

Message from the CEO

Leadership that Listens and Acts

DEAR STAKEHOLDERS,

The unprecedented outbreak of the coronavirus has put all of us through uncertain and challenging times. Almost every sector and aspect of life has been affected by the COVID-19 pandemic. As the world is grappling with how to address and alleviate its impacts, Cambodia, too, has not been spared and is working hard to tackle this threat.

Early in the crisis, we announced Smart Axiata's 1 Million USD COVID-19 Relief Fund as a demonstration of our support for the Kingdom as it deals with the COVID-19 pandemic. The dedicated fund is expected to support those who need monetary assistance for high-impact solutions to address Cambodia's most urgent needs during and after the crisis.

While we continue our work to address the current situation amidst these turbulent times, it is still important for us to look back on our efforts in 2019 and the impacts we had on our community. Therefore, I am pleased to present to you our Socio-Economic Highlights 2019 which offers a snapshot of our activities that clearly illustrates our long-term commitment to creating sustainable impacts that benefit the Kingdom.

Unlike previous years' reports which discussed how our sustainability framework aligns with Axiata Group's own sustainability framework, this year's report focuses on Smart Axiata's social and economic contribution to the Nation Building Agenda.

I am particularly proud of Smart's lasting and significant commitment to the Kingdom's socio-economic growth while playing a key role in the telecommunications and ICT sector. By the end of 2019, Smart had invested over 1.66 billion USD in the country to build telecommunication infrastructure while contributing 467 million USD in taxes, levies and regulatory fees to the Royal Government of Cambodia.

Smart has consistently paid 2% of its annual service revenue to the Universal Service Obligation Fund to bridge the digital divide between urban and rural areas, and 1% of its annual service revenue to the Capacity Building and Research and Development

Fund to develop national ICT resources. Our exemplary contribution resulted in Smart being named the Best Contributor of the Year 2019 by the Ministry of Posts and Telecommunications.

In addition to our contributions to national development funds and government income, more than 1% of Smart's annual revenue is allocated for CSR programs that significantly impacts the communities we operate in. For example, we have launched the Digital Literacy and Internet Safety Pilot Program together with Google and GSMA. Endorsed by the Ministry of Posts and Telecommunications and Ministry of Education, Youth and Sport, the program includes training on basic digital literacy, and touch on aspects of online safety, digital tools and being a responsible digital citizen. We also expanded our focus on innovation and the digital economy at all levels by launching SmartScale, an acceleration program for early stage startups; piloted Seedstars Lean Launchpad to ignite entrepreneurial interest in high school students; and piloted Tiny Coding Cats, a coding class for primary school students.

The year 2019 also saw the company host the first 5G live network showcase in Cambodia, rebrand Smart Music to Pleng by Smart and introduce the Google Mobile Data Plan to our customers. Internally, we continued to drive our own digital transformation while actively developing our employees through various training programs.

It is clear that through these efforts, we are demonstrating our long-term commitment and contribution to the socio-economic well-being of Cambodia, an important component of the nation-building agenda. Smart will remain a committed partner in this context, and we look forward to creating great positive impacts in all that we do while navigating through these tough and uncertain times. In closing, I would like to express my thanks and sincere gratitude to all our employees, customers as well as government and non-government partners for your continued support.



A handwritten signature in black ink, appearing to read 'THOMAS HUNDT'.

THOMAS HUNDT
Chief Executive Officer