

Financial Capital



Financial Capital

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In 2023, CelcomDigi Berhad completed its inaugural year of operations as a merged entity. Our performance has been commendable, achieving strong growth in accordance with our 2023 guidance. This success has been underpinned by disciplined market execution and effective cost management strategies. In meeting all first-year integration milestones, we achieved gross synergy savings surpassing RM300 million. This underscores our commitment to realising the full potential of the merger and optimising operational efficiency.

We are making significant progress in transforming ourselves into a telco-tech company, and are becoming commercially robust in order to tackle industry challenges and meet the growing demand for digitalisation and innovation. With our increased capabilities after the merger, we continue to drive solid growth in our core mobile business and invest in new growth areas, thereby enabling us to deliver a strong performance and shareholders value.

Key inputs in 2023

- Top seven company by market capitalisation in Malaysia
- Healthy total revenue
- Healthy EBITDA margin
- Healthy operating cash flow
- Optimum capex allocation
- Solid balance sheet

Outputs

- Strengthening market leadership with growth across all core segments, with a stronger subscriber base
- Sustaining core profitability margins driven by strong underlying performance
- Optimising capex efficiencies to deliver network integration and modernisation initiatives
- Delivering sustainable returns to shareholders
- Realising gross synergies from structural initiatives and sourcing efficiencies
- Solid balance sheet management in maintaining financial strength for future growth

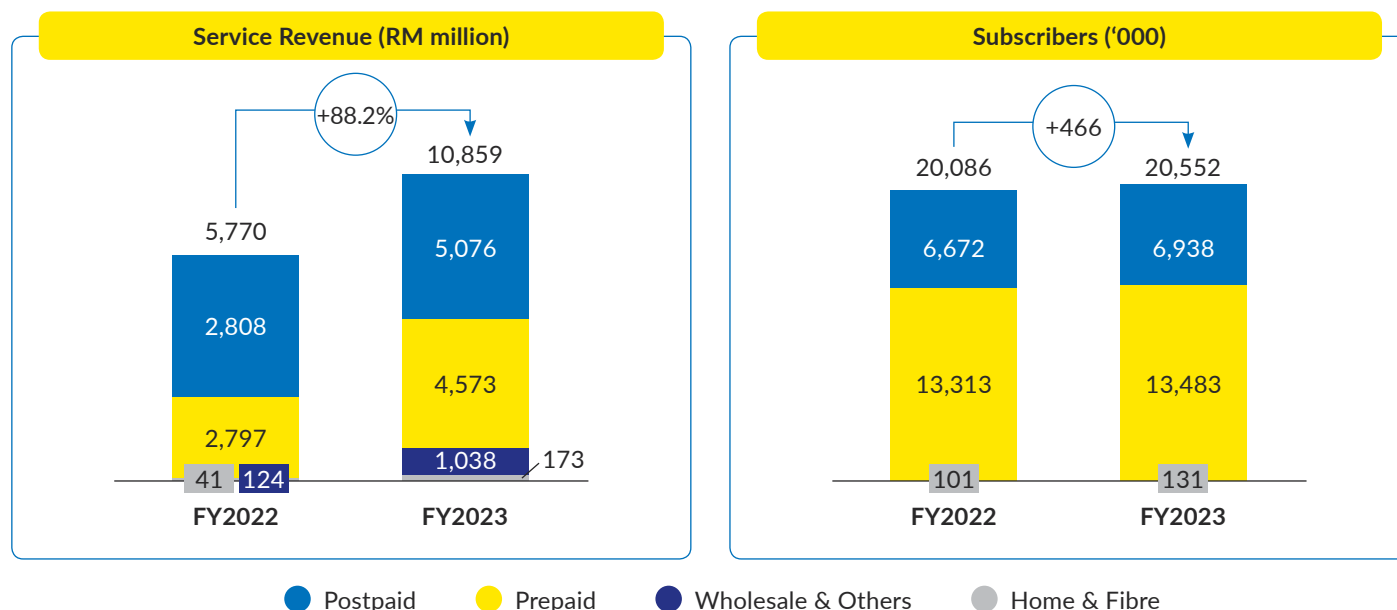
Looking ahead

CelcomDigi proudly serves 20.6 million subscribers, a testament to the strength and resilience of our combined offering in the telecommunications market. We are confident in our ability to achieve our integration and synergy goals due to our increased capacity to invest for growth, as well as our strengthened resilience in managing macroeconomic and industry challenges. We look forward to building upon this momentum and delivering even greater value to our customers in the years ahead.

- Sustain momentum of service revenue and EBIT growth
- Maintain capex intensity
- Institutionalise operational excellence (OE) mindset and financial discipline to create sustainable value
- Explore tech solutions and new revenue streams
- Capture synergies while accelerating digitalisation and innovation
- Invest in new synergistic platforms and new operating models
- Ensure disciplined capital structure and cost allocation
- Deliver sustainable dividends on the back of solid balance sheet and synergy potentials

Financial Capital

Strengthening market leadership with growth across all core segments, with a stronger subscriber base



The FY2023 results of the Group include Celcom's performance as it became a subsidiary on 30 November 2022, through the merger. In FY2022, only one month's portion from Celcom's results was added after the merger.

Service revenue increased YoY from RM5,770 million to RM10,859 million because of the merger effect as well as the expansion of all core segments except for Postpaid, which had a marginal decline due to lower interconnect revenue after interconnection rates were reduced during the year.

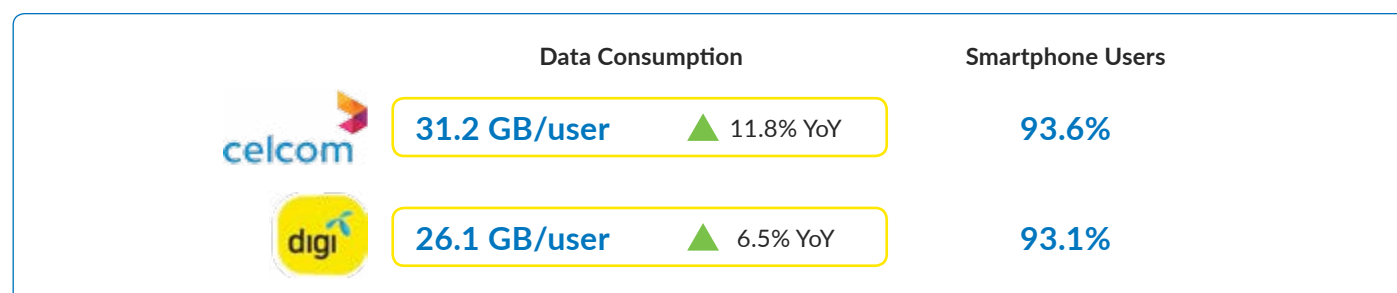
Prepaid revenue increased by 63.5% YoY from RM2,797 million to RM4,573 million due to the high demand for data services as well as the effect of the merger.

Home & Fibre service revenue significantly increased YoY, from RM41 million to RM173 million, as more customers chose the wider range of products and competitive fibre plans, resulting in net additions of 30,000 subscribers as well as due to merger effect.

ARPU (RM)	Postpaid	Prepaid	Home & Fibre	Blended
FY2023	68	28	126	41
FY2022 ¹	71	29	124	42

¹ Comparable basis results which includes contribution from Celcom's results as if the merger was completed on 1 January 2022

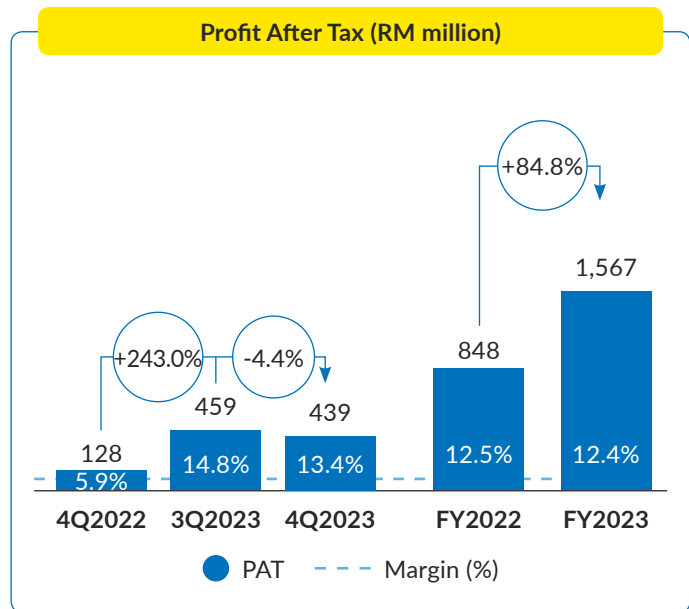
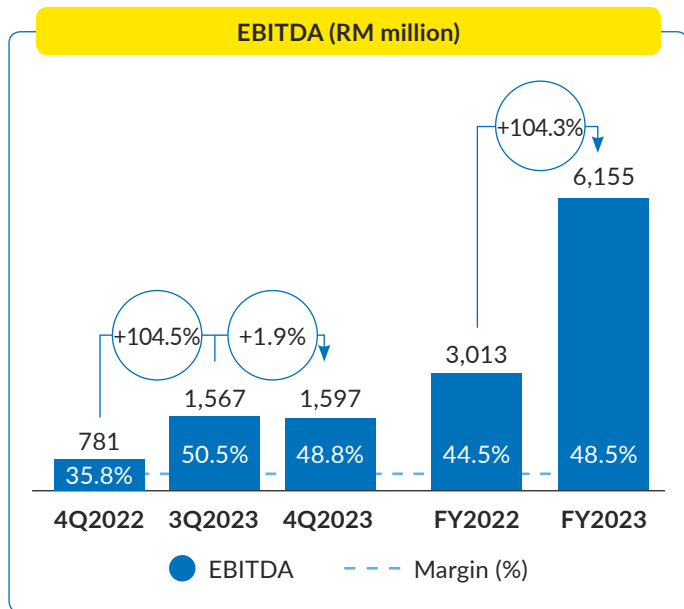
With the increasing number of smartphone users and ongoing enhancements of our network quality and coverage, the average monthly data usage per user reached 31.2 GB for Celcom and 26.1 GB for Digi.



