

Task Force on Climate-Related Financial Disclosures (TCFD) Report

Governance

<i>Recommendations</i>	<i>Progress</i>
<i>a) Board's oversight of climate-related risks and opportunities</i>	The Board Governance and Risk Management Committee (BGRMC) oversees climate-related risks and opportunities. The committee meets quarterly to review climate-related initiatives and ensure alignment with corporate goals and major sustainability investments, prior to recommendation to the Board. Board training on climate issues was conducted in 2023 to enhance oversight capacity.
<i>b) Management's role in assessing and managing climate-related risks and opportunities</i>	The Chief Corporate Affairs Officer (CCAO) and Chief Technology Officer (CTO) jointly chair the Climate Working Committee (CWC) to oversee climate-related risks and opportunities. Climate action plans are incorporated as part of operational KPIs, with progress tracked and reported monthly to the CWC, BGRMC and the Board. The CWC coordinates cross-functional efforts.

Strategy

<i>Recommendations</i>	<i>Progress</i>
<i>a) Climate-related risks and opportunities identified over the short-, medium- and long-term</i>	<p>Short-term: Increased operational costs due to rising energy prices and increasing resilience of network sites.</p> <p>Medium-term: Regulatory compliance with potential upcoming carbon pricing mechanisms.</p> <p>Long-term: Opportunities in renewable energy solutions and 5G-enabled smart systems for emission reduction. CelcomDigi plans to embark on a climate materiality assessment to identify these factors and integrate them into our enterprise risk management framework.</p>

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b) Impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning

Transition risks have prompted CelcomDigi to consider establishing an internal carbon pricing mechanism – within the near to mid-term – to guide investment decisions. Renewable energy sourcing agreements are in explorative stages now. A critical component of scenario analysis includes financial models that incorporate potential carbon tax impacts, ensuring resilience under various scenarios.

c) Resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

Incorporated existing industry knowledge and research on scenario analysis, and utilised IPCC pathways to evaluate the impacts of 1.5°C and 2°C warming scenarios on network infrastructure. Findings informed the design of climate-resilient data centres and proactive adaptation measures in flood-prone areas. Annual reviews ensure strategy alignment with evolving climate models.

Risk Management

Recommendations

Progress

a) Processes for identifying and assessing climate-related risks

Climate risks are identified through annual risk assessments aligned with TCFD recommendations, focusing on physical risks (e.g., extreme weather) and transition risks (e.g., regulatory changes). Moving forward, CelcomDigi plans to conduct comprehensive risk assessments to prioritise financial and operational impact issues, as guided by IFRS S2.

b) Processes for managing climate-related risks

CelcomDigi intends to invest in renewable energy and upgrade to energy-efficient technologies. Collaborative engagements with regulators ensure preparedness for upcoming climate policies. Partnerships with suppliers promote climate-resilient value chains.

c) Integration of climate-related risks into overall risk management

Quarterly risk reviews by the BGRMC include climate considerations, ensuring alignment with our financial and operational objectives. This integration into our internal audit processes enhances oversight.

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Metrics and Targets

Recommendations	Progress
a) Metrics used to assess climate-related risks and opportunities in line with strategy and risk management process	Metrics include Scope 1, 2 and 3 GHG emissions, including emissions and energy intensity (MWh per unit of data traffic and per customer), and renewable energy usage. A 17% year-over-year reduction in energy intensity (energy usage per data terabyte) was achieved in 2024 through efficiency measures.
b) Disclosure of Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions, and related risks	<p>Scope 1 and 2 emissions are disclosed in annual sustainability reports, with Scope 3 emissions reported for categories (employee commuting and business travel) as required by Bursa Malaysia's Sustainability Reporting Guide and Toolkits 3rd Edition. Our aim is to disclose full Scope 3 emissions inventory by next year. Emission reduction initiatives have cut Scope 1 emissions by over 18% in comparison to FY2023.</p> <p>CelcomDigi has established a SaaS inventory platform to better manage our climate inventory and improve data integrity, enabling complex scenario analysis and to better guide informed decisions moving forward.</p>
c) Targets used to manage climate-related risks and opportunities and performance against targets	A Net-Zero by 2050 commitment is in place, with interim goals of 50% reduction in Scope 1 and 2 emissions by 2030. A more comprehensive reduction target will be established upon completion of emission baselining and aligning of reduction targets to SBTi. Renewable energy use is still sparse in 2024, attributed to weak market demand-supply (limited or unpredictable in quota allocation and releases), grid constraints and stability (grid connection bottlenecks), and energy market liberalisation and competition.

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