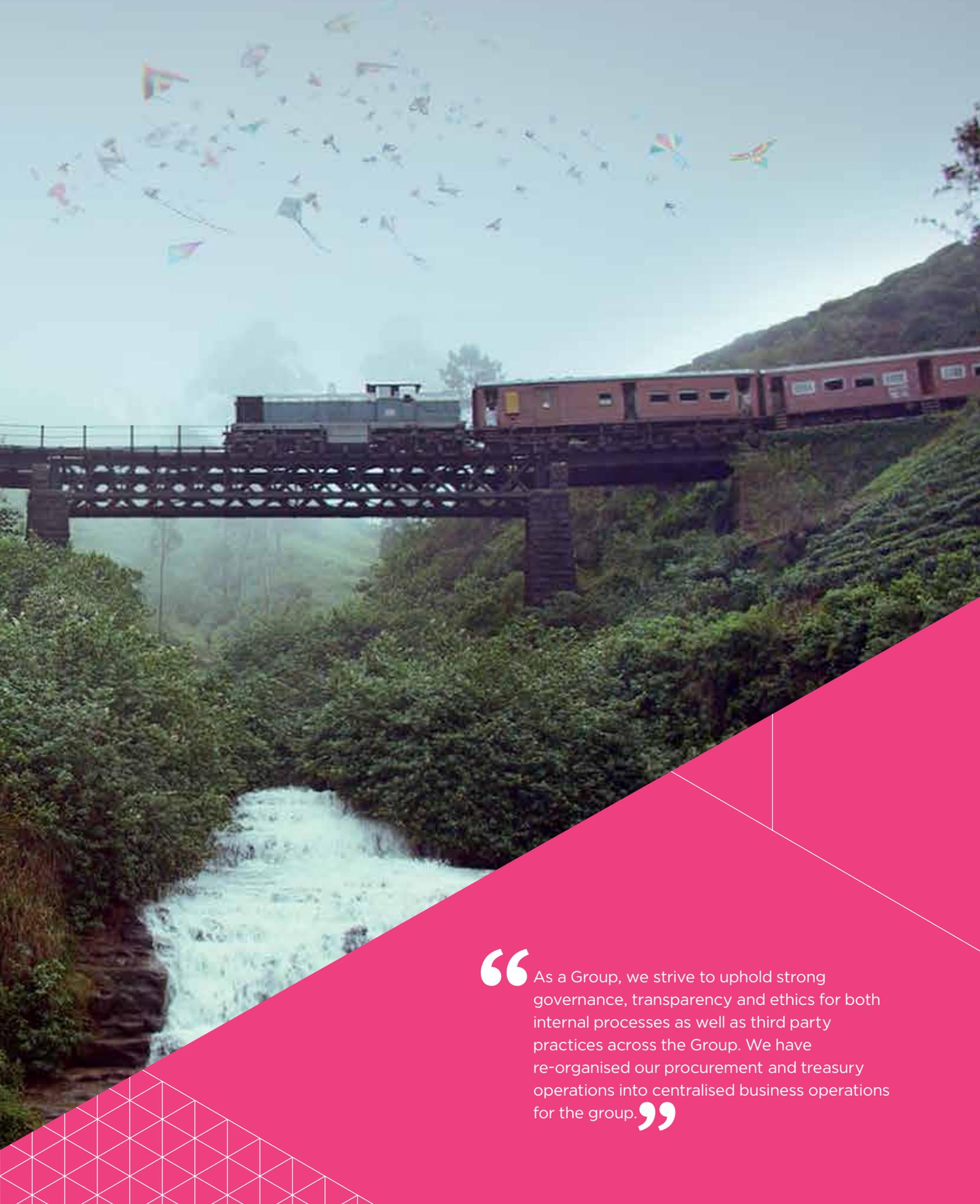
> As a Group, we strive to uphold strong governance, transparency and ethics for both internal processes as well as third party practices across the Group. We have re-organised our procurement and treasury operations into centralised business operations for the group.

Best Practices Down
the Value Chain

Customer
Centricity

Centres of
Excellence

Award Winning
Strong Governance

In keeping with our promise of Advancing Asia, we also ensure that our processes are benchmarked against world class standards. We believe that process excellence requires outstanding customer relationship and supply chain management. We strive to maintain our position of prominence in the region by providing exceptional service with a high level of quality, professionalism and integrity.

### Best Practices Down the Value Chain

### Best Practice in Our Supply Chain

At Axiata, it is important to develop a sustainable supply chain network that embodies the Group's values and practices. We are committed to promoting responsible business practices in our dealings and relationships with our suppliers. By adhering to our Code of Ethics and Conduct, we also make it a priority to ensure we develop local suppliers and entrepreneurs within the markets we serve.

#### Celcom's Procurement Transformation Roadmap 2010-2015

*Celcom has embarked on a procurement transformation roadmap for 2010-2015 to build a high performance culture within the company. The changes involve automating manual processes with tools and technology to streamline workflow, and enhance performance, compliances and efficiencies. Celcom has also adopted best practices and industry benchmarking in line with internal procurement standards. In fact, Celcom's efforts were recognised with the 2012 Asian Supply Chain Excellence Awards' Collaborative Supply Chain Special Award from the International Institute for Advanced Purchasing & Supply (IIAPS). It has since established a 39-member procurement team with skills and expertise in the areas of sourcing and category management (in network category, IT/billing category, marketing & sales category, facilities and other categories), post contract management and e-procurement capabilities. By focusing on people, organisation, process and technology, it consistently moves up the value chain shifting from an operational mindset towards a strategic orientation through continuous and progressive monitoring and tracking for improvement.*

*Celcom's Sustainability Procurement Framework 2013-2015 covers the following:*

o  *Best practice & industry benchmarking*
o  *Shared resources & infrastructure*
o  *World-class procurement processes*
o  *Deep sourcing & categorised talent and expertise*
o  *High performance culture*
o  *On-demand relationships*
o  *Progress monitoring and continuous improvements*

We maintain two policies which are managed in detail at OpCo levels. The Limit of Authority and Procurement Policies of each OpCo and the Axiata Corporate Centre set the framework and guidelines for procurement practices and compliance issues. These documents are clearly defined, regularly reviewed and updated to ensure that the principles of sustainable procurement are adhered to.

### Supplier Code of Conduct

As a Group, we are strongly committed in ensuring highest ethical standards in our business activities. Each OpCo has specific measures of ensuring best practices down the supply chain. The Supplier Code of Conduct has been established and communicated to vendors to provide a clear summary of our expectations from the supplier(s) in all procurement dealings. Vendors who intend to conduct business with the OpCos are required to abide to the Supplier Code of Conduct. The Supplier Code of Conduct includes clauses on ethical business practices, timely delivery, best practices in labour management and adherence to human rights of workers.

The procurement policies sets out our approach to ensuring we procure quality goods, services and work at the best price in an open and transparent manner. We ensure that there is no conflict of interest in our procurement practices. The Group Procurement policy serves as a guide for us in reviewing and streamlining our procurement policies and processes at each OpCo.

### Local Vendor Development

Axiata operates a local purchasing programme, prioritising local vendors in support of the local economy. These activities have led to tangible economic gains for the members of many communities in which we operate. We are committed to maintaining and maximising the opportunities of local vendors' participation by providing them with the necessary training.

| | |
|---|---|
| XL | 45%[#] |
| Dialog | 48% |
| Celcom | 46% |
| Robi | 47% |
| Axiata | 88% |

Table 7 – Percentage of total spent for local suppliers*

*\* Refer page 083 for details on definitions used for calculations.*
*\# Data based on 2012 figures estimated for 2013.*

# Process
## Excellence

### Robi's Supply Chain Management

*Robi has engaged and worked with its local suppliers despite the fact that they were under financial distress with limited knowledge and experience 16 years ago when they first started.*

*When the telecommunications industry was at its infancy, local partners were not confident in partnering with operators as they lacked the technical knowledge and ability. Robi took the initiative and provided them access to costly tools as well as hands-on training for local suppliers, which included physical demonstration and audio-visual presentations for installation and commissioning procedures.*

*Robi's QHSE (Quality, Health, Safety, Environment) guidelines were shared with these partners ensuring quality working conditions/environment for local partners too.*

*Over the last 16 years, Robi has managed to raise the competency of these local business partners to the level of international standards, ensuring quality products and services are procured locally in a cost-effective, efficient and ethical manner.*

### Retailer Channel

### Channels and Network

Our products and services can help to transform people's lives and contribute to global sustainable development goals. Mobile technology has become a vital tool for improving livelihoods and quality of life. Over 240 million* of our customers are in nine countries. By extending the coverage of our network and building our customer base, we aim to improve the socio-economic conditions of communities in these countries.

The retail and distribution networks in each of these countries form the backbone of our business and our retail network is vital to our long-term success, and we work hard to continually expand our retail operations to allow us to reach a wider and increasingly diverse customer base.

### Dialog – Creating a Rural Network of Specially Trained Retailers

*For a mobile operator, reaching all segments of the socio-economic pyramid through the conventional distribution channels is nearly impossible. Most services applicable for lower segments of the society are either underutilised or not used at all due to lack of awareness, low e-readiness or unavailability of guidance on the ground level. As a result Dialog looked into a new mechanism to reach the unreached in a sustainable manner and to realise inclusive businesses. A network of Dialog infomediaries (information intermediaries) named 5 Star Partners were developed in various parts of Sri Lanka, who then acts as the interface between the company and the community in the last mile. The objective of the Dialog 5 Star Partners programme was to establish a mechanism to promote Dialog's products and services (commercial/non-commercial) in rural areas in a sustainable manner, enhancing the rural market share by adding new users to the Dialog network. Dialog launched the "5 Star Partner" training programme to create a rural network of male and female information intermediaries; retailers who are trained to drive penetration of mobile and value-added services among the remaining under-served. Recently, mobile operators are recognising that women play an important role to attract, influence and retain customers. Dialog has made a concerted effort to recruit at least 20% female retailers for the 5star partner training workshops. Today it has 1206 trained retailers, of which more than 240 are women, who have completed the training to become "5 Star Partners". The Dialog 5 Star Partner programme is supported by the the International Finance Corporation (IFC) and has been recognised by M-women (GSMA Mobile for Women Group).*

*Key findings from the "5 Star Partners":*

- *The 5 Star Partners have created a knowledge hub for rural communities, providing tech solutions to daily hardships using Dialog's value added services.*
- *Cultural norms and traditional gender gaps make it challenging to recruit female retailers. With the programme, women are able to have flexible training schedules to attend to their family and household needs.*
- *Training empowers retailers in decision making, and enhances their business acumen.*

*\* Includes Idea and MI customers*

## Customer Centricity

### Customer Experience

The trust of our customers and other stakeholders is essential to Axiata and critical to our brand. To earn and retain that trust, we need to manage our operations responsibly and conduct our business in an ethical and transparent way.

Customer experience is a key component and process of our industry. As a result, the Group needs to evolve with our customers and ensure our services are indeed tailor-made for their ever changing needs in an industry which is defining its own pace incrementally over the last decade. Each OpCo carries out various surveys and studies on customer experience and satisfaction based on their markets and products.

Since we take customer experience very seriously, we have conducted an NPS tracking survey on customer loyalty. Each OPCO carries out their own specific customer satisfaction survey.

These customer surveys and our surveillance over customer interactions enable us to make ourselves adaptable to customer needs in each of our markets. Being customer centric has been identified as a key focus change each OpCo attempts to make within their operations.

### Celcom's Customer Experience Management

*In Celcom, Customer Experience Management (CEM) is a strategic function which **envisions, designs and embeds customer centricity** through CE infusion into culture, frameworks and measurements within the organisation. This involves managing the customer experiences and perception formed collectively as a result of **products & service usages**, **interactions** and **transactions** at our **touch points** across the entire **customer lifecycle.** CEM will drive the infusion of customer centricity disciplines into every aspects of its business i.e. People, Product, Process & Policy and Project.*

- ***From People perspective**: SURFER is a set of work behaviours for each of us to adopt in carrying out our day-to-day functions towards **building a TRUSTED brand** for our **customers**.*

- ***From Product, Process & Policy and Project perspective**: SURFER is a framework and guideline for infusion of CE principles into Product, Process & Policy and Project.*

- ***From Measurement perspective**: Net Promoter System (NPS) is a discipline which allows companies to achieve profitable growth by focusing on end-to-end customer experience to drive customer loyalty and advocacy.*

*All the above provides a holistic approach to customer centricity which embodies every aspects of the Brand to deliver not only what the customer wants but also to provide an experience which is above and beyond customer expectations. This will be the key driver towards the sustainability and profitability of the business.*

**What Do Customers Want?**

**Consistent
Relevant
Accurate
Responsive
Convenient
Reliable**

**Customer-Centric Principles**

**S**eamless
**U**nderstand
**R**ight
**F**ast
**E**asy
**R**esolve

# Process
## Excellence

**Customer Privacy and Data Security**

As a telecommunications provider that connects over 240 million individuals*, protecting customers' information and interest is fundamental in maintaining their trust. Our privacy and security policy governs how we collect, use and manage customers' information – from ensuring the confidentiality of their personal communication and respecting their permissions and preferences, to protecting and securing their information. At Axiata, we have a clear understanding of how important protecting and respecting our customers' information is to our business. We have set our commitment to privacy and security at the highest level, based on the recent enacted Personal Data Protection Act (PDPA) 2010 and information security standards, ISO 27000 in August 2013 in Malaysia.