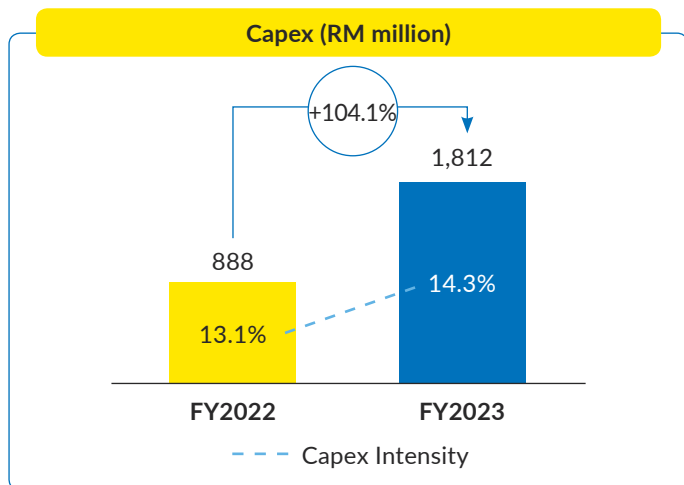
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Sustaining core profitability margins driven by strong underlying performance

- The merger was the main factor behind the 104.3% YoY growth in EBITDA for FY2023, which went up from RM3,013 million to RM6,155 million. The cost of sales, network, and IT-related expenses also increased because of the larger network and the higher data service demand. However, some of these cost increases were offset by cost optimisation initiatives and one-off credit.
- PAT rose by 84.8% from RM848 million to RM1,567 million because of the merger effect, partly balanced by higher depreciation costs from the full year effect of the change in useful life of mobile network assets and assets on sites that are planned for decommission as part of the network integration.



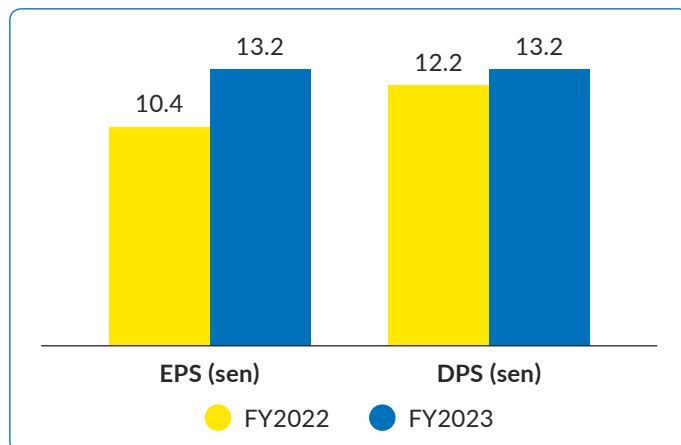
Optimising capex efficiencies to deliver network integration and modernisation initiatives



Capex in FY2023 amounted to RM1,812 million, reflecting a capex intensity of 14.3%, compared to 13.1% in FY2022. Most of the capex was allocated to support the network integration and modernisation programme as well as to address the growing demand for data services.

Financial Capital

Delivering sustainable returns to shareholders

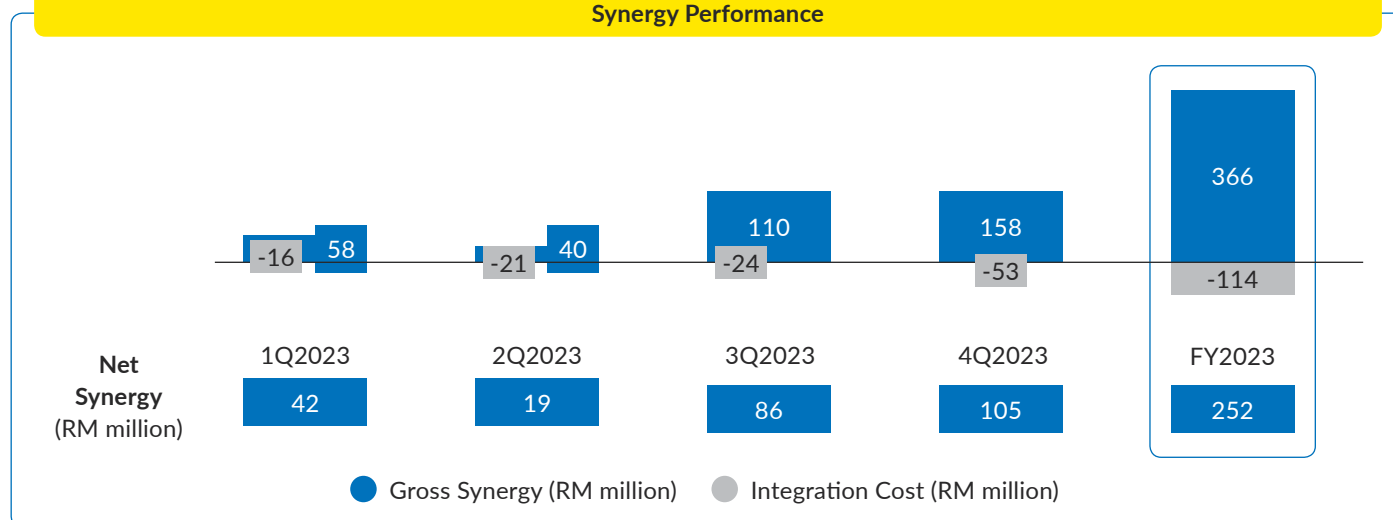


- Higher Earnings Per Share (EPS) and Dividend Per Share (DPS) from topline improvements and effective cost management.
- The total FY2023 dividend payout amounted to RM1,549 million, reflecting a 99% dividend payout ratio, which exceeds the company's dividend policy of a minimum of 80% of net profits.

Realising gross synergies from structural initiatives and sourcing efficiencies

- Delivered a gross synergy of RM366 million through enhanced sourcing efficiencies and favourable renegotiations of commercial terms, especially within the network integration and modernisation programme.
- Incurred integration costs totaling RM114 million, covering expenses related to organisational setup, brand campaigns, professional fees, and other associated costs.

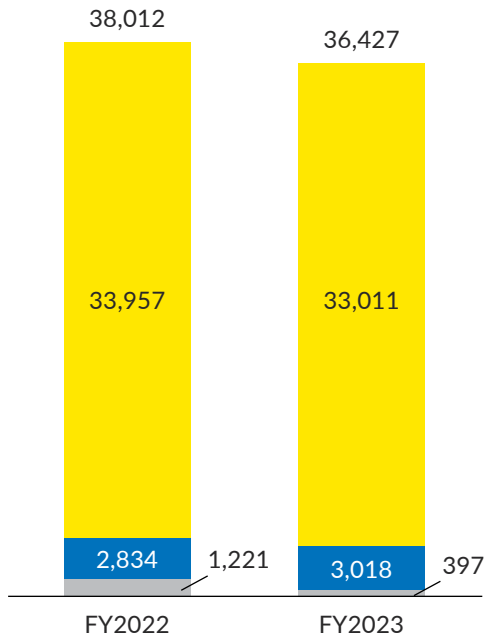
Synergy Performance



Financial Capital

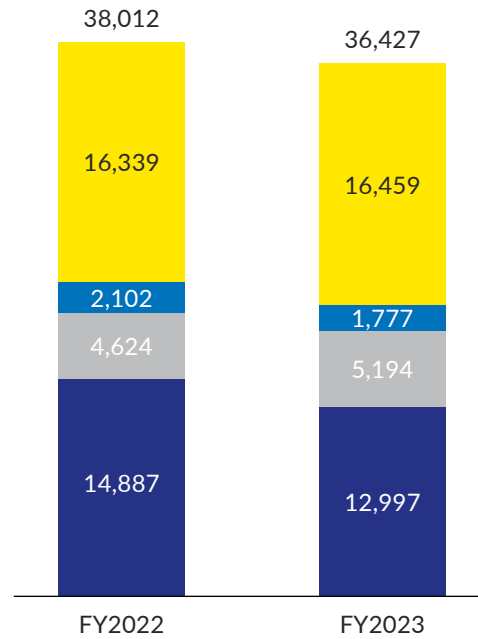
Solid balance sheet management in maintaining financial strength for future growth

Assets (RM million)



- Cash and short term deposits
- Current assets
- Non-current assets

Equities and Liabilities (RM million)



- Debts
- Current liabilities
- Non-current liabilities
- Equity

- Leveraging our strong balance sheet and robust cash flow, we successfully obtained rating upgrade for Celcom Networks Sdn Bhd's RM5 billion sukuk programme from AA to AAA and reaffirmation of Digi Telecommunications Sdn Bhd's AAA rating from MARC Ratings and RAM Ratings respectively.
- Both AAA-rated programmes are a testament of our financial strength and operational excellence.

Manufactured Capital



Manufactured Capital

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As the largest telecommunications and digital services provider, we are committed to being a part of accelerating the national digitalisation agenda and driving the growth of Malaysia's digital ecosystem. Our combined networks strengthen our competitiveness to deliver the most consistent, high-speed, and secure connectivity, delivered through continuous investment in network modernisation.

Our network and information technology (IT) infrastructure assets also determine how we differentiate ourselves in an increasingly competitive industry. As part of our modernisation journey, we have prioritised investments to develop technologies such as Robotic Process Automation (RPA), Artificial Intelligence (AI), and Machine Learning (ML) in our operations. Within our distribution network, we strive to increase the scope of customer services on our digital touchpoints to provide better customer accessibility.

Key inputs in 2023

- Widest network population coverage for 4G LTE and 4G LTE-A
- Modernised network infrastructure with 5G-ready equipment
- Integrated and modernised IT infrastructure
- Integrated retail stores across the nation
- Synergised digital touchpoints

Outputs

- Building Malaysia's future digital network, and delivering the widest and fastest network experience nationwide
- Driving modernisation and AI automation initiatives towards operational excellence
- Connecting with our customers through our digital and physical touchpoints

Looking ahead

As digitalisation grows in almost all facets of public and private life, CelcomDigi expects exponential growth in data usage in line with an accelerated pace of digital adoption. We will continue to provide superior network quality via our leading 4G network experience, in addition to revitalising our telco solutions by driving widespread introduction of 5G technology nationwide.

- Complete three-year network integration and modernisation exercise to build Malaysia's future digital network, uplifting network quality, capacity, and coverage
- Invest in future network operating model including network virtualisation, transition to cloud-based, software-driven network management, and adoption of AI tools
- Complete three-year IT integration and modernisation, prioritising security and reliability in managing large volumes of data, increasing business intelligence capabilities and business efficiency
- Accelerate adoption of touch-free operations for greater efficiency
- Enhance services of physical and digital touchpoints

Manufactured Capital

Building Malaysia's future digital network

CelcomDigi commenced a full-scale three-year programme to integrate and modernise legacy Celcom and Digi networks, creating the largest 4G network in Malaysia with the latest LTE and 5G-ready technologies. This marks one of the largest technology deployment projects in the country. These efforts are focused on significantly uplifting the overall network experience, where customers now enjoy better signal strength and improved download speeds in areas that have undergone consolidation.

We remain committed to delivering the widest and fastest 4G network in the country. Our contribution towards growing network strength has provided customers with consistent voice services, faster data downloads, lower gaming latency, as well as improved voice-over LTE (VoLTE) and video streaming experience, encouraging increasing usage of data on our network.

Network integration and modernisation exercise

Completed **35%** ahead of initial target of 30% by end-2023

Integrated **5,665** sites as of December 2023

Improved customer experience in post-consolidated areas

Improved download speeds **Between 20% and 26%**

Better signal strength **Between 13% and 16%**

Population coverage

4G LTE : 97%
4G LTE-A : 91%

Combined fibre footprint

29,800km (incl. CTS*)
*Celcom Timur Sabah

>99% Network Availability with 24/7, 365 days monitoring of network health

	Average Monthly Data Consumption	Gigabytes (GB) Per User
Celcom		31.2 GB
Digi		26.1 GB

CelcomDigi received 12 awards in 11 categories in the Opensignal's Mobile Network Experience Report (September 2023). Opensignal is the independent global standard for analysing consumer mobile experience on wireless networks.

	Video Experience	Live Video Experience	Games Experience	Voice App Experience	Download Speed Experience	Upload Speed Experience	5G Video Experience	5G Live Video Experience	5G Games Experience	5G Voice App Experience	5G Download Speed	5G Upload Speed	5G Coverage Experience	Availability	5G Availability	Consistent Quality
	Overall Experience						5G Experience					Coverage		Consistency		
Celcom C		WINNER	JOINT WINNER						JOINT WINNER			WINNER	JOINT WINNER			
Digi D			JOINT WINNER				WINNER	JOINT WINNER	JOINT WINNER	WINNER	JOINT WINNER		JOINT WINNER			

Manufactured Capital

Building Malaysia's future digital network (Continued)

Over the year, we implemented AI capabilities to our networks to drive innovation, optimise network operations, and deliver enhanced services to our customers. Some examples include:

- Virtual Drive Test (DT) using AI-powered, big-data-fueled geolocation to obtain wireless network coverage analysis solution without the need for inefficient physical drive tests
- Implementing smart Centralised Self-Organising Network (CSON) solution that utilises AI to track and adjust network configuration and parameters continuously

Driving modernisation and automation initiatives towards operational excellence

We began our IT infrastructure integration and modernisation efforts, with system upgrades to drive high organisation-wide productivity levels and ensure we remain responsive to customers' increasing digital needs and data consumption patterns to remain competitive.

- Migrating Business Intelligence (BI) system to the Cloud
- Replacement of Business Support System (BSS)
- Touch Free Operations capability uplift
- Harmonising Information Technology Infrastructure Library (ITIL) processes
- Integrated single HR platform, unified Microsoft O365, and wireless office network

Our transformation towards touch-free operations

We aim to achieve 100% touch-free operations and are implementing digital transformation initiatives leveraging the technologies below:



Process-driven via Robotic Process Automation (RPA)



Data-driven via AI/ML



Proactive detection & self-healing in cybersecurity



Energy efficiency



Development Security & Operations (DevSecOps)

Improving Service Levels, Resilience, and Recovery

CelcomDigi embraces modern IT tools and technologies, such as AI and cloud-based solutions to enhance efficiency and improve business agility, especially during outages and crises.

- Standardised Service Level Agreement (SLA) performance management across all business partners to ensure effectiveness and quality in all our infrastructure
- Optimised operations by consolidating support services and implementing proactive measures to address and report issues effectively
- Harmonised outage severity matrix, Crisis Management Team (CMT), and formalised crisis escalation process
- Simplified outage communication through SMS and Email, streamlining customer complaint management, and introducing a Crisis Severity Matrix for effective crisis management

Manufactured Capital

Connecting with our customers through our digital and physical touchpoints

Our aim is to provide quality customer experiences through our extensive distribution network, which includes both physical and digital customer touchpoints.

Largest retail network in Malaysia



12,000+
retailing touchpoints



400+
branded stores



8.9 million users
on Celcom Life and MyDigi apps



**New CelcomDigi
Online Store**
launched 7 April 2023



Cross-selling
of Celcom and Digi products available
at all stores



Celcom Bluecubes and Digi Stores
open 365 days a year

Our dedicated customer service team is committed to providing personalised and valuable customer service experiences at our retail stores and through engagements via our contact centre, mobile applications, and online channels. We monitor ongoing customer issues on service quality and actively implement solutions to close the feedback loop with customers and deliver a strong quality of experience.



69.7% CSAT* score
with a +3.9pp improvement



CelcomDigi mobile plans available in
all retail stores



30% reduction of physical Point of
Sale Materials (POS�) towards waste
reduction



Multiple touchpoints such as CS helpline, Apps, Live Chat,
chatbot, messaging, and online stores



Customer Service Ticketing solution to reduce wait time
and to track status of enquiry

Notes:

- *CSAT score has been independently assured by SIRIM QAS International
- CSAT score calculated based on monthly average scores from August - December 2023, post harmonisation of scoring methodologies. Only contact centre scores are accounted

Intellectual Capital



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CelcomDigi remains competitive by having diversified and reliable product portfolios. We are committed to advancing service innovations beyond connectivity to enrich our customers' expanding digital lifestyle needs. Our long-standing commitment to operating responsibly and our values and robust internal controls resulted in strong ESG performance, as benchmarked by independent rating agencies and sustainability indices.

We have a greater role to play in advancing the nation towards being digitally competent, in safeguarding and strengthening our network by deploying advanced cybersecurity tools, and in continuing to advocate for safe internet practices to protect our customers from emerging cybersecurity threats.

Key inputs in 2023

- New CelcomDigi brand proposition focusing on digitalisation, innovation, and trust
- Unified range of customer-focused connectivity and digital solutions
- Strategic partnerships to accelerate innovation and develop tech ecosystem
- Robust governance policies
- Comprehensive data protection and security governance

Outputs

- Advancing our reputation as a trusted brand
- Leading all segments with enhanced 4G, 5G, and home & fibre offerings
- Enabling digital inclusion for underserved communities
- Accelerating business and SME digitalisation
- Pursuing strategic partnerships for new growth opportunities
- Strong governance and robust internal controls
- Tightening data protection and cybersecurity controls

Looking ahead

We will continue to curate products and services that offer best-value deals and bundles for all segments and walks of life. To drive uptake of 5G technology across Malaysia, we will develop inclusive and affordable bundled plans to cater for a wider group of customers and to address industry-specific needs. In parallel, positive customer experiences and engagements will strengthen CelcomDigi's brand affinity.

- Introduce affordable and inclusive products and services
- Drive uptake of 5G, AI, and emerging technologies to address industry-specific needs
- Advance data protection practices to safeguard customers against cybersecurity threats
- Complete Privacy Control Framework implementation for all high-risk data processing functions

Intellectual Capital

Advancing our reputation as a trusted brand

Our new CelcomDigi brand reflects the company's aspiration to be our customers' and the nation's trusted partner in innovation and digitalisation. It builds on our brand spirit – 'Creating a world inspired by you' – to embody three fundamental principles: dynamism, passion for customers, and excellence.

 <p>Corporate brand introduced 19 October 2023</p>	 <p>Putra Brand Awards The People's Choice Gold (Celcom) and Silver (Digi) for Communication Networks</p>	 <p>MSA Awards 1 Silver and 1 Bronze</p>
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Our consistent performance in embedding ESG practices in our business and raising standards in Malaysia has enhanced our reputation as a responsible business leader. This is a reflection of our stakeholders' continued confidence in our ability to create shared value for the long-term. This year, we established our ESG strategy to sharpen our focus on material matters that will improve our sustainability performance towards securing a sustainable future.

 <p>Bursa Malaysia Index Member of ESG indices Within the Top 25 percentile</p>	 <p>ESG Risk Rating Ranked Low-Medium Risk</p>	 <p>MSCI ESG Rating Ranked A</p>	 <p>The Edge Malaysia ESG Awards 2023 Gold Award for Telecommunications & Media Sector</p>
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Leading all segments with enhanced 4G, 5G, and home & fibre offerings

- Enhanced 4G and 5G offerings for all segments - on-the-go, at home, and roaming services bundled with digital services, and other value-added services
- Greater 5G-enabled connectivity experiences, with unified CelcomDigi Postpaid 5G and high-speed internet passes with 5G for value-seeking customers
- Best fibre-mobile convergence offers and simplified customer experience, with add-on home entertainment, gaming, smart home IoT, digital, and home security services

<p>20.6 Million Total Subscribers</p> <hr/> <p>131,000 Fibre & Wireless Subscribers</p>	<p>CelcomDigi 5G High-Speed Internet Passes</p> <hr/> <p>CelcomDigi 5G Home WiFi for unlimited wireless 5G broadband</p>	<p>CelcomDigi Unlimited 5G Internet Roaming Passes</p> <hr/> <p>1st in Malaysia Fibre-to-the-Room (FTTR) packages</p>	<p>CelcomDigi Postpaid 5G</p>
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Read more about our customer experience management in Manufactured Capital, page 64.

Intellectual Capital

Enabling digital inclusion for underserved communities

We are expanding our portfolio of affordable connectivity and device bundles to ensure access for all, in collaboration with the industry and the government.

Pakej Rahmah

affordable bundles with 5G-enabled devices

Pakej Mega Jimat

mobile offering programme with device

Pakej Perpaduan (Prepaid)

with 6-months validity for senior citizens, PWDs, veterans, B40 families, and youths

Fibre broadband

(30mbps) for only RM69/month in Sabah

Easy360

device installment or ownership programme

Accelerating business and SME digitalisation

CelcomDigi continues to deliver new and innovative products and services catering to MSMEs and SMEs, and large enterprises to further digitalise their operations. Our extensive range of offerings enables businesses to integrate digital solutions across different aspects of their operations, and leverage new technology innovations to accelerate their overall productivity.