**Celcom Process Development to Adhere to PDPA**

**Celcom**

*Celcom adheres to the PDPA 2010, General Consumer Code of Practice for the Communications and Multimedia Industry Malaysia, and the Communications and Multimedia Act 1998, which set out the guidelines on individual personal data, sensitive personal data and third parties. Celcom is committed to safeguarding the confidentiality and security of all personal data. In executing its responsibilities with respect to the confidentiality of personal data, Celcom established a number of control measures to protect personal data against loss or theft, as well as unauthorised access, disclosure, copying, use or modification. Consumers with any data privacy issues can reach out to Celcom at any time.*

| PDPA Principles | Measures Identified |
|---|---|
| **General Principle**<br>Personal data cannot be processed without the consent of the data subject. | SMS directing to website with Privacy Policy sent |
| **Notice & Choice Principle**<br>Inform the data subject that his personal data is being processed, the purpose of collection and the right of the data subject to request access. | Information contained in the Privacy Policy is uploaded on Celcom's website |
| **Security Principle**<br>Data user shall take adequate steps to protect personal data from any loss, misuse, modification, unauthorised or accidental access or disclosure, alteration or destruction of any form of data piece. | – Awareness campaigns<br>– Compliance programme<br>– Data masking<br>– Data classification<br>– Data lifecycle |
| **Retention Principle**<br>Personal data processed for business operations shall not be kept longer than the desired purpose. | – Data retention policy<br>– Data retention requirements<br>– Data disposal policy |
| **Integrity Principle**<br>The data user shall take reasonable steps to ensure that personal data collected is accurate, complete, clear and up-to-date. | – Data masking<br>– Data re-direction |
| **Access Principle**<br>All data subjects shall be given access to their personal data and will be able to correct that personal data if it is inaccurate, misleading and not up-to-date. | – Data access policy<br>– Data access request form<br>– User access matrix<br>– Role-based access control |

Table 8 – Principles of the Personal Data Protection Act (PDPA) 2010 that Celcom adheres to

*\* Includes Idea and M1 customers*

### Centres of Excellence

#### Axiata Procurement Centre (APC)

We have restructured our procurement and treasury operations into centralised business operations for the Group. The Axiata Procurement Center (APC) focuses on optimising our Network and Information Technology (IT) capital expenditure (CAPEX) by aggregating, standardising and streamlining the common processes and systems to achieve economies of scale.

#### Axiata Treasury Centre (ATC)

The newly established Axiata Treasury Centre (ATC), expected to be implemented by 2014, will enable us to better manage our cash, operationally strengthen our balance sheet, ensure efficient capital management strengthen financial risk mitigation which includes interest rates and forex. This will enable the Group to be more sustainable and resilient against adverse market conditions.

#### Least Cost Network

We have embarked on a Least Cost Network (LCN) project that will facilitate in identifying, standardising and acquiring the optimal network and requirements for our OpCos. The LCN allows for smarter configuration that delivers significant savings from our capital investment. Network sharing with other players from cell sites to fibre and microwaves, and in the future active network elements, will also substantially alter the cost structure of our network. Our OpCos are already collaborating with other operators in their respective markets to share and reduce expenditure in passive infrastructure and transmission.

### Strong Governance

#### Award Winning Governance

Axiata is committed to transparency and accountability consistent with good corporate governance and practices. Axiata plays a pivotal role in ensuring this across the Group, toward the protection of all Axiata stakeholders including minority shareholders/partners. Axiata's four awards at the Malaysia-ASEAN Corporate Governance Index 2013 awards is testament to this. The awards included Top 5 overall Corporate Governance, Top 3 Corporate Governance Transparency and one for Overall Industry Excellence in the Telecommunications category. As a Group, we strive to uphold strong governance, transparency and ethics for both internal processes as well as third party practices across the Group. In Sri Lanka, Dialog topped the country's Corporate Accountability Index for the fifth year running in 2013. Robi has won the 5th Best Employer of the Year in the World HRD congress for its excellence in talent management and HR strategy.

# Commitment to
# Planet & Society

> In 2013, Axiata also established edotco, our infrastructure solutions and services company. With a network of over 13,000 sites in Malaysia, Bangladesh, Cambodia and Sri Lanka, this new business unit aims to improve not only cost efficiencies, but also to significantly reduce our $CO_2$ emissions, (40% by 2018) energy and waste consumption

# Planet & Society

## Energy Consumption

**39,000**
Sites

## Target
to reduce carbon emission
**40%**
By 2018
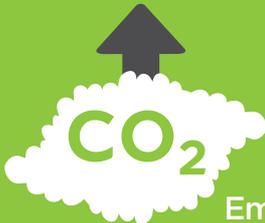
## Energy Savings

CO$_2$ Emission

**680,810**
Tonnes GHG
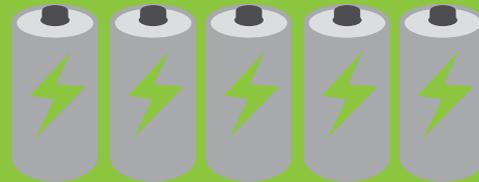
### Saving
**30,300**
Gija joules

### Education support
**RM22.4 million**

### Social Responsibility Initiatives
**RM5.4 million**

## Greener Operations

At Axiata, our vision is to integrate environmental practices into all aspects of our business operations. As a telecommunications provider, our environmental impact is relatively moderate compared to other industries. That being said, we are committed to minimising our environmental footprint by reducing our energy and waste consumption, and cutting carbon emissions of our business operations and those of our operating companies.

### Environmentally Friendly Network

Collectively, Axiata serves over 240 million* customers in the region. With population coverage of over 95%, we aim to reduce the carbon footprint of our operations while growing our business. Our primary focus is to improve energy and cost efficiencies in our networks, data centres and operations.

Telecommunications equipment and tower operations, account for a large proportion of our total energy consumption. Therefore, we consider cost, energy usage and environmental impact to be the primary considerations when purchasing our equipment. In the long run, we plan to invest significant funds into converting our mobile towers to more energy efficient technologies, reducing their reliance on non-renewable sources progressively. The roll out of this initiative will be in many stages, and we will continue to monitor our progress to become a more sustainable business entity.

### Energy Management System

We have implemented a number of energy optimisation measures that are cost-effective, while at the same time improving the environmental performance of our mobile network growth in the region.

We use free cooling to reduce energy needed for air conditioning at our base stations. The installation of cooling systems at some of our base stations has further improved the energy efficiency of our operations and facilities, resulting in an additional 30,282 GJ of total reduction in overall energy consumption in 2013.

We replace network equipment at our base stations with energy-efficient devices where possible to keep pace with technological innovations, and to reduce the carbon footprint of our operations.

As this is our first year of formal reporting, we plan to use this initial report as the foundation for future performance monitoring, and will include data on energy consumption in future reports.

With a network of more than 39,000 base station sites, our largest environmental footprint is via the direct and indirect energy consumption of our operations. Our Base station sites are primarily powered by the National grid of each country in locations with access to the grid. In areas without access to the national grid, the network is powered by diesel generators and battery bank cells. The direct energy consumption for our entire network comes up to 3,721,817 GJ for the year 2013. The XL network, registers the largest amount of direct energy consumption as most of their towers are without access to the Indonesian National grid.

Of the OpCos, Celcom currently has the highest dependency on the country national grid energy supply. As a result, Celcom's indirect energy consumption is the highest out of the OpCo's.

*Includes Idea and M1 customers*

# Planet & Society

## Environmental Footprint
### Direct energy consumption (Giga Joules)

| | | |
|---|---|---|
| **19,353** Celcom | **3,420,766** XL | **37,128** Dialog |
| **205,051** Robi | **39,519** Smart | **3,721,817** Total |

### Indirect energy consumption (Giga Joules)

| | | |
|---|---|---|
| **822,797** Celcom | **515,616** XL | **570,995** Dialog |
| **513,228** Robi | **59,271** Smart | **2,483,535** Total |

### Carbon Emission ($CO_2$ Tonnes)
Scope[6] (1+2)

| | | |
|---|---|---|
| **154,923** Celcom | **339,641** XL | **70,400** Dialog |
| **102,517** Robi | **13,025** Smart | **680,810** Total |

## Energy Savings
### Green Base Stations (Solar/Wind)

| | | |
|---|---|---|
| **84** Celcom | **35** Robi | **178** Total |
| **12** Dialog | **47** Smart | |

### Energy Saved (Giga Joules)

| | | |
|---|---|---|
| **9,429** Celcom | **718** Smart | **30,282*** Total |
| **5,217** Robi | **14,918** Dialog | |

*\* Energy saving data for XL not captured for 2013.*

*[6] Appendix: Data in numbers (Page 084) provides a breakdown of the scope 1 and 2 emissions.*

We expect continued improvements in our carbon emissions efficiency due to better utilisation of network equipment and a continued dedicated investment in energy and carbon efficiency projects.

### Environmentally Friendly Base Stations in Indonesia

*Indonesia is a vast archipelago that comprises of 17,000 islands, and around 1.9 million square kilometres. It is the 15th largest country in terms of land area and 4th largest in terms of population. With 278 million subscribers, Indonesia is the fourth largest mobile market in the world. Its vast geographical landscape serves as a huge opportunity for operators.*

*XL currently operates more than 20,000 base station sites in Indonesia. It operates around 9,000 base stations that use non-chlorofluorocarbon air-conditioning, and around 600 base stations that use both batteries and generators to reduce fuel use. XL also operates around 2,700 base stations that use 'Intelligent Ventilation System', which is a cooling system that combines fans and air-conditioning to reduce energy consumption.*

## Reducing Our Carbon Footprint

We report Scope 1 and Scope 2 greenhouse gas (GHG) emissions from our business operations across Axiata and our operating companies in accordance with the Greenhouse Gas Protocol and the GRI G4 Guidelines.

Our total Scope 1 and 2 carbon emissions in 2013 were estimated at 680.810 tonnes.

## Waste Management

Axiata's environmental sustainability management approach incorporates best practices and programmes related to waste management. The three main sources of waste in our business are:

• Our offices and stores (paper, plastic and packaging)
• End-of-life network equipment and batteries
• Unwanted phones and other devices.

All our operating companies have implemented measures on waste management to reduce the impact associated with resource use and disposal.

**9,000+**
Environmentally friendly base stations

**2,700**
Base stations with intelligent ventilation

**600**
fuel efficient sites
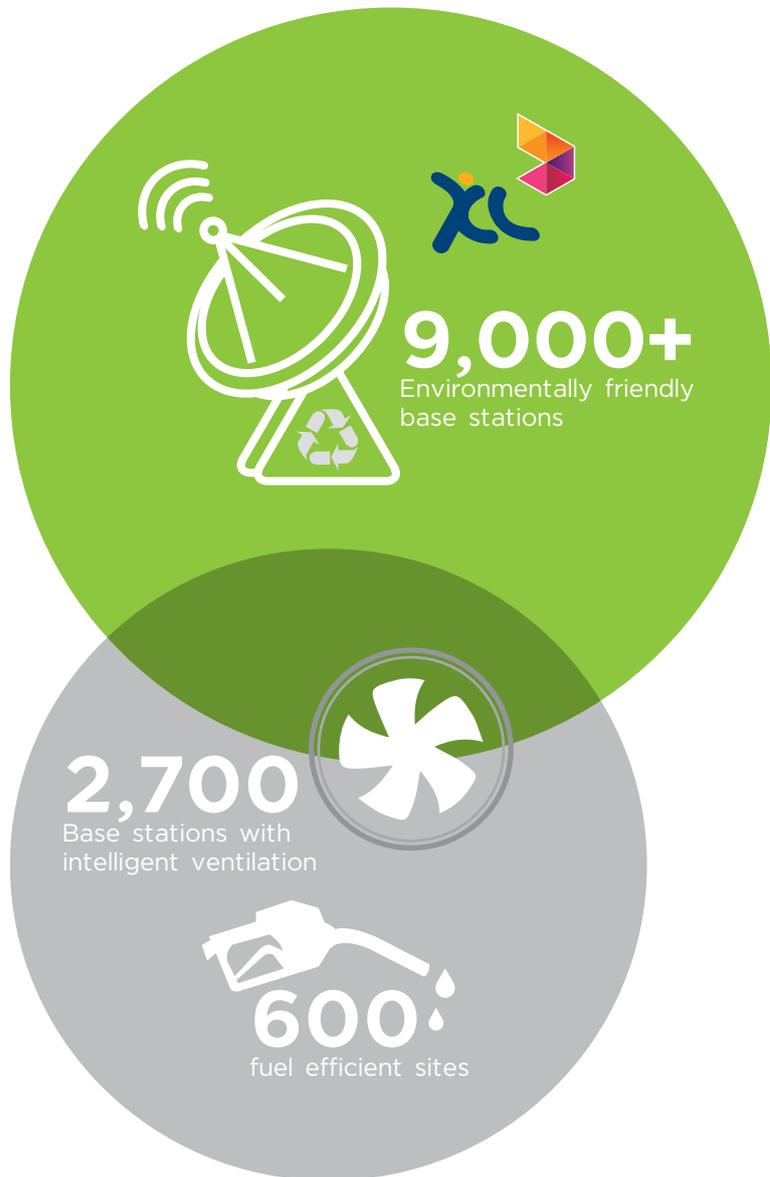
## Green Operations via edotco

Our new business unit, edotco, was carried out as separate subsidiary as at October 2013 to own manage and share the passive network infrastructure of Axiata Group. Besides driving new levels of operational efficiency in passive infrastructure management and diversifying Axiata's revenue streams, edotco seeks to identify energy-saving solutions for our networks and base stations, with the aim of reducing 40% of total carbon emissions across all operating companies by 2018. It invests in quality and innovation, striving to be lean, green, and clean in the pursuit of a sustainable future.

Innovative and forward-thinking solutions are constantly being developed by edotco to promote green business practices. They include:

- Design and Construction
  o Using new building materials to create structures that are durable and green.
  o Designing and constructing the telecommunication towers for multiple tenants while maintaining stringent safety standards.
  o A more focused approach in Leasing antenna space to other wireless service providers to reduce parallel capacity in the industry.

- Equipment Efficiency
  o Long-term investment on more environmentally-friendly equipment.
  o Thorough equipment checks to enhance the life span of equipment to get optimum usage.

- Renewable Energy
  o Using solar energy, wind power, methanol fuel cells and other new technologies to power the telecommunications towers.

- Energy Consumption
  o Promoting infrastructure and passive-site sharing among the network operators to reduce the number of masts, which in turn reduces the energy consumption.

We recognise the benefits of tower sharing, especially in countries where coverage in rural, sparsely populated areas is needed. To accommodate multiple network operators, small and energy-efficient antennas are installed on mobile towers. This configuration helps to save tower space, reduce power consumption and cooling requirements resulting in more efficient use of diesel generators during times of power failure. We aim to increase the number of towers powered with renewable energy sources in these countries in the near future.