- Enhanced portfolio of connectivity solutions for businesses with Fibre-to-the-Office (FTTO), Fixed Wireless Access (FWA), supported by new CelcomDigi Postpaid 5G packages
- Broadened range of digital solutions in Fixed Mobile Convergence, Cloud, Software-as-a-service, IoT and M2M, and Cybersecurity, to drive business digitalisation for enhanced operational efficiency
- Developed new 5G, robotics, and AI solutions to enable digital transformation of enterprises across different industry sectors
- Increased SME awareness on digitalisation benefits, and drove thought leadership on emerging technologies with strategic partners to inspire industry-scale transformation
- Facilitated the deployment of the PENJANA Digitalisation Grant and Geran Digital PMKS Madani (GDPM) to help SMEs fast-track their digitalisation journey

Highlights of new business digitalisation and innovation initiatives in 2023

DHL initiates Malaysia's first 5G-powered Artificial Intelligence (AI) Autonomous Inventory Management System,

supported by CelcomDigi's 5G connectivity and 4G LTE network

MY5G CEO Series

to accelerate 5G adoption across businesses by providing insights to industry captains on advantages of 5G, robotics, and AI-powered tech

MY5G SME Digital Workshops

and over 250 other engagements with Malaysian businesses

Pursuing strategic partnerships for new growth opportunities

CelcomDigi is in a good position to attract partnerships with local and global technology companies to invest and drive digitalisation, innovation, and sustainable growth.

In 2023, we established the CelcomDigi Innovation Centre with the aim to create value to the core, leveraging local and global partnerships to bring in the best of 5G, AI, and IoT technology. Our aim is to catalyse and nurture a knowledge-based workforce, in line with Malaysia's digital aspirations. Local digital startups will also be able to benefit from the platform to enhance their technology and innovation capabilities. CelcomDigi will invest up to RM250 million over five years in the Innovation Centre, in order to keep Malaysia at the forefront of the global digital evolution.

Intellectual Capital

Pursuing strategic partnerships for new growth opportunities (Continued)

We initiated four partnerships in the year to explore innovations in the areas of Metaverse, 5G, AI, and green technology.



Exploring future internet technology with SK Telecom, South Korea's leading wireless telecommunications operator, to develop Malaysia's first operator-led mobile Metaverse platform leveraging 5G and AI capabilities



Driving green technology adoption with Yinson Holdings Berhad, a global energy infrastructure and technology company, to develop innovative electric vehicle (EV) services and infrastructure for Malaysian consumers, driving EV and green energy adoption in the country



Developing immersive learning solutions with VIRNECT, a Korea-based technology company that specialises in the development and commercialisation of industrial extended reality (XR) solutions, to explore experiential learning and education with certification for students using Metaverse, for Malaysian universities



Co-creating IR4.0 solutions with leading global technology giants, SoftBank Corp and Sumitomo's SC-NEX, leveraging AI, robotics, and analytics solutions to accelerate the digitalisation of Malaysian enterprises

Strong governance and robust internal controls

Governance is vital in fostering a culture of integrity, ethical behaviour, and professionalism to ensure business excellence. Our policies are aligned with applicable laws and regulations, and corporate governance best practices, fundamental for sustainable value creation for all stakeholder groups.

Code of Conduct

- Outlines the obligations and principles of operating the business responsibly, built upon best practices brought forward from Celcom and Digi.
- Sets our expectations for employees to behave transparently and honestly in aspects of anti-corruption and conflicts of interest, among other matters.
- All policies and manuals, as approved by our Board, are aligned with the requirements prescribed by the Code of Conduct.

Whistleblowing Policy

- Outlines the procedures for employees to report incidents of misconduct in violation of our governance policies, including our Code of Conduct and Anti-Corruption Policy.

Compliance Programme

- A programme designed to safeguard and strengthen integrity within the organisation, in alignment with the standards and requirements of the Guidelines on Adequate Procedures, published by the Prime Minister's Office of Malaysia.

We remain committed to continuously uphold high corporate ethics and integrity standards.



Read more about our business governance policies at <https://corporate.celcomdigi.com/company/governance>.

Intellectual Capital

Strong governance and robust internal controls (Continued)

Consistently improving the monitoring of governance risks across our value chain

- Harmonised Anti-Corruption Risk Registers from Celcom and Digi and identified the top 10 potential corruption risks
- Monitored our activities for the second line of defence (for business partner management, and sponsorship and donation processes)
- Assessed corruption risks on all business partners via the Coupa Risk Assess platform to effectively manage our supply chain risks
- All CelcomDigi business partners are required to sign the Agreement of Responsible Business Conduct (ABC) which includes anti-corruption clauses and requirements
- Periodic Corruption Risk Assessment conducted based on the requirements of the Code of Conduct and Anti-Corruption Policy



Read more about our OneCompliance programme in 'Statement on Risk Management and Internal Control', page 118.

Tightening data protection and cybersecurity controls

As digital interactions become more essential to our daily lives, customers are increasingly concerned about data protection and cybersecurity risks. We strive to strengthen our internal controls, cultivate a responsible business culture through employee education on good data and security stewardship, elevate industry practices, and public awareness on this topic.

As a responsible business, we ensure continuous compliance with legal and regulatory requirements by regularly reviewing our data protection policies and practices, and are committed to making sure our customers' privacy rights are always respected.

Our Data Protection Practices

CelcomDigi is responsible for ensuring customers' personal data is processed according to our Privacy Notice(s) and applicable laws.



Data Collection

CelcomDigi collects your personal data to improve on our services to you.



Data Access

Access to personal data within systems or applications is restricted to authorised employees only.



Data Security

CelcomDigi ensures your personal data is safe and secure at all times.



Data Sharing

Sharing of personal data is only limited to our approved business partners to fulfil the provision of our services.



Data Retention & Deletion

CelcomDigi does not store your personal data longer than necessary.



Individual Rights

Customers have the right to access and correct their personal data, as well as opt out from receiving marketing messages.

In 2023, we developed several controls and guidelines to manage personal data more effectively:

- Privacy Control Framework, which is in compliance with the requirements of the Personal Data Protection Act and best practices in collecting, processing, and storing data
- Privacy Incident Management Manual, Incident Response Team (IRT), and Crisis Management Team (CMT) to assess and manage incidents systematically
- Periodic cybersecurity risk assessments conducted with compliance checking according to ISO27001 standards
- Roundtables and forums involving multi-industry data professionals on the scope of privacy challenges in the digital age, AI governance, compliance, and human rights

Intellectual Capital

Tightening data protection and cybersecurity controls (Continued)

Active engagements with our Stakeholders

We recognise the importance of continuous engagement with employees, government agencies, the private sector, industry partners, and the media to keep ahead of the development of data protection efforts and share best practices in raising standards within the sector. These engagements also help in constructing better policy-making and collective actions.

85% of Privacy Control Framework implemented for high-risk data processing functions

Over **700** employees and **450** customer care agents trained on the Privacy Control Framework

Data Breach and Ransomware Crisis simulation to measure preparedness to respond and take corrective action



Convened our inaugural Trust Circle forum, connecting privacy and data protection experts from multi-sectors including regulators, telecommunications, banking and finance, energy, and academic institutions. Discussions encompassed emerging macro trends in privacy laws and data governance strategies to create a trusted ecosystem for Malaysians.



CelcomDigi in partnership with the CEO Action Network organised a forum on 'Trust and Cybersecurity' for all its members. We shared our approach of equipping the nation towards better digital competencies, building resilient network and systems to safeguard our business and customers from emerging threats.



Hosted a fireside chat with the Malaysian International Association of Privacy Professionals (IAPP) at its KnowledgeNet Meeting 2023. Panelists discussed the potential amendments to Malaysia's PDPA 2010 and changes that will reshape the framework of data privacy in the country.



Participated in a roundtable organised by Taylor's Law School discussing the emergence of AI and data risks as an increasing theme in Malaysia and ASEAN, and the need to regulate digital laws with uniformity between countries.



Read more about our stakeholders in Key Relationships, pages 45 to 47.

Business Continuity Management System (BCMS)

We implement robust BCMS practices to ensure operational reliability and to strengthen our ability to deliver products and services credibly to our customers even during unforeseen disruptions to the business. Our practices have been accredited in accordance with internationally recognised standards such as the BCMS ISO22301:2019 of the British Standards Institution (BSI) in 2021. We continuously undertake the required audits to maintain the accreditation on an annual basis.

Human Capital



Human Capital

Our approach

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UNSDGs



We recognise the importance of adopting an agile people strategy and talent value proposition to meet the changing needs of our workforce in a rapidly evolving telecommunications industry.

As we strive to become a telco-tech company, we need skilled professionals with the right competencies to help us realise this vision. We are committed to fostering a diverse, productive, and sustainable workforce to support our company's growth. We believe in empowering our employees to reach their full potential and creating an environment that motivates and inspires them to grow individually and as a team.

Key inputs in 2023

- Developed next-generation talent programmes and offered internal job mobility options to create more avenues for career advancement
- Advocated for diversity and inclusion and prioritised employees' well-being
- Organised company-wide engagement events like CDlympics and Customer Engagement Day
- Refreshed our workspaces in all our regional campuses
- Launched our OneCompliance programme

Outputs

- Establishing one unified workforce
- Building a diverse, inclusive, and responsible workforce
- Nurturing industry-best talents
- Focusing efforts on collaboration and engagement
- Building a healthy and safe workplace environment

Looking ahead

CelcomDigi aims to have top telco-tech, digital, technical, and commercial talents by rebuilding core competencies to ensure employees have comprehensive skill sets to meet current and future business needs. We want to establish CelcomDigi as the best place for our people to advance their careers and aspire to become a leading employer brand in Malaysia.

- Prioritising progressive workplace policies, strengthening our CelcomDigi culture, and building positive employee experiences
- Advancing speak-up culture, fair treatment, diversity, inclusion, and becoming a leading ESG practitioner
- Policies to be governed by a comprehensive Employee Handbook and Code of Conduct (COC)
- Succession pipeline for leadership roles and a robust pool of key talents – training the next 10/100/1,000 leaders and employees

Human Capital

Establishing one unified workforce

After the merger, our top priority was to integrate our people and build a unique, winning CelcomDigi culture. To achieve this, we have made various efforts to simplify and unify our people policies and processes, drawing from the best practices of both organisations. This has helped us to facilitate a seamless integration process and establish a solid base for our future growth and success.

New organisation structure and development focus

- Focused on establishing a new organisation structure and job alignment to provide development opportunities for existing employees.
- Hired new resources for integration projects and critical roles.
- Established leadership forums for Top 400 leaders to provide clear guidance and alignment on company priorities.