**Dialog's M-Waste Recycling Programme**

*The M-Waste Recycling Programme, implemented in Sri Lanka by Dialog, is an initiative that illustrates how our operating companies are refining their sustainability practices.*

*Electronic waste is identified as a potential problem in Sri Lanka, threatening public health and the environment. The programme was launched in December 2007 to raise awareness among consumers about waste and recycling. The Central Environmental Authority (CEA), the main regulatory body, provided Dialog with the licence to collect, transport and store Mobile waste within Sri Lanka.*

*Unused mobile phone batteries and battery chargers, are brought to the company's 125 collection points. Over 15,000 units of M-Waste were collected via this project. Approximately 2.5 tonnes of M-Waste have already been exported to China for recycling by Dialog.*

## Going Green

The 'Going Green' programmes aim to promote environmental awareness among our employees, and to encourage them to incorporate sustainable practices into their work and everyday lives. Our focus is centred on these key areas: energy efficiency, biodiversity conservation, material and waste management. Most of our employees are actively involved in this programme, resulting in more green projects being introduced across Axiata and its operating companies.

**Celcom's 'Going Green' Programmes**

*Eco Certified*

*In March 2013, Celcom initiated the Eco Certified campaign, which included a series of activities at its headquarters to raise awareness among its employees on the importance of recycling, and to promote the use of environmentally friendly products.*

*The activities were designed to help encourage employees to recycle more by providing an interactive opportunity to learn what can and cannot be recycled in the workplace. Representatives from non-governmental organisations (NGOs) and government agencies gave talks on how each individual can play a role in reducing their environmental impact. Several booths were set up to promote environmentally friendly products for home, office and personal use.*

*Earth Hour*

*Celcom employees participated in Earth Hour 'for one day' switching off lights for two hours from 8:30 - 10:30 p.m. across all Celcom offices nationwide, to demonstrate support towards reducing global warming and creating awareness on climate change. The savings achieved by this was communicated to all employees.*

*Eco Printing*

*Celcom aims to reduce paper consumption by implementing duplex printing (double-sided printing), and putting a cap on printing and copying across Celcom. Celcom's paper usage nationwide in 2013 experienced a decrease of 55% compared to last year.*

*'No Plastic Bag' Campaign*

*The 'No Plastic Bag' campaign is aimed at reducing single-use plastic bags and encouraging the use of reusable bags. As part of this awareness effort, Celcom gives out environmentally-friendly bags to employees at the headquarters and regional offices across the country.*

# Planet & Society

## Commitment Towards Society

Most organisations today are increasingly mindful of the impact their operations have on the economy, environment and society at large. In addition to making a business case for corporate social responsibility, they recognise the links between society's welfare and their success, and align social responsibility goals with their organisational objectives.

### Axiata Young Talent Programme (AYTP)

We believe in the hidden potential of our youth and would like to help them seek and fulfil their dreams, thus building a pipeline of highly empowered talent for the nation. AYTP is our unique leadership initiative for young Malaysians at National Secondary School, Pre-University and University levels who have demonstrated academic excellence and outstanding involvement in extra-curricular activities.

Under this programme, we have developed the Ax-Factor curriculum that focuses on building the essential values, attitudes, critical and business skills to equip young Malaysians with both personal and leadership competencies needed to become future CEOs. The programme encourages individuals to challenge themselves to create greater impact by leading, inspiring and motivating others. At Pre-University and University levels, we cultivate networking and mentoring relationships amongst peers, mentors and established business leaders.
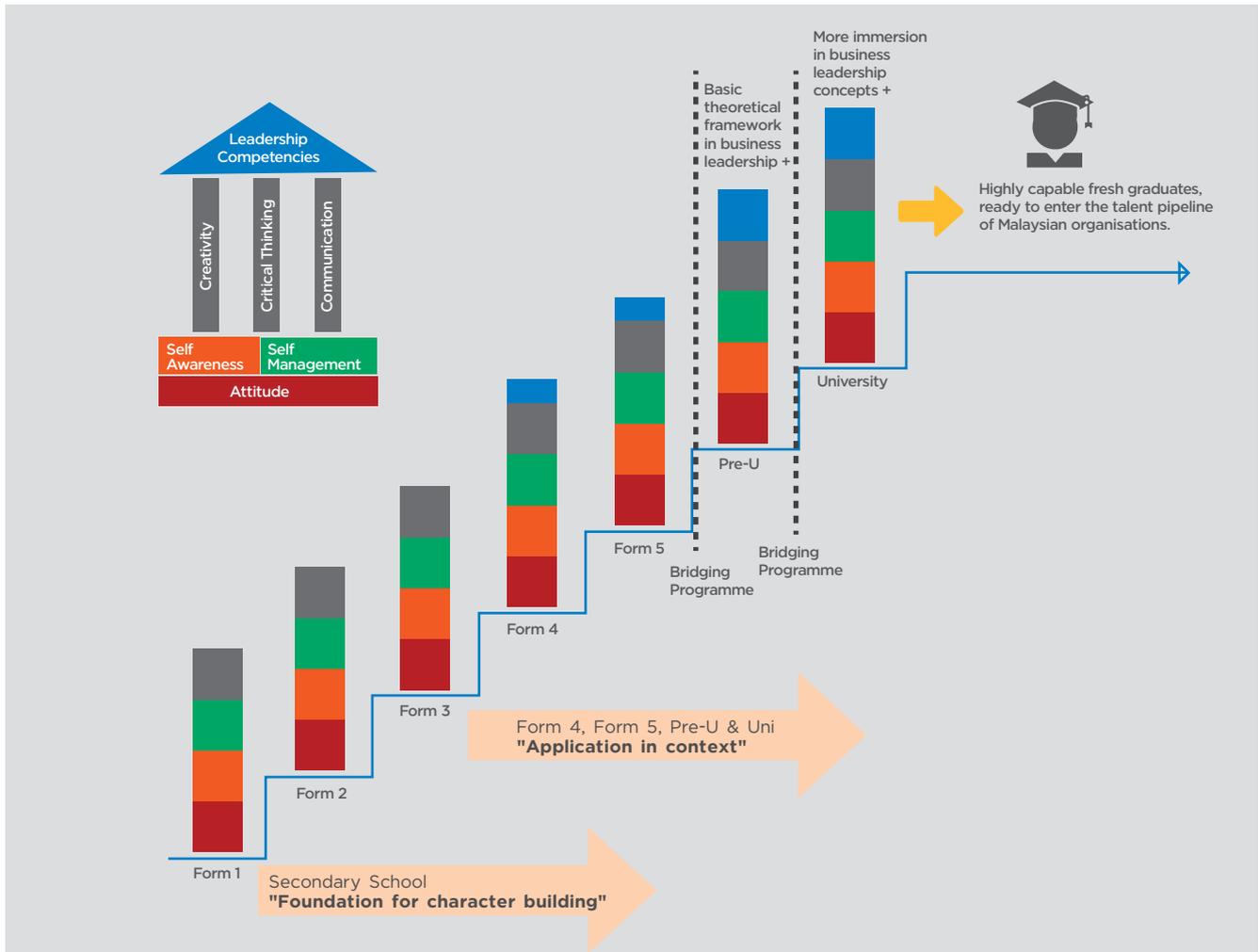


Figure 4: Axiata Young Talent Programme (AYTP) - The Ax-Factor curriculum

**Testimonials from Selected Students:**

*"Ax-Factor has made me a more holistic individual. It enriches me with different leadership, communication, creative and critical thinking skills. It also widened my views on a myriad of issues, giving me a more balanced view of the world around me."*
*Ng Siew Sanz (Year 1, PPE at Oxford)*

*"Ax-Factor has given me a chance to prove myself and my potential but also the things I could never learn elsewhere through its well-planned programme."*
*Irwin Mario Andrew (Form 3, Kolej Yayasan Saad)*

*"The conviction that I had developed over the two years comes from the content of Ax-Factor programme which is key to the making of a future CEO."*
*Siew Ming Jin (Year 3, Electrical Engineering at Imperial College)*
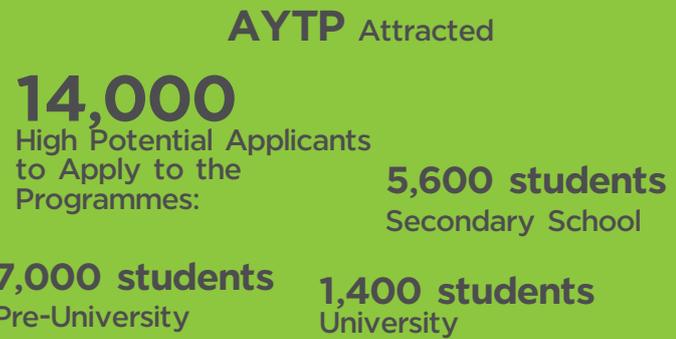
### National Secondary School

The National Secondary School Programme is a 5-year programme offered in collaboration with Kolej Yayasan Saad Melaka (KYS). Offered to all their Form 1 students, the programme includes workshops and community projects taking 70 hours spread across 6 weekends, supplemented with online learning, personal reflections, coaching & mentoring. During the critical formative years of secondary school, the students are exposed to and learn values and habits that would guide and form their behaviours in later years.

### Pre-University Programme

The 1-year Pre-University Programme starts to focus on the business elements of leadership to ensure students entering university are more aware of the economic aspects of their academic disciplines. Offered to A-level students studying at Kolej Yayasan United Engineers Malaysia (KYUEM), the programme will be conducted over 8 weekends of approximately 120 contact hours. To ensure that Pre-University students have the same fundamentals as the graduates of the National Secondary School Programme, there is a preparatory session to bridge this.

### University Leadership Development Programme

The University Leadership Development Programme is designed like a 'summer camp' for undergraduates who are studying in local and overseas universities and runs over the course of 15 days or 150 hours. The uniqueness of the programme is the business simulation 'games' where students get to experience in a setting as realistic as possible, what it takes to run a business - be it managing a crisis or running an advertising campaign or pitching a business idea to a panel of judges and business leaders, acting as venture capitalists. A selected group of students who have completed this programme will be given an opportunity to put into practice what they have learnt in

the programme through a Structured Internship Programme that will run for 8 weeks the following year in Axiata's Group of Companies.

### Free Mobile Access to Wikipedia

Axiata is offering Wikipedia on mobile devices free of data charges to its customers throughout Asia under its partnership with Wikimedia Foundation. We are committed to empowering communities through mobile connectivity and innovation by providing free access to open knowledge available in Wikipedia. The partnership includes customers of Axiata subsidiaries in Sri Lanka, Cambodia, Malaysia, Indonesia and Bangladesh.

We believe that education is a pillar of Axiata's business operations and social development commitment. In an effort to bridge the digital divide, we have established local educational programmes across our OpCos to help the development of rural communities. Customers in each territory will be able to access Wikipedia in their local language along with the English version. We are removing cost as a barrier for our customers by eliminating data fees for accessing the mobile Wikipedia sites. Approximately 80 million subscribers have enjoyed the benefit as a result of this partnership (as of end March 2013).

# Education Support in Our Countries

## Strategic Alliance with Management & Science University, Malaysia (MSU)

Celcom entered into a partnership with the Management & Science University (MSU) to provide industry-relevant lectures/talks, industrial training, internship programme, entrepreneurship programme and required assistance in teaching, training and research to enhance the employability and marketability of MSU graduates.

## 255
XL Future leaders
in 2 years.

## XL Future Leaders: Global Thinking

The XL Future Leaders Programme emphasises on grooming leaders, aiming to create and prepare Indonesian youth to become global leaders. The curricular covers effective communications, sharpening entrepreneurship & innovativeness and change management. Since the launch of this programme in 2012, 255 students have successfully participated.

## XL Future Leaders E-Curriculum

This specifically designed online curriculum is for students who have not joined as the XL Future Leaders. E-curriculum Participants can learn the same material XL as Future Leaders participants. Every 6 months, XL holds a workshop in the 5 regions. Devoting a sum of IDR300 million per year, the project currently covers 1,007 participants.

## XL Future Leaders Scholarship

This programme empowers young Indonesian talent and supports selected students financially and via training programmes. This scholarship is awarded for one year to outstanding students who request financial support. A total of IDR1 million per year is spent to support 100 participants per year.

## 966 Computers
to 322 Schools Covering Most of the Country.

## Computer for School Interactive

Computer for School Interactive (KUSi) is a project providing computer and Internet connections to teachers and students in less privileged schools. In 2013, XL provided 225 units of computers, distributed to 75 schools in 27 cities in the country. Since 2008 XL has donated 966 computers to 322 schools covering most of the country.
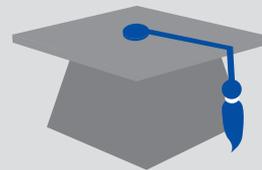
## Khazanah Scholarship

In cooperation with the Khazanah Foundation, XL provides scholarships to five selected students to continue their studies (S2) at top universities in Malaysia. Only 5 of the best will be selected from all registered candidates.

### Dialog

**St. Methodist School, Hakmana**

Dialog donated SLR29 million to build a three-storied building for St. Methodist School, Hakmana. 900 students and 50 teachers are expected to benefit from this building, which consists of an administrative centre, classrooms and a canteen.

## 500 Dialog Scholars

over the last 10 years

**Scholarships**

The Dialog scholarship programme aims at developing Sri Lanka's intellectual capital. Via the project, top performing students who pursue their higher studies in technology are financially empowered at secondary and tertiary levels. More than 500 students have benefited over the last 10 years.

**2,000** Schools Connected

Education for **1.1 million Students**
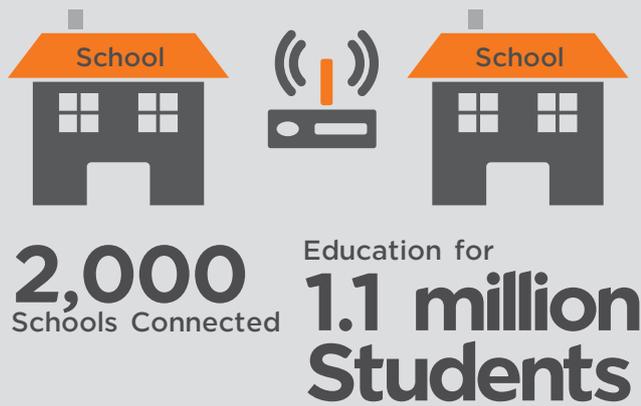
**Nenesa**

Dialog's Digital Bridge Nenesa, is aimed at giving rural students the opportunity to engage in interactive learning with experienced teachers. 2,000 schools in Sri Lanka, are conected to the satellite educational channel, 'Nenasa' and a supplementary online LMS supported by Dialog Broadband. This project has benefited nearly 1.1 million rural students.

IT awareness for

## 72 Colleges 64 districts

### robi

**Improving IT Literacy**

Robi's Digital Divide initiative aims to improve the education of disadvantaged students across Bangladesh. To date, students of 72 colleges in 64 districts have benefited from the programme. The study material is prepared by Robi employees who volunteer in teaching too.

ABC ...
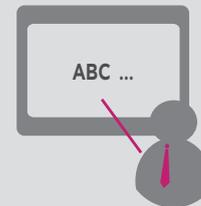
**English in School**

Robi, in collaboration with the popular English daily, The Daily Star, runs the English language programme in 1,000 selected schools all over the country. The programme aims to promote English language learning among the students in these schools, focusing on developing their communication skills.

# Our CSR Programmes

## Celcom - Social Contribution

### Pusat Internet 1Malaysia

Celcom, via the Universal Service Provision program under the Malaysian Communications & Multimedia Commission (MCMC), has established 85 Pusat Internet 1Malaysia in seven states. These internet centres provide internet access at a nominal fee and free trainings on IT and entrepreneurship for rural communities. Each internet centre is equipped with 20 desktop computers and is managed by two local graduates. In 2013, about 80,000 individuals have become members of these internet centres and benefited from its service.

## RM250,000 to Support
### Orphan Families

### Orphans Sponsor and Support Programme

Celcom's Orphans Sponsor and Support Programme aims to reach out to orphans whose lives have been devastated by the death of their parents. These orphans are empowered with f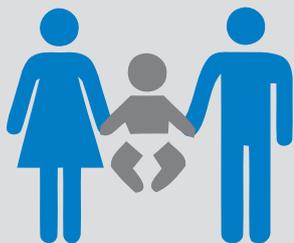inancial and educational assistance. To date, Celcom has assisted 7 orphaned families, which consist of 17 children of various ethnic groups in Malaysia.

### Kampung Tanpa Wayar (KTW) 1Malaysia

As part of the Universal Service Provision program under the Malaysian Communications & Multimedia Commission (MCMC), Celcom has set up a total of 700 KTW WiFi hotspots in selected rural areas throughout the country. Communities living within the KTW coverage areas are able to access internet, free of charge from the comfort of their own home. Each month, about 120,000 users benefit from this KTW initiative.

### Network Continuity During Floods

Celcom initiated a Telecommunications Disaster Support Centre, when Kelantan, Terengganu & Pahang were badly affected by floods in late 2013, to assist customers in affected areas ensuring network stability during this crucial time. 48 mobile/portable generators were mobilised to provide alternative power for the sites impacted and 8 COWs (Cell on Wheels) were deployed to provide coverage to the affected areas. An estimated cost of RM1.4 million was spent for this initiative. At national level, Celcom partnered with the Malaysian Communications and Multimedia Commission (MCMC) contributing a sum of RM40,000 to assist flood victims in the Eastern region.

## RM1.4 million
### for Flood Relief Efforts

### Employee Welfare During Floods

Celcom activated the Employee Emergency Relief Programme during the floods assisting 52 Celcom employees, involving more than 200 family members, by assisting them in relocating to a safe area and providing them food and lodging. A special fund was generated from employees to assist these affected employees. A volunteer option was provided for employees at Head Office and the Central Region to help their colleagues in need.

## 200 Employee
### Family Members Supported

**Community Programme with the Traffic Police of Kuala Lumpur**

Celcom has been working with the Traffic Police of Kuala Lumpur since 2007 to organize a community programme during the holy month of Ramadan where the primary objective is to appreciate the community of Police officers who continue serving the country and sacrificing their family moments during the festive season. As part of the programme, Celcom's senior executives and volunteers pay visits to senior Police officers who are injured or killed on-duty, leaving the family orphaned, widow and those who suffers permanent chronic diseases.

**XL – Social Contribution**

Nourishment for

# 133 Children

**Xjuta Aksi Berbagi Peduli**

This programme includes preventive and promotional activities (nutrition checks and counseling, drinking milk campaign) in several regions in Indonesia. XL contributed IDR33 million to support 133 children across the country.

IDR

# 100 million
for Disaster Supply

**Disaster Relief**

XL provides humanitarian aid in the event of a disaster, creating emergency shelters, and providing logistical support and free communication services such as the SMS donation service to the affected victims. In 2013, XL raised a total of IDR500 million for future disasters that may occur.

IDR

# 200 million
Customer support for a worthy cause

**SMS Donation**

XL invites the public to provide financial assistance to the victims of natural disasters through SMS donations. The fund is utilised for disaster recovery, the construction of educational facilities, health improvement and environmental conservation. In 2013, XL's SMS donation campaign for the Jakarta flood raised IDR54.9 million, and its customers contributed IDR140 million during the Sinabung eruption.

# Planet & Society

## Dialog Social Contributions

### Ratmalana Audiology Centre

The Ratmalana Audiology Centre specialises in early detection of hearing deficiencies in infants and children. It has been operational since its official launch in 2007 and currently serves 6,000 children and adults who suffer from hearing difficulties annually.

## SMS Blood
register as blood donors through SMS

### SMS Blood

SMS Blood is an SMS-based blood donor management application launched by Dialog to seek more blood donors and create a better national blood supply system. SMS Blood enables mobile users to register as blood donors through SMS, and is supported by staff at the National Blood Transfusion Service throughout the blood donation process.

### Disaster and Emergency Warning Network (DEWN)

Sri Lanka's award winning first mass alert early warning system DEWN (Disaster Early Warning Network) was launched in January 2009. In a potential disaster situation, DEWN can first alert the emergency personnel and then public alerts will be issued after the threat is verified. This pre-warning through the mobile phone could potentially save thousands of lives.

**1,604**
Volunteer hours

### Dialog Volunteer Network

The Dialog Volunteer Network – Outreach programme launched in 2012 provides employees with the opportunity to volunteer as a team and support education, healthcare or social welfare in Sri Lanka. In 2013, 2,921 students and 69 teachers benefited from this programme where 61 of Dialog's employees volunteered 1,604 hours at a cost of SLR1,174,610 only.
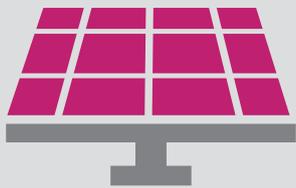
## Robi - Social Contribution

### Robi Internet Corner

Robi, with the support of the Department of Public Libraries, has established Internet corners at all seven divisional public libraries with the objective of giving free Internet service to the public.

### Blankets for the Cold Weather

Robi distributed 2,000 blankets, and gave financial assistance to the poor who were affected by the cold weather in Chittagong Hill, Sirajganj and Rangpur in 2013. Robi also responded to the urgent needs of the affected victims in the wake of the disastrous building collapse in Savar on 24th April 2013. By 25th April, Robi, in collaboration with the Red Crescent, held a successful blood donation programme. Besides this, Robi also donated torches and glasses to the rescue team in the amount of BDT100,000.

## 2,000 Blankets
to support people affected by cold weather

**Smart**

### Smart – Social Contribution

Smart participated in a number of fundraising activities in 2013. They were:

- Dream Land Concert to help Kantha Bopha Hospital
- Donation of USD500,000 made to Cambodia Red Cross
- During the year, several activities were held to promote youth leadership and environmental awareness:
  - Capacity Building of Cambodian Young People
  - Clean and Green Project in Sihanouk Ville
  - OCA Fun Run to support Asian Sport Activities
  - Coastal Clean Up Programme with CoCa Cola

## 600 Families

### Robi Alo

Robi built 3 mini solar panels providing solar power home solutions (2 lights and a mobile charger) to 600 families in rural areas of Bangladesh which included Kaluar Char village, Chor Joy Kumer & Kismat Cinay in the Kurigram district. This initiative created a lifestyle change, and made a positive impact to the lives of these families.

## USD500,000
to Cambodia Red Cross

## 5,000 litres
of pure drinking water for thousands of railway passengers every hour.

## USD10,000
To raise awareness on Green planet with UN

### Safe Water-Healthy Life

Robi, in collaboration with Bangladesh Railway and the global organisation WaterAid, set up water treatment plants and purified water supply facilities at key railway stations in the country. These facilities provide approximately 5,000 litres (per plant per hour) of pure drinking water for thousands of passengers every hour.

## USD2,000
For fund raising to help Kantha Bopha Hospital

# National Contribution

> Axiata is a long-term investor in all our countries with investments going back more than 19 years in Bangladesh, 18 years in Sri Lanka and 16 years in Cambodia. As a Group, we have contributed substantially to the gross domestic product (GDP) of all 7 telco operating countries, amounting to around USD63.8 billion from 2008 to 2013.

# National
# Contribution

We commissioned an independent partner to conduct a review of our economic contribution to the countries where we operate, both directly and indirectly, using best practice methodologies in deriving the economic model for this analysis, based on literature review and industrial benchmarking exercises[6]. The economic model encompasses supply side and demand side impacts. Supply side impacts are assessed based on Direct and Total Value Added contributions to GDP and the total employment effects across the economy while demand side impacts are estimated based on productivity gains provided by wireless technology.

Through the figures and data compiled, we have improved our understanding of the wide-reaching economic and socio-economic impact that we have. There is also the economic role we play by providing the telecommunications infrastructure and services that are necessary to drive economic growth.

## Since 2008

Capital Investment
## USD12.39 billion

Employed more than
## 23,000
employees across Asia

Created more than
## 1.67 million
jobs across Asia

In our 7 operating countries
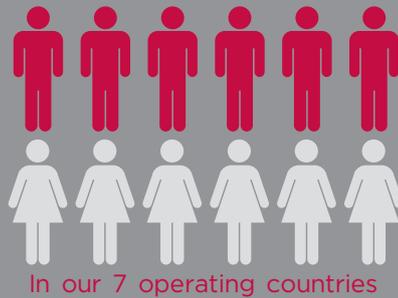
Spent more than
## USD27.06 billion on operating
expenditures

Subscribers:
## over 240 million

Network coverage connecting
## ~450 million people*

## USD63.8 billion GDP Contribution

The main contribution made by the Group over the period of the last six years would be via the jobs we support, and the effects of these individuals spending their wages in the wider economy. We have generated more than 23,000 jobs across Asia directly and facilitated more than 1.67 million jobs indirectly including suppliers and retailers.

The report's calculation indicates that our direct contribution to the economies of each country via taxes and levies amounts to more than USD6.5 billion over the last 6 years.

In each of the operating countries, our contribution to the GDP has been significant and the next part of the report discusses each of our operating companies.

*Does not include coverage in India and Singapore.*

[6] *Refer page 082 for detailed methodologies and computational formula.*
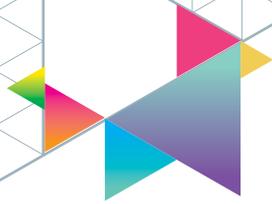
# Malaysia

Malaysia is an upper-middle income country with a gross national income of USD8,373 per capita. In 2013, the Malaysian economy grew by 4.7%, underpinned by strong growth in business investment and consumer spending. Malaysia has a well-developed mobile market, with mobile penetration of over 170% in 2013. The customer base for mobile services in the country is projected to reach over 50 million by 2015. 3G services, introduced in the country in 2005, have demonstrated a steady growth over the years.

### Celcom Axiata Berhad

Celcom is the mobile telecommunications company with the widest coverage in the nation. Celcom was a Telekom Malaysia company since 2004. Celcom covers 95.2% and 82.5% of the population in 2G and 3G networks in Malaysia respectively. It provides both prepaid and postpaid mobile services to more than 13 million subscribers and it is the leading mobile broadband service provider in Malaysia with over 1 million subscribers. Celcom is also growing its position in content and value-added services (VAS), enterprise solutions, bulk wholesale services, digital services and machine-to-machine (M2M) solution in line with the evolving technologies and changing consumer behaviour.
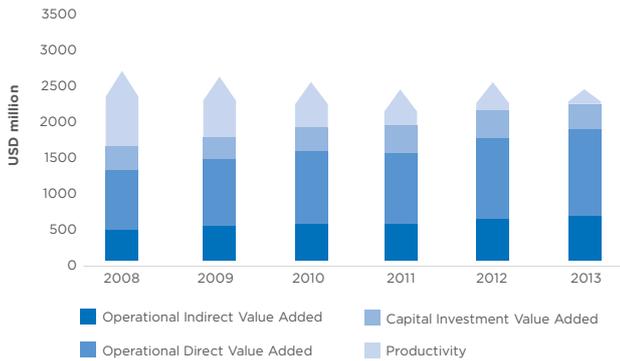
A significant milestone for Celcom in 2013 was the launch of Celcom 4G LTE Experience Hubs at selected Blue Cube outlets. The launch was intended to give customers first hand preview of the fast speeds of 4G LTE. The launch and was well received and paved the way towards reaffirming Celcom's postion as the fastest and widest network in Malaysia

# National Contribution

**Investments since 2008**

## USD8.5 Billion

Total CAPEX and OPEX

**In 2013**

## ~154,000
Jobs Created

## 46%
of Procurement from Local Vendors

## ~0.9%
of GDP



Figures 5: Contribution to GDP in Malaysia

- Operational Indirect Value Added
- Operational Direct Value Added
- Capital Investment Value Added
- Productivity

## Our Economic Contribution

Our total expense for last 6 years has been USD8.52 billion with the capital expenditure of USD1.54 billion and the operating expenditure of USD6.98 billion. In 2013, 46% of our spend has been on local suppliers.

We contributed USD2.77 billion or 0.9% of Malaysia's GDP in 2013. Figure 5 provides a breakdown of the value added contribution to the GDP during the period of 2008 to 2013. During the same period, we also contributed USD472.9 million to the Universal Service Provision (USP) fund to improve communication access to areas which are currently underserved in the country.
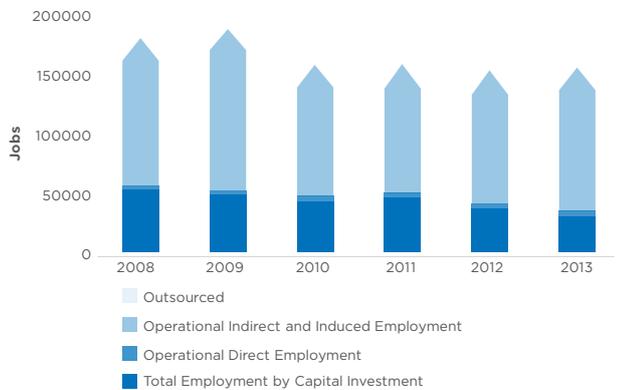


Figures 6: Total employment impact in Malaysia

- Outsourced
- Operational Indirect and Induced Employment
- Operational Direct Employment
- Total Employment by Capital Investment

## Our Social Contribution

In 2013, ~154,000 jobs were created in Malaysia to support our business across the value chain. Figure 6. denotes the creation of jobs in Malaysia over the last 6 year period.