Harmonisation of rewards and benefits

- Successfully aligned employee rewards and benefits across the organisation, covering medical benefits, leave, and EPF entitlements.
- Ensured consistency and fairness in rewarding and remunerating our employees for their contributions.

Deployment of unified HR systems

- This contributed to the successful people integration efforts, including facilitating the new organisation structure, the rollout of a new job architecture, and a new performance management framework.

Building a diverse, inclusive, and responsible workforce

Having a diverse and inclusive workforce is essential to serving our customer base effectively. It allows for a rich blend of viewpoints, competencies, and backgrounds, giving us a competitive edge in the market. Anchored in our commitment to responsible business conduct, we also believe it is pivotal to ingrain a culture rooted in honesty, integrity, and accountability to cultivate ethical behaviour to build a trusted brand.

Prioritising DEI

- Diversity, equity, and inclusion (DEI) are embedded in our culture and way of work.
- Our People Policy and our Diversity, Equity, and Inclusion Manual guide us to ensure equal opportunity and representation for all.
- Implement DEI principles in all our decision-making processes.



CelcomDigi continues to be included in the 2023 Bloomberg Gender-Equality Index (GEI). This index recognises companies that are committed to transparency in gender reporting and advancing gender equity in the workplace quality Index (GEI).

This placed CelcomDigi among 484 companies from 45 countries worldwide that had excellent scores in achieving and adopting best-in-class diverse, equitable, and inclusive decision-making policies and practices. This recognition is a testament to our workplace culture, where differences are celebrated and talents, regardless of background, are empowered with the same opportunities.



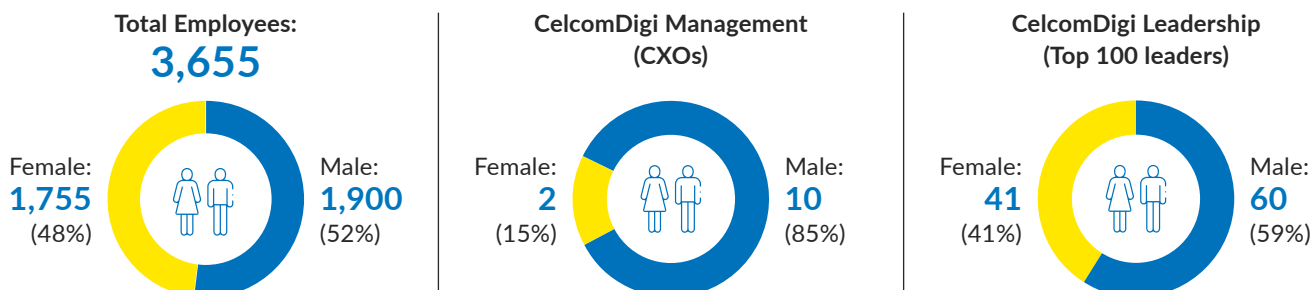
For more information on our approach towards Diversity and Inclusion, visit https://celcomdigi.listedcompany.com/diversity_inclusion.pdf

Human Capital

Building a diverse, inclusive, and responsible workforce (Continued)

Our workforce

Breakdown by gender and category



Breakdown by age and category

	CelcomDigi Employees	CelcomDigi Management (CXOs)	CelcomDigi Leadership (Top 100 leaders)
<30 years	193	0	0
30-39 years	1,137	0	13
40-50 years	1,485	3	49
>50 years	727	9	39

Integrating the Code of Conduct into our way of work

- Launched the OneCompliance programme, designed to safeguard and strengthen integrity within the organisation, guided by applicable laws and regulations, and global best practices.
- Continuous efforts to internalise our Code of Conduct through OneCompliance, including implementing e-learning initiatives to ensure employees understand and commit to our ethical standards.

100% employee completion

Compliance Awareness and Training on three core modules - Code of Conduct, Anti-Corruption*, and Conflict of Interest

100% employee pass rate

Year-end Compliance assessment

Continuous Education

Regional roadshows and monthly awareness newsletters

Notes:

- * % of employees receiving training on Anti-Corruption module has been independently assured by SIRIM QAS International
- Based on employees in active employment as of 3 October 2023 (Accorded date for all employees to complete the module)
- Includes permanent, contract, and outsourced employees



More about our OneCompliance programme can be found on page 118.

Human Capital

Building a diverse, inclusive, and responsible workforce (Continued)

Encouraging a Speak-Up culture

- Actively promote a speak-up culture through our Integrity Hotline, which is managed independently by a 3rd party and hosted on the Speeki platform to maintain anonymity.
- All employees, business partners, and stakeholders are encouraged to report any unlawful or unethical situations, breaches, and violations of CelcomDigi's Code of Conduct, Agreement of Responsible Business Conduct, and Supplier Conduct Principles, and are accorded protection in line with CelcomDigi's Whistleblowing Policy.



Speak-Up awareness roadshows:
>1,600 employees engaged



For more information on our approach towards Compliance, visit <https://celcomdigi.listedcompany.com/compliance.pdf>

Nurturing industry-best talents

As Malaysia's largest telecommunications company, we aspire to be a talent powerhouse and provide a space for rising talents to collaborate and deliver the most compelling innovations for our industry and nation. We are focused on fostering an environment that attracts and retains high-performing talents while encouraging continuous development and upskilling digital competencies.

Employee learning hours

Total learning hours: 65,404 hours*

Average for
male employee
15.9 hours

Average for
female employee
12.2 hours

Average for
management
12.9 hours

Average for
non-management
14.1 hours

Notes:

- * Total employee learning hours has been independently assured by SIRIM QAS International
- Based on total employees under active employment as of 31 December 2023
- Includes permanent, contract, and outsourced employees

Access to learning platforms

- Empowered employees with opportunities through online platforms like Fuse, LinkedIn Learning, and Coursera.
- Organised Learning Day 2023, showcasing interactive booths and mini workshops.

Learning Day 2023:
~540 employees participated

Launched core competency programme

- Programme aligned to the organisation's strategic ambitions to equip employees with the necessary skill sets to meet present and future business needs.

Achieved **90%** completion rate on our Core Competency Learning Programme, hosted on Fuse

Unveiled new performance and development framework

- Framework encompasses goal setting, performance reviews, and development planning.
- Employees are encouraged to have regular development conversations with managers and track their progress through performance reviews.

Succession planning for leadership positions

- Initiated programmes to develop core competencies and succession planning framework for leadership roles.

Human Capital

Focusing efforts on collaboration and engagement

We strive to be the preferred employer by promoting positive employee experiences in an engaging, collaborative, innovative, and efficient environment. Through strong partnerships with our employees, we want to create a work environment and culture where CDzens feel valued, supported, and inspired to contribute their best work.

Creating conducive, collaborative workspaces

- Post-merger, we focused on co-locating employees, and enhancing amenities, including introducing recreational facilities.
- This is to accelerate people integration, encourage engagement, and strengthen collaboration between employees.

Organising frequent, transparent communication through various platforms

- Regular information sharing on business performance and organisation updates to our leaders and employees through various channels like weekly CDM meetings, monthly leadership forums, company-wide and division townhalls, CEO updates, HR sessions, and more.

Achieving a **60%** participation rate in an internal pulse survey, along with activities like Skip Level Conversations and townhalls, to address employee sentiments

Focused efforts on employee engagement activities

- Placed importance on collaboration and unity among employees through initiatives like teambuildings, festive celebrations, and thematic events such as CDlympics, Customer Engagement Day, and International Women's Day celebrations.
- These efforts foster a 'Stronger Together' and 'Customer Obsessed' mindset, promoting inclusivity, resilience, and camaraderie.

CDlympics

A two-month-long company-wide initiative engaging >3,600 employees in a fun, creative way to build a unique CD culture through sportsmanship, teamwork, and friendly competition, while fostering integration, engagement, and collaboration

Customer Engagement Day

This inaugural event was a big moment for the company as >3,600 employees hit the streets across Malaysia to connect with customers and promote the company's new brand, 5G plans, and home & fibre offerings. It was also an opportunity for employees to gather valuable feedback and insights from customers firsthand

Support labour rights and standards

- Our commitment to conducting our business in a manner that respects the rights and dignity of all groups of people, including employees, entails complying with all applicable regulations and laws.
- Freedom of Association and Collective Bargaining:
 - Acknowledges collective bargaining as a fundamental labour right that enables employees to organise, form unions, and negotiate with employers to protect their interests.
 - Our Employee Relations team engages with Unions through regular dialogue sessions and facilitates quarterly meetings with Management.
 - Employees can express concerns, offer suggestions, and influence decisions shaping the organisation's future. This empowerment allows the company to realise its ambitions while prioritising the welfare of its employees.

2 unions under CelcomDigi

National Union of Telecommunications Employees (NUTE) and Digi Telecommunications Sdn Bhd Employees Union (DGEU)

81 employees

fall within scope of representation



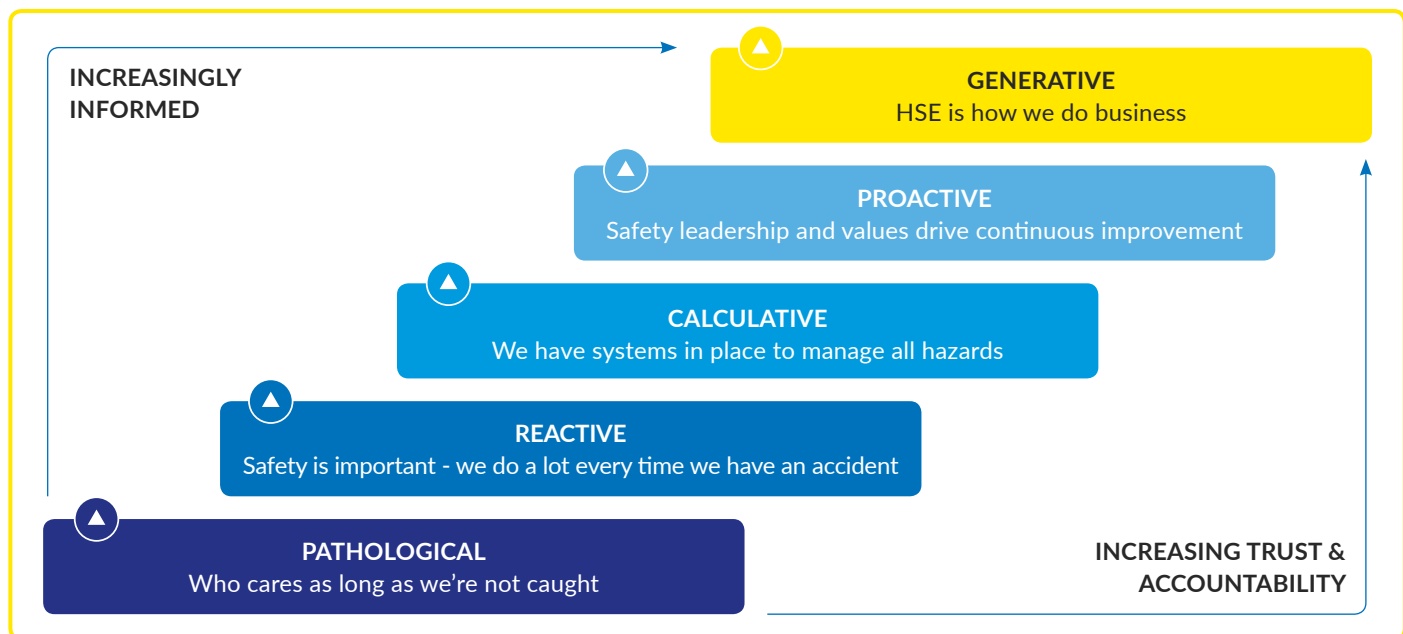
For more information on our approach towards Labour Rights and Standards, visit https://celcomdigi.listedcompany.com/human_rights.pdf