In corporate responsibility initiatives on the year also included Axiata's Young Talent Programme (AYTP) and Celcom's 1Malaysia Training Scheme Programme - SL1M, Pusat Internet 1Malaysia Centres are in 85 rural villages providing IT Training for almost 80,000 youth. Celcom activated a Telecommunications Disaster Support Centre during the floods in 2013 maintaining the network for continues communications.

*Refer page 082 for detailed methodologies and computational formula.*

## National Agenda

Supporting our local business partners forms part of our broader sustainability strategy to create value for the communities and economies in which we operate. Currently, over 85% of Celcom's business partners are local.

This initiative covers most of the business activities, with network, sales and marketing related activities representing the largest segment (93%). In 2013, the total sales volume, generated by local distributors, was RM2 billion.

Celcom continues to establish new key partnerships with local companies to help drive the national development agenda. For example, the Celcom Bumiputera Entreprenuer Development Programme, a partnership between Celcom and Permodalan Usahawan Nasional Berhad (PUNB), was one of the key initiatives undertaken by Celcom to increase the number of local retailers in the telecommunications industry.

## Vendor Development

In 2013, 51% of Celcom's vendors were Bumiputera companies, creating a gross value of RM635 million. Celcom plans to establish a Vendor Development Programme that aims to empower competent and qualified local vendors with the necessary tools and resources they need to help them succeed.

## National Talent Development

We have committed RM100 million to the Axiata Young Talent Programme aimed at developing future business leaders among our youth. In 2013, Celcom also invested approximately RM7.4 million (USD2.3 million) for employee training and professional development. In addition, Celcom supports the Government's efforts to raise the quality and marketability of graduates by introducing BLUi (Celcom's 1Malaysia Training Scheme Programme - SL1M) in 2011. Since then, a total of 32 graduates have participated in the programme, of which 14 were offered full-time employment by Celcom.

## Grooming of Senior Management - Malaysians at International Postings

As of 31st December 2013, we had 11 Malaysians at Senior or Top Management Positions in our subsidiaries. This includes 1 Chief Executive Officer (CEO), 5 Chief Officers and Top level management in Strategy, Finance, Regulatory, Audit and Marketing areas.

These individuals are groomed over the years and these placements have provided them with an ideal training opportunity for future leadership roles in Malaysian Corporates.

# Indonesia

Indonesia, with a population close to 250 million, is the fourth most populous country in the world. Indonesia's telecommunications sector is ranked third in the Asia Pacific region for its market size. The country's economy continued to grow at a steady pace in 2012, taking full-year gross domestic product (GDP) growth to 6.2%, and contributing to a per capita income of around USD3,500.

### Mobile Subscriber Growth

In 2013, the mobile penetration rate in Indonesia was over 120%, a significant increase compared to 60% in 2008. The growth in mobile subscriptions was mainly contributed by three key operators, which includes XL Axiata.

### PT XL Axiata Tbk

XL has grown from a small company offering basic telephony services into one of the country's largest telecommunications companies, with extensive network infrastructure and services. As one of Indonesia's leading telecommunication service providers, XL offers an array of innovative telecommunications products and services ranging from voice, SMS, VAS to mobile data covering more than 90% of the population throughout Indonesia.

XL's network runs on GSM 900/DCS 1800 and IMT 2000/3G technologies and it holds several licences, including closed regular network (leased line), Internet Service Protocol (ISP), Voice over Internet Protocol (ISP), Voice over Internet Protocol (VoIP), Internet Interconnection Services (NAP), and an e-money (electronic money) licence from the Central Bank of Indonesia.

XL continues to innovate and is transforming itself into a leading mobile data provider, serving the burgeoning demand for data amongst Indonesians. XL is dynamic in managing and operating its business, and fast in adapting to changes in the industry and market landscape, to deliver excellent service quality to its customers.

*Refer page 082 for detailed methodologies and computational formula.*

In 2013
**~322,000**
Jobs Created

**45%** of
Procurement from
Local Vendors

**~0.5%**
of GDP

Investments
since 2008
**USD8.0 Billion**
Total CAPEX and OPEX



Figure 7: Contributions to GDP in Indonesia

- Operational Indirect Value Added
- Operational Direct Value Added
- Capital Investment Value Added
- Productivity

## Our Economic Contribution

Over the period of 2008 – 2013 total expenditure has been USD7.98 billion with a breakdown of USD3.44 billion for CAPEX and USD4.54 OPEX. In 2013 alone, 45% of our total purchases were from local vendors. In 2013, XL has made a total contribution of USD3.98 billion to the GDP which amounts to 0.5% of the total GDP. The Figure 7. provides further breakdown of our contribution to Indonesia's GDP over the last 6 years.

## Our Social Contribution

In 2013, ~322,000 jobs were created to support our business across the value chain. Figure 8 provides a breakdown of the jobs creation in Indonesia as a result of our operations. Furthermore, XL has adopted the Axiata Young Talent Programme and made it a prominent leadership building programme called the XL Future Leaders. 255 young Indonesians have been included in this programme over the last 2 years. XL has also taken the lead in supporting education, social welfare and disaster recovery with the support of both XL employees and customers.



- Outsourced
- Operational Direct Employment
- Operational Indirect and Induced Employment
- Total Employment by Capital Investment

Figure 8: Total employment impact in Indonesia

**Dialog**

## Sri Lanka

Since the 26 year conflict ended in May 2009, Sri Lanka has taken steps to reorient its economic development policy framework to achieve the next stage of growth. Economic ties with other countries and rising foreign investment have pointed to a strong improvement in the country's macroeconomic situation following the conflict, leading the World Bank to upgrade Sri Lanka from a low-income to a lower-middle-income country in 2010.

In 2013, there were approximately 20.5 million mobile subscribers in Sri Lanka. The country's mobile services have remained on a positive growth path as more and more mobile operators continue to promote, launch new packages and increase their network capabilities.

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### Dialog Axiata Plc

Dialog has been at the forefront of innovation in the mobile industry in Sri Lanka since the late 90's, driving the country's mobile telephony infrastructure to a level of advancement on par with the developed world. The company is also one of the largest listed companies on the Colombo Stock Exchange in terms of market capitalisation.

Dialog delivers advanced mobile telephony and high speed mobile broadband services to a subscriber base of 8.7 million Sri Lankans via 2.5G and 3G/3.5G and 4G networks. It was the first service provider in South Asia to launch 3G, HSDPA and mobile and fixed 4G LTE services.

*Refer page 082 for detailed methodologies and computational formula.*

In 2013

# ~116,000
Jobs Created

# 48%
of Procurement from Local Vendors

# ~1.3%
of GDP

Investments since 2008

# USD2.2 Billion
Total CAPEX and OPEX
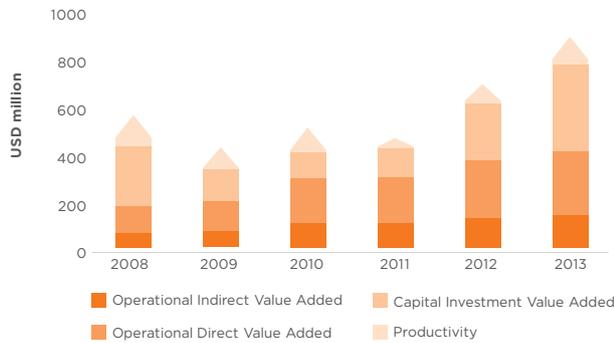


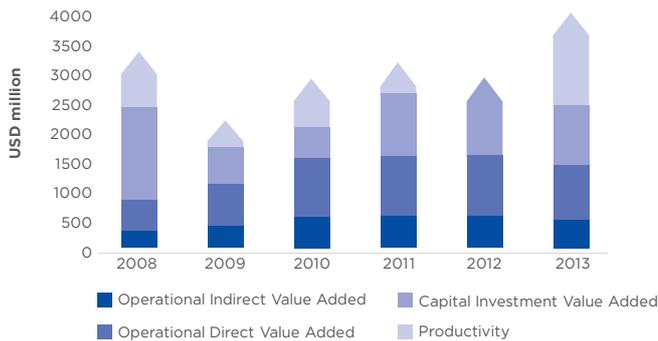Figure 11: Contributions to GDP in Sri Lanka

**Our Economic Contribution**

Currently, Axiata is the top foreign direct investor in Sri Lanka. The group has spent USD2.16 billion on as CAPEX (USD680 million) and OPEX (USD1.48 billion) from 2008 – 2013. In 2013, 48% of Dialog's procurement was from local vendors. In 2013, a total of USD881 million (1.34%) was contributed to the GDP of Sri Lanka. The Group's contribution to Sri Lanka's GDP is detailed out in Figure 11.
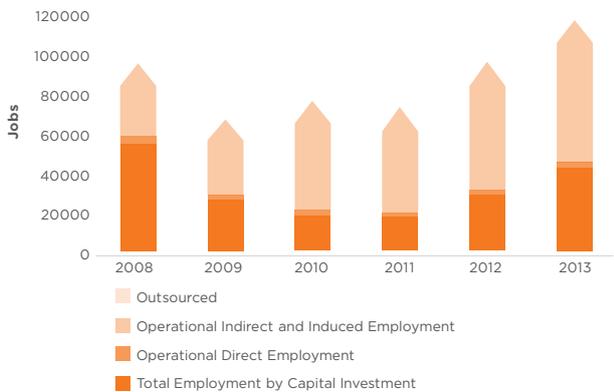


Figure 12: Total employment impact in Sri Lanka

**Our Social Contribution**

In 2013, ~116,000 jobs were created to support our business across the value chain in Sri Lanka. A breakdown of the jobs resulting from Dialog's operations is detailed out in Figure 12.

Dialog's Sustainability approach is recognised as a keystone approach in Sri Lanka. Dialog has been ranked no 1 in Sri Lanka's Corporate Accountability Ranking since the rankings began five years ago.

As part of its corporate responsibility initiatives, Dialog supports the Nenesa Education channel, known as the National Distance Education network, which supports 2000 schools in Sri Lanka. Other initiatives include the Disaster Early Warning Network (DEWN), Rathmalana Audiology Centre and Dialog 5 star partner projects have been recognised internationally over the last five years.

# Bangladesh

Bangladesh, with a population close to 150 million, is one of the most densely populated countries in the world. In recent years, Bangladesh has achieved strong economic growth of above 5% with an improvement in human development indicators. The telecommunications sector in Bangladesh is growing at a rapid pace, and the government's commitment to a digital Bangladesh is likely to present major opportunities for the sector.

In 2013, the mobile penetration rate in Bangladesh was over 80%, a significant increase compared to 34% in 2008. Besides offering affordable mobile plans to the consumers, several operators have embarked on ambitious network infrastructure sharing arrangements that will lead to a substantial reduction in the present telecommunications sites across the country. As of 2013, there were 123 million mobile subscribers in Bangladesh.

### Robi Axiata Limited

Robi, the most dynamic and fastest-growing telecommunications operator in Bangladesh, has been developing its services to meet increasing customer demands, ranging from voice and high-speed internet services to tailor-made telecommunications solutions. Robi is a joint venture company between Axiata Group Berhad of Malaysia and NTT DoCoMo Inc. of Japan.

As a subsidiary of Axiata, Robi draws from the international expertise of Axiata, using leading edge technology to provide the best-of-its class services in Bangladesh. Robi is committed to providing the best data and voice quality and will continue to ensure that its customers enjoy the best experience through leading edge technology and innovative products and services.

*Refer page 082 for detailed methodologies and computational formula.*

# In 2013
## ~555,000
Jobs Created

## 47%
of Procurement from Local Vendors

## ~0.9%
of GDP

# Investments since 2008
## USD2.6 Billion
Total CAPEX and OPEX
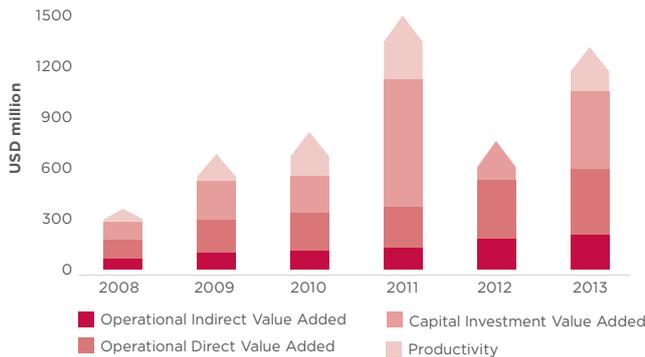


Figure 13: Contributions to GDP in Bangladesh

- Operational Indirect Value Added
- Operational Direct Value Added
- Capital Investment Value Added
- Productivity

## Our Economic Contribution

Currently, Axiata is one of the top foreign direct investors in Bangladesh. From 2008 - 2013 we have spent a sum of USD2.62 billion as total costs inclusive of USD1.11 billion as CAPEX and USD1.51 billion as OPEX during this period. In 2013, 47% of Robi's purchases were from local vendors. Robi has actively taken interest in developing local vendors providing them training, awareness and sharing best practices with them. A total of USD1.31 billion was contributed to the GDP of Bangladesh, which amounts to 0.9% of the total GDP of 2013. The Group's contribution to Bangladesh's GDP is detailed out in Figure 13.
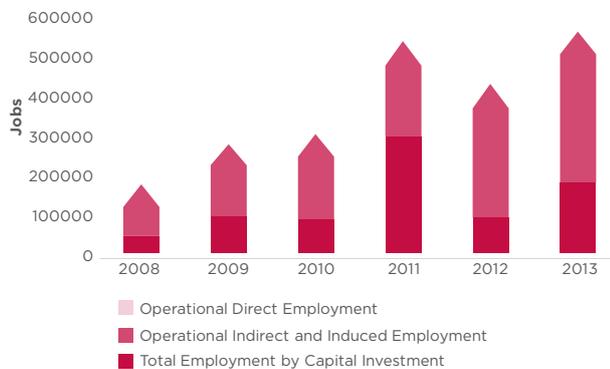


Figure 14: Total employment impact in Bangladesh

- Operational Direct Employment
- Operational Indirect and Induced Employment
- Total Employment by Capital Investment

## Our Social Contribution

In 2013, ~555,000 jobs were created to support our business across the value chain. Figure 14 denotes a breakdown of this.

Robi Axiata carries out their corporate responsibility initiatives in 4 main aspects. These are namely IT Education, (IT corner, Internet Corners), Health care (Robi clean drinking water project), Green development (Robi Alo, the solar powered electricity and awareness building programme) and Disaster response.

## Cambodia

Cambodia's economy grew at an average rate of over 8% annually between 2004 and 2012, resulting in significant improvements in areas such as poverty, healthcare, water supply and education. Cambodia has increasingly become an attractive investment destination for foreign investors. Despite a mobile penetration of 150%, which is largely a result of the wide spread multi SIM habit of prepaid subscribers, the country will most likely witness continuous growth in mobile subscriptions, driven mainly by prepaid users in the rural areas. The expansion of 3G network also offers new opportunities for service providers. In 2013, there were approximately 22 million mobile subscribers in Cambodia.

### Smart Axiata Co., Ltd.

Smart is Cambodia's second largest mobile telecommunications company serving over 5 million customers. The company became part of Axiata after the strategic merger of Latelz Co. Limited, operating under the brand Smart Mobile, and Hello Axiata Company Limited, with its Hello brand, in early 2013. Smart's workforce consists of more than 800 people including local and foreign experts. The company is committed to its customers, employees and the people of Cambodia in delivering its promise of improving their lives, "Live Life, Be Smart."

**In 2013**

# ~93,000
Jobs Created

# ~2.5%
of GDP

**Investments
since 2008**

# USD380 Million
Total CAPEX and OPEX



**Legend:**
- Operational Indirect Value Added
- Operational Direct Value Added
- Capital Investment Value Added
- Productivity

Figure 9: Contributions to GDP in Cambodia

## Our Economic Contribution

We have spent a total of USD380 million with a breakdown of USD200 million on CAPEX and USD180 million on OPEX over the period 2008 – 2013. Smart is one of the largest tax payers in Cambodia with a cumilative of USD80 million as taxes and levies over the last 6 years. Our total contribution to the GDP of Cambodia in 2013 alone, amounted to USD394 which is 2.5% of the national GDP. Figure 9 shows a breakdown of contribution to GDP over the last 6 years.



**Legend:**
- Total Operational Employment
- Total Employment by Capital Investment
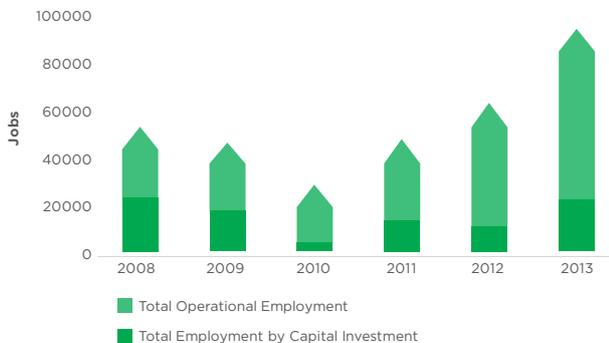
Figure 10: Total employment impact in Cambodia

## Our Social Contribution

In 2013, we created, ~93,000 direct and indirect jobs, to support our business across the value chain. Figure 10 gives a breakdown of direct and indirect jobs created in Cambodia over the last 6 years.

Smart is also partnering with a number of government and non-government organisations in Cambodia for corporate responsibility initiatives which range around education support, environmental awareness and youth development in Cambodia.

# National
Contribution

## Methodology and computational formula for the National Contribution Report

**Direct Value Added** contributions were estimated based on operational data provided by Axiata regarding revenues, expenditures, taxes and income.

**Total Value Added** Contributions were estimated using an economic multiplier. Various studies reports multipliers between 1.1 and 1.85 depending on the source. For this study, we have conservatively adopted a multiplier of 1.5 for all countries.

**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. These are estimated by dividing total Valued Added by the value added per worker in the respective country's relevant sector.
4. Induced as employees from the above spend their household income thereby generating further rounds of employment. For induced employment we have adopted a multiplier of 1.1 which is at the lower end of values adopted in other studies which range from 1.1 to 1.7.

### Capital Investment
1. Total Value Added = Capital Expenditure x Construction Multiplier
2. Total Employment = Total Capital Expenditure Value Added/Value Added per worker in Construction Industry x Induced Employment Multiplier of 1.1.

*Note: Figures for total value added and total employment in construction data are applicable to each relevant country (Source: relevant Departments of Statistics for each country).*

### Operational
1. Total Value Added = Direct Value Added + Indirect and Induced Value Added

Where:
Direct Value Added = Operating Profit + Income
Indirect and Induced Value Added = Direct Value Added x Value Added Multiplier

2. Total Employment = Direct Employment + Indirect and Induced Employment

Where:
Direct Employment = As per Axiata data
Indirect Employment = Total Value Added/Value Added per worker
Indirect and Induced Employment = Indirect Employment x Induced Employment Multiplier of 1.1
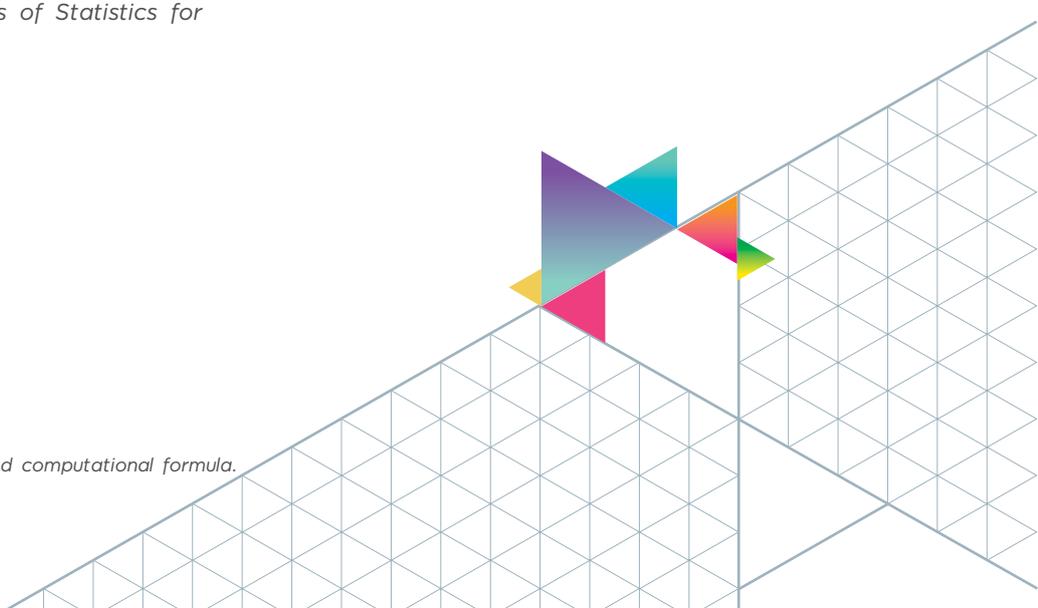
*Note: Figures for total value added and total employment in service data are applicable to each relevant country (Source: Relevant Departments of Statistics for each country).*

### Productivity Analysis
1. Penetration = Number of subscribers / Population
2. Contribution to GDP Growth = Penetration Growth x Growth factor

*Note: Growth factor is 1.2% for all countries.*

## Appendix: Definitions

### Customer Privacy
*The right of the customer to privacy and personal refuge, including matters such as the protection of data, the use of information/data only for its original intended purpose (unless specifically agreed otherwise), the obligation to observe confidentiality, and protection from misuse or theft. A customer is understood to include end-customers (consumer) as well as business-to-business customers.*

### Economic Impact
*A change in the productive potential of the economy that has an influence on a community's or stakeholder's well-being and longer-term prospects for development.*

### Energy Reduction
*The amount of energy no longer used or needed to carry out the same processes or tasks. The term does not include overall reduction in energy consumption from reducing production capacity or outsourcing organisational activities.*

### Indirect Economic Impact
*An additional consequence of the direct impact of financial transactions and the flow of money between an organisation and its stakeholders.*

### Injury Rate
*The frequency of injuries relative to the total no of work days for the total workforce in the reporting period (365).*

### Local Suppliers
*Local suppliers are defined as those located in the countries in which Axiata operates. Each OpCo currently has a specific sub definitions under which they categorise the data for this report. As a result the overall procurement is not computable. We are currently developing the Group's definitions for the Sustainability Reporting Process to be used for for future reports.*

### Significant Locations of Operations
*Our significant locations of operations are considered to be the consolidated entity and our continuing operations (consistent with our financial statements). Financial details of our continuing operations can be found in our Annual Report 2013.*

## Appendix: List of Abbreviations

*Annual General Meeting (AGM)*
*Axiata Young Talent Programme (AYTP)*
*Axiata Procurement Centre (APC)*
*Axiata Treasury Centre (ATC)*
*Central Environment Authority (CEA)*
*Company Secretary (CoSec)*
*Corporate Responsibility (CR)*
*Customer Relationship Management (CRM)*
*Disaster and Emergency Warning Network (DEWN)*
*Disaster Management Centre (DMC)*
*Earnings Before Interest, Tax, Depreciation and Armotisation (EBITDA)*
*Employee Engagement Survey (EES)*
*Exceptional Performance (EP)*
*Global Reporting Initiative (GRI)*
*Global System for Mobile communications (GSM)*
*Greenhouse Gas (GHG)*
*Gross Domestic Product (GDP)*
*Group Accelerated Development Programme (GADP)*
*GSM Association (GSMA) is an association of mobile operators and related companies devoted to supporting the standardising, deployment and promotion of the GSM mobile telephone system.*
*Health and Safety (H&S)*
*High-Speed Downlink Packet Access (HSDPA)*
*Human Resources (HR)*
*Human Resource Development (HRD)*
*Information and Communications Technology (ICT)*
*International Mobile Telecommunications (IMT)*
*International Standard Organisation (ISO)*
*Key Performance Indicator (KPIs)*
*Least Cost Network (LCN)*
*Long Term Evolution (LTE)*
*Malaysian Communications and Multimedia Commission (MCMC)*
*Net Promoter Score (NPS)*
*Non-Governmental Organisations (NGOs)*
*Occupational Safety and Health Act (OSHA)*
*Occupational Safety and Health Management System (OSH MS)*
*OpCo Accelerated Development Programme (OADP)*
*Operating Companies (OpCos)*
*Personal Data Protection Act (PDPA)*
*Profit Ater Tax (PAT)*
*Quality, Health Safety, Environment (QHSE)*
*Request for Proposals (RFP)*
*Risk Management Committee (RMC)*
*Short Message System (SMS)*
*Uncomprimising Integrity (UI)*
*University Leadership Development Programme (ULDP)*

# Appendix

## Data in Numbers

| Aspect | Indicator | Detail | | |
|---|---|---|---|---|
| **Procurement Practices** | EC9 | Percentage Local[1]<br>Percentage Foreign[2] | | |
| **Energy** | EN3 | Direct Energy Consumption[3] | GJ | |
| | EN4 | Indirect Energy Consumption[4] | GJ | |
| **Emissions** | EN6 | Energy Saved | GJ | |
| | EN15 | Scope 1 GHG – GHG from Fuel[5] | Tonnes | |
| | EN16 | Scope 2 GHG – GHG from Grid[6] | Tonnes | |
| | EN19 | Reduction of GHG[7] | Tonnes | |
| **Overall Employment** | | Employees by Gender | Male<br>Female | |
| | | Workforce[8] | Male<br>Female | |
| **Employment** | LA1 | Joining the Group – by Gender | Male<br>Female | |
| | | Joining the Group – by Age | 18 – 25<br>26 – 35<br>36 – 50<br>> 50 | |
| | | Leaving the Group – by Gender | Male<br>Female | |
| | | Leaving the Group – by Age | 18 – 25<br>26 – 35<br>36 – 50<br>> 50 | |

[1]   Purchase from offices located in OpCo host country
[2]   Purchase from offices located outside host country
[3]   Used referenced conversion rates for Diesel : http://www.convertunits.com/from/gallon/to/gigajoule and petrol: http://www.convertunits.com/from/gallon+[U.S.]+of+diesel+oil/to/gigajoule
[4]   Used GRI conversion rates for the National Grid energy
[5]   US EPA stats on greenhouse gas emissions from fuel www.epa.gov/otaq/greenhousegases.htm
[6]   Most recently concluded CDM project in each country was used to calculate grid GHG emission
[7]   Savings accounted  to emissions mentioned in EN15 and EN16
[8]   Employees and all the outsourced personnel engaged in office premises belonging to the Group


*\* Data is not available at the moment.*

*Refer page 083 for definitions used in this report.*

| | Celcom | XL | Dialog | Robi | Smart | Axiata | Overall |
|---|---|---|---|---|---|---|---|
| | 46% | 45% | 48% | 47% | *– | 88% | 46% |
| | 54% | 55% | 52% | 53% | – | 12% | 54% |
| | 19,353 | 3,420.766 | 37,128 | 205,051 | 39,519 | 1,627 | 3,721,817 |
| | 822,797 | 515,616 | 570,995 | 513,228 | 59,271 | – | 2,483,535 |
| | 9,429 | *– | 14,918 | 5,217 | 718 | – | 30,282 |
| | 1,334.07 | 235,802 | 3,249 | 14,127 | 2,723 | – | 257,236 |
| | 153,559 | 103,839 | 67,151 | 88,389 | 10,302 | 304 | 423,574 |
| | 1,760 | *– | 4,373 | 899 | 57 | – | 7,088 |
| | 2668 | 1444 | 2445 | 1274 | 367 | 100 | 8298 |
| | 1847 | 577 | 608 | 131 | 171 | 67 | 3401 |
| | 2710 | 2085 | 2958 | 1274 | 571 | 100 | 9698 |
| | 1893 | 1406 | 645 | 131 | 320 | 67 | 4462 |
| | 370 | 165 | 262 | 186 | 60 | 40 | 1,083 |
| | 300 | 50 | 97 | 13 | 23 | 10 | 493 |
| | 138 | 50 | 210 | 47 | 36 | 2 | 482 |
| | 423 | 132 | 127 | 131 | 39 | 13 | 866 |
| | 108 | 29 | 20 | 21 | 8 | 30 | 216 |
| | 1 | 4 | 1 | 0 | 0 | 5 | 11 |
| | 254 | 150 | 202 | 145 | 90 | 5 | 856 |
| | 172 | 59 | 85 | 22 | 65 | 1 | 406 |
| | 58 | 29 | 80 | 13 | 49 | 0 | 232 |
| | 230 | 114 | 179 | 126 | 92 | 4 | 754 |
| | 120 | 60 | 27 | 27 | 12 | 2 | 248 |
| | 18 | 6 | 1 | 1 | 2 | 0 | 28 |