Human Capital

Building a healthy and safe workplace environment

We are dedicated to creating a workplace culture that prioritises the health, safety, and wellbeing of employees at all levels. Our goal is to continuously improve and reach higher levels of proactive safety culture, and we benchmark our performance against the Hudson Safety Culture Maturity Model*.

*The Hudson Safety Culture Maturity Model is a framework that assesses and improves organisational safety culture. It evaluates safety practices across various stages, guiding companies towards forming a mature and proactive safety culture.



Integration of Occupational Safety & Health (OSH) within business activity

- Recognised that making OSH a core practice within the organisation can reduce accidents, improve employee wellbeing, and enhance overall productivity.
- Ramped up our efforts to develop competencies and reinforce safety practices:
 - Management and Senior Leadership:
 - Underwent training in Hazard Identification, Risk Assessment and Risk Control (HIRARC) to handle health, safety, and environmental incidents effectively.
 - Prioritised discussion on OSH in meetings and townhall sessions.
 - Inspected workplace safety conditions of all our premises.
 - Emergency response teams and committees:
 - Underwent relevant competency training, such as Basic Occupational First Aid, CPR & AED, and Fire Fighter Training.
 - Employees:
 - OSH module included in new joiner's onboarding programme.
 - Implemented comprehensive OSH training modules, covering HIRARC, emergency response, and incident reporting.
 - Organised various OSH-related event, such as Health & Safety Week and Mental Wellbeing Day, to create awareness and promote employee wellness.

Human Capital

Building a healthy and safe workplace environment (Continued)

Integration of Occupational Safety & Health (OSH) within business activity (Continued)

Training	No. of participants/Completion rate
60 OSH-related training sessions conducted	~800 employees
Occupational Safety and Health Coordinator (OSH-C)	92 employees
General First Aiders	68 employees
Mental Health First Aiders	59 employees
OSH and Wellbeing e-learning	100% completion

0.14* Lost Time Injury Frequency (LTIF) rate recorded	0 Fatalities recorded	6,967 Total Health and Safety training hours
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Notes:

- *LTIF rate has been independently assured by SIRIM QAS International
- Includes permanent and contract employees only
- Number of worked hours in the year exclude employee leaves

Strengthening OSH governance and monitoring

- Prioritise compliance of relevant OSH laws, regulations, and standards.
- Established mechanisms to ensure ongoing compliance monitoring and reporting.
- Efforts we have undertaken:
 - Implemented new OSH Management System (OSHMS) based on ISO45001:2018*.
 - Extended ISO14001 & ISO45001 certification to include CelcomDigi's key premises.
 - Utilised ISO19011 Internal Auditor training to proficiently conduct internal audits of OSH and Environmental management systems.
 - Established workplace safety inspection programmes.
 - 314 OSH workplace assessment completed.

Notes:

*ISO45001:2018 is an international standard for occupational health and safety management systems that provides a framework for organisations to identify, control, and reduce the risk associated with workplace hazards

- By obtaining the certification, CelcomDigi demonstrates that all our premises and sites meet the international standards for safety and health performance
- The framework enables us to identify and control potential risks, enabling us to develop a plan to reduce these risks and create a safer workplace environment for employees



For more information on our approach towards Occupational Safety, Health, and Wellbeing, visit https://celcomdigi.listedcompany.com/health_safety_wellbeing.pdf

Natural Capital



Natural Capital

Our approach

Guiding Factors

Material Matters

EN1

EN2

G1

Strategic Pillars



UNSDGs



CelcomDigi is committed to achieving a low-carbon pathway in our operations and supply chain. The mobile telecommunications industry has already demonstrated leadership with a focus on investment, innovation, and efficiency, resulting in substantial carbon reductions both for ourselves and for the sectors we enable. The continued development of connected technologies enables low-carbon innovation in many other sectors and societies.

As Malaysia commits to advancing environmental responsibility, we will incorporate more ambitious climate targets and mitigation strategies across our value chain. We aspire to align ourselves with clearly defined climate reduction pathways, empower our customers to reduce their carbon footprint, and adopt a stronger whole-of-society climate adaptation and resilience approach towards shaping a more sustainable planet.

Key inputs in 2023

- Strong governance and leadership oversight on environmental impact and action
- ESG strategy to focus our efforts and track our performance
- Drive climate priorities in operations as we achieve network modernisation goals
- Maintained LEED and GBI certification for our buildings
- Environmental Management System (EMS) - ISO14001:2015 recertification



Outputs

- Committing to Net Zero 2050, aligned with the SBTi for validation by 2025
- Managing our environmental impact positively
- Risks and opportunities aligned with the recommendations of the TCFD
- Promoting eco-friendly workspaces and stores
- Adopting whole-of-society approach towards decarbonisation opportunities

Looking ahead

The total annual emissions of the mobile sector is approximately 0.4% of total global emissions. Compared to the global carbon footprint of mobile networks themselves, the level of avoided emissions achieved by mobile communications technologies is 10 times greater – a tenfold positive impact. The ICT sector has the potential to enable a 20% reduction in global CO₂ emissions by 2030, based on a 2015 baseline. The percentage of global emissions produced by ICT will decrease over time to 1.97% by 2030, compared to 2.3% in 2020 (Ref: GeSI SMARTer 2030 report).

By increasing connectivity, improving efficiency, and impacting behaviour change, we are able to enable technologies to help industries avoid emissions and transition into a low-carbon economy. Our goal is to accelerate efforts to contribute positively to stabilising global emissions by the end of this decade. We will formulate bold business decisions to tap into climate opportunities and long-term emissions reduction targets to limit the global average temperature rise to below 1.5°C above pre-industrial levels.

- Strengthen governance of climate action
- Explore renewables and power purchase options
- Conduct GHG inventory exercise (Scopes 1, 2, and 3)
- Emissions reduction throughout our value chain

Natural Capital

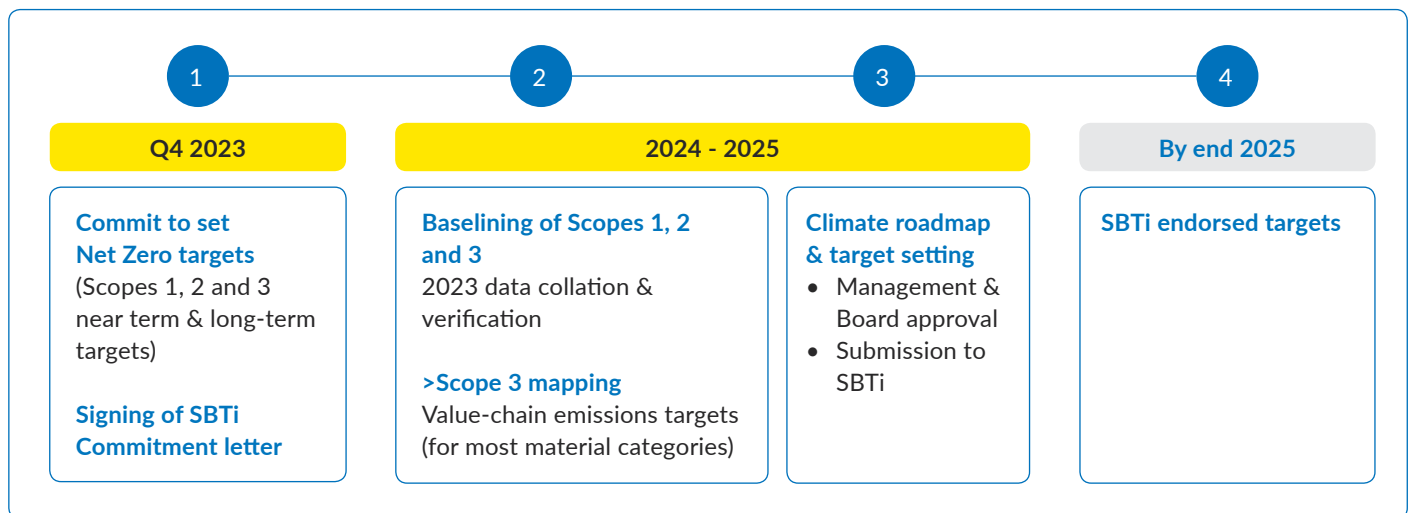
Committing to Net Zero 2050



CelcomDigi has committed to set near and long-term company-wide emissions reduction in line with science-based net-zero with the SBTi

We have committed to achieving Net Zero by 2050, in alignment with the SBTi. Throughout 2024 and 2025, we will be undertaking baselining activities to inventorise CelcomDigi's total emissions (Scopes 1, 2, and 3), key assets, and Scope 3 dependencies.

The Board has approved 2023 to be taken as the baseline year, subject to guidance from SBTi. Upon completion of baselining, we will undertake a verification exercise, followed by submission of near-term and long-term (2050) targets.