# Appendix

| Aspect | Indicator | Detail | | |
|---|---|---|---|---|
| **Health & Safety** | LA6 | Health & Safety Information<br><br>Injuries (Workforce)[9]<br>Injury Rate<br>Fatalities<br>Lost Days[10] | Number<br>Percentage<br>Number<br>Number | |
| **Training** | LA9 | Average Training Hours per Employee | Female<br>Male | |
| | LA11 | Employees Receiving Performance Review | Female<br>Male | |
| **Diversity** | LA12 | Staff Diversity : Age | 18 - 25 (F)<br>26 - 35 (F)<br>36 - 50 (F)<br>>50 (F)<br>18-25 (M)<br>26 - 35 (M)<br>36 - 50 (M)<br>>50 (M) | |

[9]  Injuries where the staff member was unable to continue/attend work for a minimum of ½ a day
[10]  Work days lost due to injury


*\* Numbers are not available at the moment.*
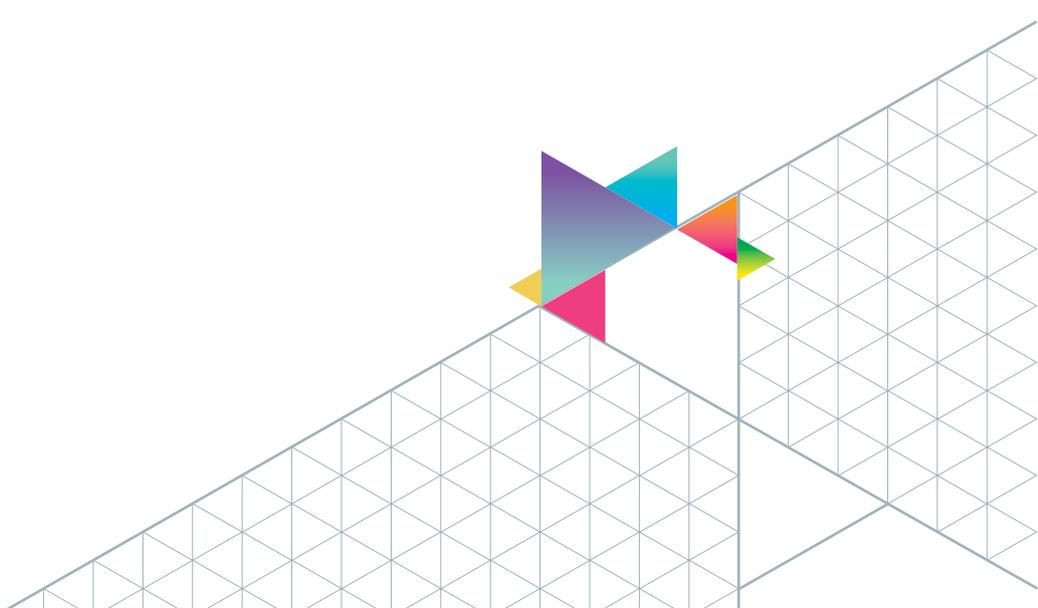
| | Celcom | XL | Dialog | Robi | Smart | Axiata | Overall |
|---|---|---|---|---|---|---|---|
| | 1 | 2 | 3 | *0 | 1 | 0 | 7 |
| | 0.22 | 0.55 | 0.82 | 0.0 | 1.37 | 0 | 2.47 |
| | 0 | 0 | 0 | *0 | *0 | *0 | 0 |
| | 44 | 0 | 74 | 0 | 0 | 0 | 118 |
| | 43.16 | 32.66 | 24.08 | 45.27 | 29.17 | 6.57 | 34.5 |
| | 38.50 | 41.46 | 24.80 | 47.38 | 29.17 | 6.32 | 34.3 |
| | 76% | 95% | 89% | 100% | 92% | *– | 83% |
| | 78% | 95% | 92% | 100% | 89% | – | 89% |
| | 161 | 37 | 116 | 19 | 76 | 2 | 411 |
| | 734 | 287 | 393 | 37 | 93 | 23 | 1567 |
| | 920 | 241 | 97 | 75 | 2 | 38 | 1373 |
| | 33 | 12 | 2 | 0 | 0 | 4 | 51 |
| | 129 | 71 | 284 | 99 | 75 | 1 | 659 |
| | 799 | 727 | 1490 | 304 | 261 | 31 | 3612 |
| | 1621 | 627 | 639 | 852 | 28 | 52 | 3819 |
| | 118 | 19 | 32 | 19 | 3 | 16 | 207 |
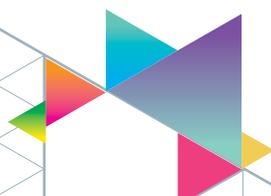
# Appendix

**Aspect Boundaries**

For each identified material issue, we assessed the impact related to it, and determined whether the impact occurred internally or externally.

| Material issues | Material Aspects | Support Activities | | | | Primary Activity | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Administration | Human Resources | Product R&D | Procurement | Network Infrastructure | Transport | Outbound Logistics | Sales & Marketing | Customer Services |
| Ethics and Integrity | Corruption | X | X | | X | | | X | X | X |
| Employees | Employment | | X | | | | | | | |
| | Training & Education | | X | | | | | | | |
| | Diversity & Equal Opportunity | | X | | | | | | | |
| | Labour Grievance | | X | | | | | | | |
| | Human Rights Grievance | | X | | | | | | | |
| Privacy & Data | Customer Privacy | | X | | | | | | | X |
| | Marketing Communications | | | | | | | | X | |
| Supply Chain | Procurement Practices | | | X | | | | | | |
| | Supplier: Labour | | X | | | | | | | |
| | Supplier: Human Rights | | X | | | | | | | |
| | Supplier : Environment | | + | | | | | | | |
| Charity/Community Development | Indirect Economic Impacts | X | | | | | | | | |
| | Local Communities | X | | | | | | | | |
| Network Coverage | Coverage in low/no income areas | | | X | | X | | | + | X |
| Health & Safety | Health & Safety | | X | | X | + | | + | + | |
| Bridging the Gap | Customer Satisfaction | | | | | | | | + | X |
| | Inclusion | | | X | | | | | | X |
| Environmental Footprint | Energy Consumption | X | X | | | X | + | X | | |

X  - This segment is within the boundary of the concerned aspect and we have reported on it.
+  - This segment is within the boundary of the concerned aspect, but we haven't reported on it due to unavailability of information for the reporting cycle.

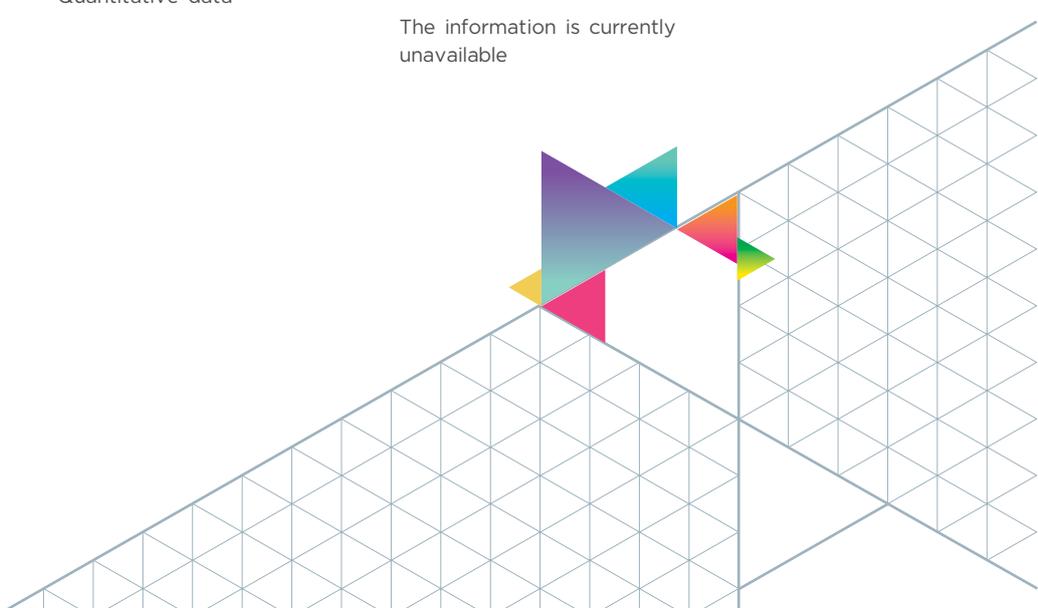Table 9. Aspect boundaries for material aspects and the Group's disclosure

**Custom Content Index - 'In Accordance' Core**

This Content Index provides an overview of the G4 Standard Disclosures made in this report and the Axiata Annual Report 2013.

| GENERAL STANDARD DISCLOSURES | | |
|---|---|---|
| **General Standard Disclosures** | **Page Number (or Link)** | **External Assurance** |
| **STRATEGY AND ANALYSIS** | | |
| G4-1 | Page 13-15, Annual Report 2013 President & GCEO's Business Review | Page 93-95 |
| **ORGANIZATIONAL PROFILE** | | |
| G4-3 | Page 6 | Page 93-95 |
| G4-4 | Page 6-7, Annual Report 2013 Business Review | Page 93-95 |
| G4-5 | http://www.axiata.com/about-us/contact-us.htm | |
| G4-6 | Page 8-9 | Page 93-95 |
| G4-7 | Annual Report 2013 Group Corporate Structure | |
| G4-8 | Page 8-9, | |
| G4-9 | Page 8-9, 38, 84-85, Annual Report 2013 Financial Statements | |
| G4-10 | Page 84-87 | Page 93-95 |
| G4-11 | % not available | |
| G4-12 | Page 47-48 | |
| G4-13 | Page 10, Annual Report 2013 Financial Statements | |
| G4-14 | Page 18-19 | |
| G4-15 | Page 29 | |
| G4-16 | Page 13-15 | |
| **IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES** | | |
| G4-17 | Page 10, 11, | |
| G4-18 | Page 21-23, 88 | Page 93-95 |
| G4-19 | Page 22-23 | Page 93-95 |
| G4-20 | Page 23-25, 88 | |
| G4-21 | Page 23, 88 | |
| G4-22 | No, this is the first GRI Report of Axiata Group | |
| G4-23 | Page 10 | |
| **STAKEHOLDER ENGAGEMENT** | | |
| G4-24 | Page 20 | Page 93-95 |
| G4-25 | Page 20 | Page 93-95 |
| G4-26 | Page 20 | Page 93-95 |
| G4-27 | Page 20-21, 24-25 | Page 93-95 |
| **REPORT PROFILE** | | |
| G4-28 | Page 11 | |
| G4-29 | 2012 | |
| G4-30 | Annual | |
| G4-31 | Sustainability@axiata.com | |
| G4-32 | Page 11, Appendix GRI Content Index, page 89 | |
| G4-33 | Page 11, 93 | |
| **GOVERNANCE** | | |
| G4-34 | Annual Report 2013 Corporate Governance | |
| **ETHICS AND INTEGRITY** | | |
| G4-56 | Page 4-5 | Page 93-95 |

# GRI Content Index

| SPECIFIC STANDARD DISCLOSURES | | | | |
|---|---|---|---|---|
| DMA and Indicators | Page Number (or Link) | Identified Omission(s) | Reason(s) for Omission(s) | External Assurance |
| **DMA and Indicators** | | | | |
| **CATEGORY: ECONOMIC** | | | | |
| **MATERIAL ASPECT: ECONOMIC PERFORMANCE** | | | | |
| G4-DMA | Page 16-17, 24-25 | | | Page 93-95 |
| G4-EC1 | Annual Report 2013 Financial Statements | | | |
| **MATERIAL ASPECT: INDIRECT ECONOMIC IMPACTS** | | | | |
| G4-DMA | Page 16-17, page 24-25 | | | Page 93-95 |
| G4-EC7 | Page 60-67 | | | |
| **MATERIAL ASPECT: PROCUREMENT PRACTICES** | | | | |
| G4-DMA | Page 16-17, page 24-25 | | | Page 93-95 |
| G4-EC9 | Page 47, 84-85 | | | Page 93-95 |
| **CATEGORY: ENVIRONMENTAL** | | | | |
| **MATERIAL ASPECT: ENERGY** | | | | |
| G4-DMA | Page 16-17, 24-25 | | | Page 93-95 |
| G4-EN3 | Page 55-56, 84-85 | Cooling and heating sold | Not applicable | Page 93-95 |
| G4-EN4 | Page 55-56, 84-85 | | | Page 93-95 |
| G4-EN6 | Page 55-56, 84-85 | Heating, cooling, and steam | Not applicable | Page 93-95 |
| **MATERIAL ASPECT: EMISSIONS** | | | | |
| G4-DMA | Page 16-17, 24-25 | | | Page 93-95 |
| G4-EN15 | Page 56-57, 84-85 | Gases included in the calculation (CH4, N2O, HFCs, PFCs, SF6, NF3, or all) consolidation approach | Not applicable | Page 93-95 |
| G4-EN16 | Page 56-57, 84-85 | Consolidation approach | Not applicable | Page 93-95 |
| G4-EN19 | Page 56-57, 84-85 | Gases included (whether CH4, N2O, HFCs, PFCs, SF6, NF3, or all) | Not applicable | Page 93-95 |
| **MATERIAL ASPECT: EFFLUENTS AND WASTE** | | | | |
| G4-DMA | Page 16-17, 24-25 | | | |
| G4-EN23 | Page 59 | Wastes quantities | Not applicable | |
| **MATERIAL ASPECT: SUPPLIER ENVIRONMENTAL ASSESSMENT** | | | | |
| G4-DMA | Page 16-17, 24-25 | Quantitative data | | |
| G4-EN32 | No new suppliers were screened | | The information is currently unavailable | |

| SPECIFIC STANDARD DISCLOSURES | | | | |
|---|---|---|---|---|
| **DMA and Indicators** | **Page Number (or Link)** | **Identified Omission(s)** | **Reason(s) for Omission(s)** | **External Assurance** |
| **CATEGORY: SOCIAL** | | | | |
| **SUB-CATEGORY: LABOUR PRACTICES AND DECENT WORK** | | | | |
| **MATERIAL ASPECT: EMPLOYMENT** | | | | |
| G4-DMA | Page 16-17, 24-25 | | | |
| G4-LA1 | Page 38, 84-85 | | | |
| **MATERIAL ASPECT: LABOUR/MANAGEMENT RELATIONS** | | | | |
| G4-DMA | Page 16-17, 24-25 | | | |
| G4-LA4 | Sufficient time is given to employees | | | |
| **MATERIAL ASPECT: OCCUPATIONAL HEALTH AND SAFETY** | | | | |
| G4-DMA | Page 16-17, 24-25 | | | Page 93-95 |
| G4-LA5 | Floor-wise representation in all our offices | The percentage of the total workforce represented | The information is currently unavailable | |
| G4-LA6 | Page 42-43, 86-87 | Occupational diseases rate (ODR), absentee rate (AR), for the total workforce | Currently unavailable | Page 93-95 |
| **MATERIAL ASPECT: TRAINING AND EDUCATION** | | | | |
| G4-DMA | Page 16-17, 24-25 | | | |
| G4-LA9 | Page 37, 39, 86-87 | | | |
| G4-LA11 | Page 86-87 | | | Page 93-95 |
| **MATERIAL ASPECT: DIVERSITY AND EQUAL OPPORTUNITY** | | | | |
| G4-DMA | Page 16-17, 24-25 | | | |
| G4-LA12 | Page 84-87, 80-81 | Minority groups and other indicators of diversity | Sensitive information | |
| **MATERIAL ASPECT: SUPPLIER ASSESSMENT FOR LABOUR PRACTICES** | | | | |
| G4-DMA | Page 16-17, 24-25 | | | Page 93-95 |
| G4-LA14 | New suppliers screened using labour practices criteria | The percentage of new suppliers screened | The information is currently unavailable | Page 93-95 |
| **MATERIAL ASPECT: LABOUR PRACTICES GRIEVANCE MECHANISMS** | | | | |
| G4-DMA | Page 16-17, 24-25 | | | |
| G4-LA16 | Only grievances through whistle-blowing process. Page 41 | | | |

# GRI Content Index

| SPECIFIC STANDARD DISCLOSURES | | | | |
|---|---|---|---|---|
| DMA and Indicators | Page Number (or Link) | Identified Omission(s) | Reason(s) for Omission(s) | External Assurance |
| **SUB-CATEGORY: HUMAN RIGHTS** | | | | |
| **MATERIAL ASPECT: NON-DISCRIMINATION** | | | | |
| G4-DMA | Page 16-17, 24-25 | | | |
| G4-HR3 | No cases were reported. | | | |
| **MATERIAL ASPECT: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING** | | | | |
| G4-DMA | Page 16-17, 24-25 | | | |
| G4-HR4 | No cases were reported. | | | |
| **MATERIAL ASPECT: CHILD LABOUR** | | | | |
| G4-DMA | Page 16-17, 24-25 | | | |
| G4-HR5 | No cases were reported. | | | |
| **MATERIAL ASPECT: FORCED OR COMPULSORY LABOUR** | | | | |
| G4-DMA | Page 16-17, 24-25 | | | |
| G4-HR6 | No cases were reported | | | |
| **MATERIAL ASPECT: SUPPLIER HUMAN RIGHTS ASSESSMENT** | | | | |
| G4-DMA | Page 16-17, 24-25 | | | |
| G4-HR10 | Page 47 | | | |
| **MATERIAL ASPECT: HUMAN RIGHTS GRIEVANCE MECHANISMS** | | | | |
| G4-DMA | Page 16-17, 24-25 | | | |
| G4-HR12 | Page 41 | | | |
| **SUB-CATEGORY: SOCIETY** | | | | |
| **MATERIAL ASPECT: LOCAL COMMUNITIES** | | | | |
| G4-DMA | Page 16-17, 24-25 | | | |
| G4-SO1 | Page 60-67 | | | |
| **MATERIAL ASPECT: ANTI-CORRUPTION** | | | | |
| G4-DMA | Page 16-17, 24-25 | | | |
| G4-SO3 | Page 18-19, 41 | | | |
| G4-SO4 | Page 6-7, 24-25, 41, 47 | | | |
| G4-SO5 | No cases were reported | | | |
| **SUB-CATEGORY: PRODUCT RESPONSIBILITY** | | | | |
| **MATERIAL ASPECT: PRODUCT AND SERVICE LABELLING** | | | | |
| G4-DMA | Page 16-17, 24-25 | | | |
| G4-PR5 | Page 49-50 | The key conclusion of customer satisfaction service | Confidential information | |
| **MATERIAL ASPECT: MARKETING COMMUNICATIONS** | | | | |
| | Page 16-17, 24-25 | | | |
| **MATERIAL ASPECT: CUSTOMER PRIVACY** | | | | |
| G4-DMA | Page 16-17, 24-25 | | | |
| G4-PR8 | Page 50 | Quantitative details of customers' complaints | | |

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**INDEPENDENT ASSURANCE STATEMENT**

**To the Board and Management of Axiata Group Berhad:**

Axiata Group Berhad (Axiata) commissioned Net Balance Management Group Pty Ltd (Net Balance) to provide independent assurance over the sustainability content of the 2013 Sustainability Report (the Report). The Report presents Axiata's sustainability performance over the period 1 January 2013 to 31 December 2013. Axiata was responsible for the preparation of the Report and this statement presents our opinion as independent assurance providers. Net Balance's responsibility in performing its assurance activities is to the Board and Management of Axiata in accordance with the terms of reference agreed with them. Other stakeholders should perform their own due diligence before taking any action as a result of this statement.

**Assurance Objectives**

The assurance engagement was undertaken in accordance with AccountAbility's AA1000 (2008) Assurance Standard (AA1000AS). This standard allows for the evaluation of whether an organisation is responsible for its management, performance and reporting on sustainability issues.

This was undertaken by evaluating the organisation's adherence to the AA1000 AccountAbility Principles (2008) of:

**Inclusivity:** How does the organisation include stakeholders in developing and achieving an accountable and strategic response to corporate responsibility and sustainability?

**Materiality:** How does the organisation include in its reporting the material (most important) information required by its stakeholders to make informed judgements, decisions and actions?

**Responsiveness:** How does the organisation respond to stakeholder concerns, policies and relevant standards and adequately communicate these in its reporting?

**Assurance Type, Level, Scope and Limitations**

Net Balance provided Type 2 assurance in accordance with the AA1000AS (2008). This involved assessing the organisation's adherence to the AA1000 AccountAbility Principles (2008) and assessing the accuracy and quality of the sustainability information contained within the Report. Our assurance covered the following material areas:

• Ethics and transparency
• Employee Engagement, inclusivity, development and culture
• Data privacy
• Customer satisfaction
• Supply Chain sustainability
• Disaster preparedness
• National Contribution
• Bridging the Gap (inclusion and remote access)
• Environmental footprint
• Charity and community development

A check was also performed against the Global Reporting Initiative (GRI) G4 "In accordance" requirements. The assurance scope excluded the following:

• The scope of work did not involve assurance of financial data, other than that relating to environmental, social or broader economic performance where applicable.
• Axiata holds the majority of shares for the five OpCo's covered in the report. Only the Axiata Corporate Centre was visited as part of this assurance engagement with the aggregation of OpCo data being reviewed remotely. Source data that was generated outside of Axiata Corporate Centre has not been assured under this engagement.

**Assurance Methodology**

The assurance engagement was undertaken in February to April 2014, and involved:

- Interviews with selected management team members to understand and assess how sustainability is integrated within the business against the AccountAbility Principles. Interviews were conducted with representatives of: Risk Management, Corporate Responsibility, Corporate Communications, Sustainability, Human Resources, Procurement, Strategy, Regulatory, Technology, Investor Relations, Customer Experience, Legal, Talent as well as the Chief Financial Officer and Chief Corporate Officer.
- A review of the Axiata materiality process and materiality register using the five-part materiality test.
- A review of the stakeholder engagement activities undertaken by Axiata during the reporting period and how this informs the sustainability strategy and performance of the organisation.
- A review of Axiata's key sustainability strategies, policies, objectives, management systems, measurement and reporting procedures.
- Interviews with key personnel responsible for collating and writing various parts of the Report to substantiate the reliability of selected claims.
- A review of the Report for any significant anomalies, particularly in relation to claims as well as trends in data.
- Testing of a limited sample of 30 selected data points in the sustainability report and the systems and processes that support the information reported.
- A review of the Report against the Global Reporting Initiative (GRI) G4 "In accordance" guidelines for a Core report.

**Our Independence**

Net Balance was not responsible for preparing any part of the Report. Net Balance confirms that we are not aware of any other engagement or issue that could impair our objectivity in relation to this assurance engagement.

A copy of our Independence Policy is available at http://www.netbalance.com/services/assurance

**Our Competency**

The Axiata assurance engagement was carried out by an experienced team of professionals led by a Lead Sustainability Assurance Practitioner (Lead CSAP), accredited by AccountAbility in the UK. The project included personnel with expertise in environmental, social and economic performance measurement across a range of industry sectors. Net Balance is a global leader in the use of Accountability's AA1000AS, having undertaken over 200 assurance engagements in Australia in the past seven years.

**Findings and Conclusions**

Adherence to AA1000 Principles

**Inclusivity:**

Axiata has traditionally provided an overarching approach and high level guidance to the OpCo's, and each OpCo has varying levels of stakeholder engagement on sustainability. In this context, there is an opportunity for OpCo's to share learnings across all areas of sustainability. One such example is how the Axiata Young Talent Programme has now been adapted and implemented at XL.

On stakeholder management, key stakeholder groups have been identified within this report. Key issues raised have also been reported and there are defined ways in which the business engages with stakeholders, as described in the 'Stakeholder Engagement' section of the Report. While this is an important first step, in future, we recommend that Axiata provides more granular detail on the sustainability issues raised by each key stakeholder group.

**Materiality:**

The report was found to have appropriately addressed Axiata's key environmental, social and economic material issues in a balanced way. Axiata is commended for undertaking a rigorous internal assessment of material issues utilising AccountAbility's five-part materiality test. This resulted in the identification of issues that are relevant both at the corporate level and also at an OpCo level. It was also noted that a subset of Axiata's management were involved in the review of the material issues for the group. In future it is recommended that this process is extended to include representatives of the OpCo's as well as external perspectives from key stakeholder groups.

The key material issues were given adequate coverage in the report, with both data and case studies from OpCo's supplementing disclosures around management approaches to managing sustainability.

**Responsiveness:**

Axiata has made good steps in its first broad sustainability report to address the needs of stakeholders. There is more work to be done in this area to ensure the future reports meet the needs of stakeholders. Net Balance notes that Axiata plans to undertake more strategic stakeholder engagement in the future. As a first step, gathering readers' feedback on this Report will help to shape Axiata's response going forward.

Axiata should also use stakeholder feedback to inform strategic planning and decision-making processes at both the Group and the OpCo levels. In future, Axiata may consider providing examples in the Report where OpCo's have engaged directly with stakeholders on issues of concern.

## Reliability of Performance Information

Based on the scope of the assurance process, the following was observed with regard to performance information:

- The findings of the assurance engagement provide confidence in the systems and processes used for managing and reporting sustainability performance information included in the scope of this assurance engagement.
- The level of accuracy of sustainability performance information was found to be acceptable.
- Data trails selected were identifiable and traceable, and the personnel responsible were able to reliably demonstrate the origin and interpretation of data.
- A review of the adherence to GRI G4 reporting framework found that Axiata's Report satisfies the in accordance core requirements.

Overall, it is Net Balance's opinion that the information presented within the Report is fair and accurate. The Report was found to be a reliable account of Axiata's sustainability performance during the reporting period.

## The Way Forward

Axiata is commended for delivering its first report in line with the best practice GRI G4 guidelines. To further improve Axiata's management approach to sustainability, we make the following recommendations based on the assurance findings.

Given Axiata's diverse geographical operations, a challenge exists to foster a Group-wide approach to the holistic integration of sustainability considerations into strategy development and execution. To support the developing approach to sustainability, Axiata should also consider developing implementation and reporting guidelines. These documents could provide guidance to OpCo's on principles and processes for stakeholder engagement, including how to use stakeholder feedback to inform the corporate planning process; as well as a process for materiality assessment. The guidelines should also outline clear criteria for reporting consistent metrics which are then aggregated at the Group level.

At the corporate centre, Axiata's reporting systems are fairly well developed, however insights could be shared with OpCo's to ensure that sustainability data collection systems have the ability to produce robust data, with a particular focus on health and safety data as well as energy consumption. This should be underpinned by clear guidelines for sustainability reporting.

There are a number of sustainability targets that have been disclosed in the report. Net Balance recommends in future, annual progress is disclosed against these targets. Axiata should also ensure that its commitments and targets are 'SMART' – specific, measureable, attainable, relevant, time-bound – to enable progress against these commitments to be more easily monitored.

An area of leadership for Axiata is the progress achieved in identifying supply chain as a material sustainability issue and working to implement a common policy across the group. The culture programme has also acted as vehicle to engage with employees, and emerging issues such as m-money and m-health have shown how Axiata is responding to emerging shared value opportunities. Looking forward, e-waste and product/infrastructure lifecycle considerations as well as employee diversity, wellbeing and customer satisfaction will continue to gain prominence. Energy use will also be a material impact. There is an opportunity for Axiata to take a leadership position on these issues.

Net Balance has provided additional suggestions for reporting improvement in the Assurance Report presented to Axiata's management.

On behalf of the assurance team

17 April 2014
Melbourne, Australia

Terence Jeyaretnam FIEAust
Director, Net Balance
Lead CSAP (AccountAbility UK)

AA1000
Licensed Assurance Provider
000-21

# Notes

Axiata Group Berhad (242188-H)
Axiata Centre
9 Jalan Stesen Sentral 5
Kuala Lumpur Sentral
50470 Kuala Lumpur
Malaysia

This report is printed on environmental friendly material.

www.axiata.com