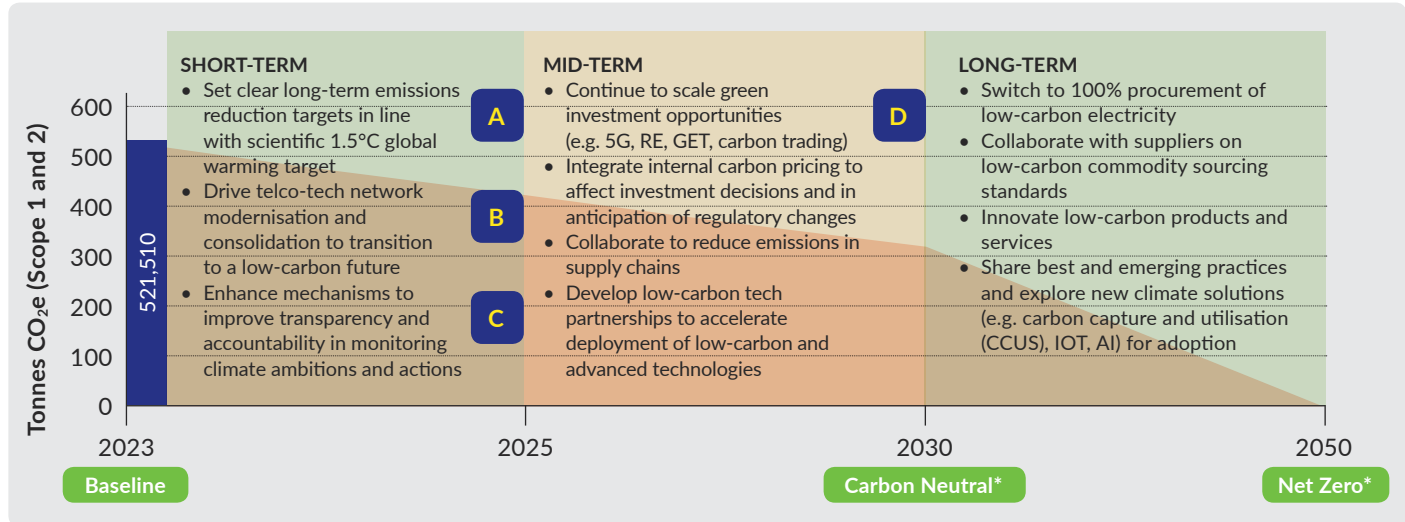
For more information on our approach towards Climate Action and Environmental Management, visit https://celcomdigi.listedcompany.com/climate_environmental_action.pdf

Natural Capital

Managing our environmental impact positively

In early 2023, we initiated a high-level climate roadmap that outlines measures to reduce or mitigate GHG emissions over the short-, mid-, and long-term. The primary goal of the roadmap is to address climate change by achieving emissions reduction targets and transitioning towards a more sustainable and low-carbon future.

Carbon emissions roadmap for CelcomDigi



Notes:

- Emissions data FY2023 is limited to Scope 1 and 2 only, and has been independently assured by SIRIM QAS International
- EF references - Scope 1: DEFRA UK GHG Conversion Factors 2023 | Scope 2: Grid Emission Factors Malaysia 2021 | Scope 3: DEFRA UK GHG Conversion Factors 2023
- *Ref: Definition as per GSMA's Mobile Net Zero State of the Industry on Climate Action Report

A

Reduction targets

Within the short-term horizon, we shall prioritise the following:

- FY2023 Baseline Assessment** - Analysing the current state of carbon emissions, identifying major sources in accordance to GHG protocol, and establishing a baseline for comparison.
- Emissions Reduction Targets** - Setting clear and quantifiable targets for reducing carbon emissions. Targets may be expressed as a percentage reduction from baseline levels or in absolute terms.
- Regulatory and Policy Framework** - Identifying and implementing supportive policies and regulations to encourage emissions reduction. This may include carbon pricing mechanisms, emissions trading systems, and incentives for clean technologies.
- Energy Transition** - Developing strategies to transition to cleaner and renewable energy sources. This may involve increasing the share of renewable energy in the energy mix, improving energy efficiency, and phasing out reliance on fossil fuels.

Natural Capital

Managing our environmental impact positively (Continued)

B

Network integration and modernisation

The ongoing exercise has consolidated more than 5,600 sites in 2023, representing 35% of total sites. In the course of this process, over 2,400 sites have been phased out. We have registered power efficiencies in most of the network clusters compared to pre-consolidation.



12% improvement in power efficiency



8% reduction in average power consumption



Decommissioning of **15** generator sets

Note:

- Outcomes from completion of six network clusters (Sitiawan, Rawang, Bercham, Port Dickson, Nilai, and Sendayan) that were part of the Network Integration and Modernisation pilot

C

Strengthened governance of climate action

The establishment of the Climate Working Committee (CWC) has been effective in coordinating cross-functional management of climate and environmental action matters.

In 2023, three CWC forums were conducted, co-chaired by the Chief Corporate Affairs Officer (CCAO) and Chief Technology Officer (CTO), with the participation of the Heads of Sustainability, Enterprise Risk Management, Technology Strategy & Architecture, Network Engineering & Operations, Workspace & Facilities, and other related working streams. Recommendations emerging from the forums include:

- Commitment to Net Zero 2050, aligned with SBTi
- Identifying areas within the business that can utilise cleaner energy (electrification of sites, reducing dependencies on fuel-powered generators, and exploring cleaner energy options)
- Realising efficiencies through the ongoing network integration and modernisation exercise
- Exploring opportunities and partnerships to decarbonise CelcomDigi's value chain
- Streamlining climate reporting and data controls

Recommendations are escalated to management prior to deliberation at the Board Governance and Risk Management Committee, and the Board of Directors meetings. For more information on the CWC and its integration within the overall Sustainability Governance structure, refer to Sustainability Management on pages 41 to 44.

Environmental management excellence

We adhere to the highest environmental management standards, and in 2023 underwent recertification of ISO14001, with ongoing initiatives to extend beyond our Headquarters to properties in the Central region, including key data centres, and retail stores.

Strengthening climate reporting integrity

We will implement robust monitoring tools and reporting mechanisms to track progress towards our emissions reduction goals. Regular assessments ensure that the roadmap remains effective and adaptable to changing circumstances.

Natural Capital

Managing our environmental impact positively (Continued)

D Greening the network and data centre operations

Driving climate and environmental efforts within network operations and consolidation of sites has led to lower energy consumption to carry the same or higher demand of data.

Network	Data Centre
<ul style="list-style-type: none"> Optimise energy use of networks by adopting energy efficient hardware and best practices and by retiring legacy networks. Installing 74 sites in rural areas with hybrid solar technology, resulting in a reduction in electricity consumption. Powering 33 sites with hybrid battery gensets, potentially reducing diesel consumption by approximately 40%. Subscribed to 510 blocks (510,000 kWh) of electricity generated from renewable energy sources, attained via TNB's Green Energy Tariff (GET) programme. 	<ul style="list-style-type: none"> Power Usage Effectiveness (PUE) tracked through Data Centre Infrastructure Management (DCIM) monitoring tools, measures the efficiency of a data centre by comparing the energy used for IT equipment to total energy consumption, including cooling and other overheads. Migration to cloud-based data centres with lower carbon emissions as compared to traditional data centres.

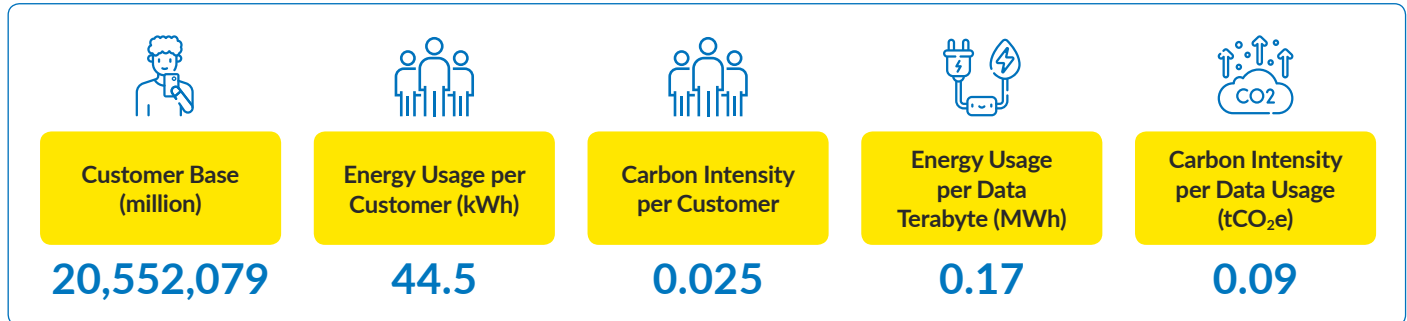
Greenhouse Gas (GHG) Emissions

<p>Direct Energy Consumption from Fuel (GWh)</p> <p>200.17*</p>	<p>Indirect Energy Consumption from Grid and Green Electricity (GWh)</p> <p>713.32*</p>	<p>Indirect Energy Consumption from Value Chain (GWh)</p> <p>0.37**</p>	<p>Total Energy (GWh)</p> <p>913.86</p>
<p>Scope 1 Carbon Emissions (Tonnes)</p> <p>53,670.04*</p>	<p>Scope 2 Carbon Emissions (Tonnes)</p> <p>467,840.18*</p>	<p>Scope 3 Carbon Emissions (Tonnes)</p> <p>282.03**</p>	<p>Total Carbon Emissions (Tonnes)</p> <p>521,792.25</p>

Natural Capital

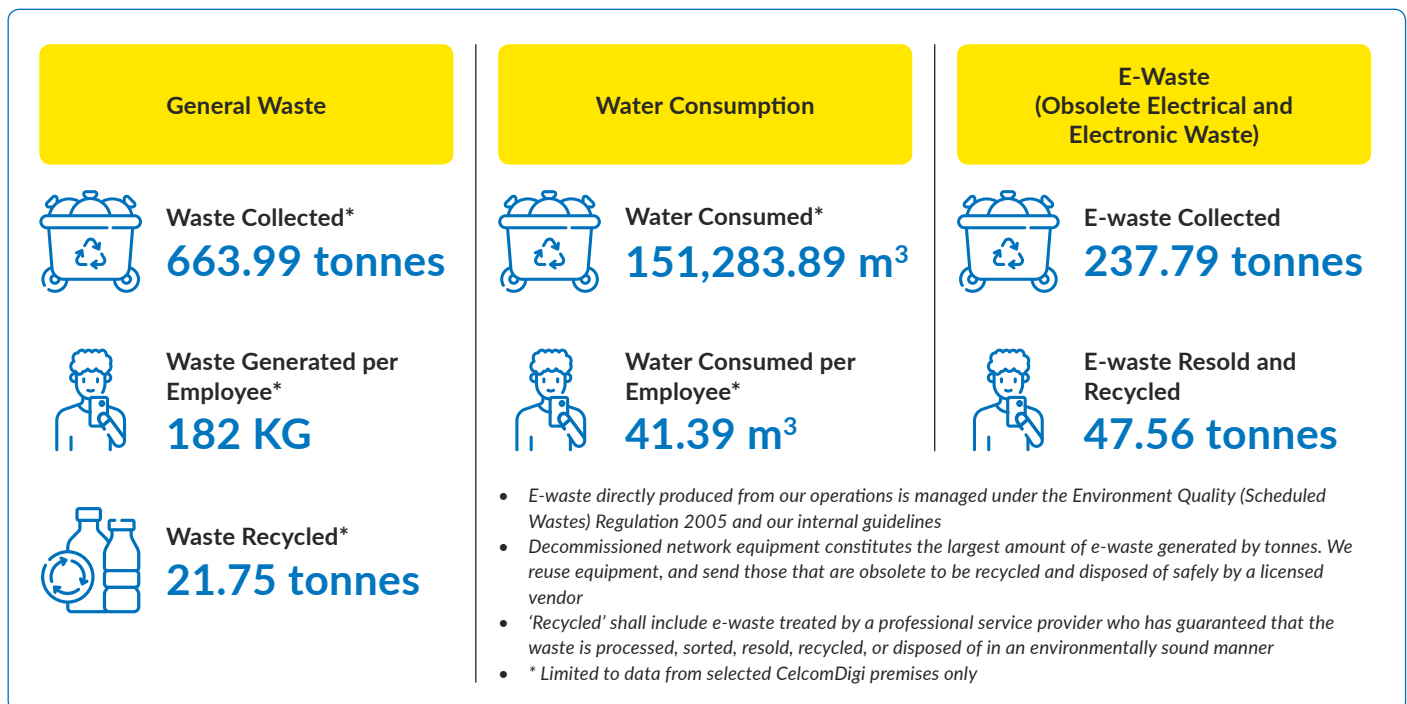
Managing our environmental impact positively (Continued)

Greenhouse Gas (GHG) Emissions (Continued)



Notes:

- * Total carbon emissions (scope 1 and 2) and total energy consumption (direct energy from fuel and indirect energy from grid and green electricity) has been independently assured by SIRIM QAS International
- ** Carbon emissions (scope 3) and energy consumption (indirect energy from value chain) data limited to employees' land travel for business purpose only
- EF references - Scope 1: DEFRA UK GHG Conversion Factors 2023 | Scope 2: Grid Emission Factors Malaysia 2021 | Scope 3: DEFRA UK GHG Conversion Factors 2023



Natural Capital

Risk and opportunities aligned with the recommendations of the TCFD

CelcomDigi plans to adopt the recommendations of the TCFD in phases as we progressively integrate our business to a single network and converge our distribution channels, systems, fleet, and facilities. This will enable us to develop robust plans that can assess potential business implications of climate-related risks and opportunities, as we continue to drive ambitions towards our science-based targets for 2030 and Net Zero for 2050.

Climate-related physical risk mitigation

Understanding physical climate-related risks such as the impact of flooding on our network infrastructure, we have installed elevated plinths for sites most prone to flooding. In 2023, more than 17 strategic sites nationwide were equipped with raised platforms to prevent service interruptions and to minimise potential downtime due to flooding. All of our elevated platforms proved to be resilient with no assets submerged during flood incidents in 2023.

Based on preliminary assessments and external developments, we have identified and concluded some of the opportunities and material risks that are aligned with the recommendations of the TCFD:

Opportunities	Transition Risks	Physical Risks
<ul style="list-style-type: none"> • Demand for development of new climate-friendly solutions and low carbon digital services. • Prioritise 'Just Transition' philosophy in our supply chain to meet Net Zero ambitions. • Brand preference by customers as a trusted digital services provider. 	<ul style="list-style-type: none"> • Carbon pricing and indirect price increases. • Carbon target gaps resulting in loss of investor confidence. • Increased cost of energy and carbon emissions and changing consumer preferences. • Negative impact on company finances. • Adverse brand and reputational impact. 	<ul style="list-style-type: none"> • Infrastructure damage, negative impact on service delivery to customers and operations from disruptions.

Promoting eco-friendly workspaces and stores

To raise environmental awareness among our employees, we have curated various initiatives that emphasise the importance of sustainable living and environmental care. These initiatives include creating environmentally conscious workplaces and channels for promoting 'green' behaviours.

CelcomDigi Tower is certified Gold by Green Building Index (GBI) and LEED	CelcomDigi Technology Operations Centre is certified Gold by Green Building Index (GBI) and LEED	Electric Vehicle (EV) charging stations at our Headquarters and Technology Operations Centre
CelcomDigi Hub is certified Gold by LEED		
CelcomDigi workplaces implement recycling and food waste bins including e-waste bins	Digitalising all retail stores with a 30% reduction of physical POSM to reduce waste to landfill	CelcomDigi utilises Smart Fleet Management
Climate and environmental modules in employee learning platforms	'World Environmental Month' Campaign to promote circularity and reduce single-plastic usage in our workplace	'After-7' programme to automate lighting and cooling at workspaces via BMS and EMS for greater energy efficiency

Natural Capital

Adopting whole-of-society approach towards decarbonisation opportunities

Partnerships to stimulate green growth

CelcomDigi and Yinson Holdings, a global energy infrastructure and technology company, signed a Memorandum of Understanding (MoU) to partner in the development of innovative EV services and infrastructure for Malaysian consumers, driving EV and green energy adoption in the country.



A Yinson GreenTech Business

Yinson to leverage CelcomDigi's widest, fastest 4G LTE and 5G connectivity to power up connections for chargEV stations, the nation's largest charge point operator.



Made EV ownership as easy as subscribing to a CelcomDigi 5G postpaid plan, encouraging adoption of sustainable mobility solutions for consumers.



Supporting the National Climate Governance Malaysia Summit

CelcomDigi supported the inaugural National Climate Governance Malaysia Summit in September 2023 jointly organised by Climate Governance Malaysia, Companies Commission of Malaysia (SSM), FIDE FORUM, representatives from the United Nations Development Programme (UNDP), SME Corporation Malaysia, and the Institute of Corporate Directors Malaysia.

This event brought together more than 100 local and foreign subject matter experts who shared their expertise and experiences on decarbonisation, environmental conservation, biodiversity preservation, and the promotion of a just transition.



CEO Action Network (CAN)

CelcomDigi is a proud founding member of the CEO Action Network, which is a private network of CEOs from leading Malaysian businesses that focuses on sustainability advocacy, capacity building, and performance. Our CEO actively participates in the steering committee meetings to discuss and plan sustainable strategies.

Together, we actively engage across industries, investors, analysts, and regulators in dialogues pertaining to the national Net Zero ambition. These discussions reinforced the need for public-private dialogues between the relevant government agencies, utility providers, and corporate Malaysia to jointly develop Malaysia's national climate strategy. We also gained understanding of utility providers' renewable energy plans and trajectory; shared the mobile sector's role through its network-enabled technologies to reduce emissions; and shared challenges in accessing renewables.



Race to Net Zero!

We participated in the Bursa Bull Charge - Race to Net Zero Run 2023 to contribute to climate action awareness. At the event, we showcased how we are enabling industries to advance green growth at scale, besides encouraging customers to dispose of their mobile e-waste responsibly.

Social and Relationship Capital



Social and Relationship Capital

Our approach

Guiding Factors

Material Matters



Strategic Pillars



UNSDGs



CelcomDigi places significant importance on strengthening relationships with everyone we interact with, including our customers, employees, suppliers, shareholders, and business partners. We believe that by doing so, we are building a brand that Malaysians can trust and rely on in the age of 'digital-everything'.

These relationships are essential to enhance CelcomDigi's ability to tap into future growth opportunities. Our efforts to advance digitalisation are aligned with the 12th Malaysia Plan (2021-2025) aspiration to increase national productivity and advance the digital economy.

CelcomDigi is also committed to ESG practices within our value chain to ensure that all stakeholders benefit in the long run. We aim to be recognised as the top practitioner of sustainability among corporate Malaysia.

Key inputs in 2023

- Responsible business practices across our value chain
- Empowering suppliers through training
- Social impact programmes (digital safety, digital skills) and humanitarian efforts
- Inclusive connectivity options and digital offerings
- Regular engagement with stakeholders

Outputs

- Trusted partner to the government, consumers, and businesses
- Upholding human rights across the value chain
- Managing our supply chain responsibly
- Empowering societies through nation-building initiatives

Looking ahead

We observed that addressing ESG issues often requires a 'whole-of-society approach' to bring about significant improvements, which includes better alignment between the public and private sectors. As we move forward, we will strengthen our relationships with various government agencies, policymakers, academic and research institutions, business partners, social purpose organisations, and communities to create positive change. Utilising our core function as a facilitator of connectivity and digitalisation, we aspire to:

- Strengthen compliance procedures and protocols for transparency and adherence to regulatory standards
- Develop comprehensive training programmes and monitoring mechanisms to promote human and labour rights awareness
- Integrate sustainability practices and engage stakeholders to foster environmental responsibility
- Implement digital platforms for seamless training, inspection recording, and non-compliance reporting and tracking
- Establish a structured vendor development programme to empower suppliers and drive mutual growth
- Define value-based procurement strategies and metrics to prioritise quality, sustainability, and ethical standards

Social and Relationship Capital

Trusted partner to the government, consumers, and businesses

We continuously strive to raise our standards across our value chain and advance the nation towards becoming a digitally savvy society as part of our aspiration to be the nation's trusted partner to the government, consumers, and businesses. We will continue enabling an inclusive, accessible, and safe internet experience for all while advocating for responsible business practices across our value chain. Our combined strengths enable us to impact broader stakeholder groups and deepen our engagements on topics that are most material to them.

These are several partnerships we have established in 2023:

CelcomDigi and Time dotcom collaborate to boost fibre accessibility for Malaysians



Partnering to safeguard Malaysians online through Jelajah Anti-Scam Kebangsaan Malaysia



CelcomDigi and DHL Supply Chain reimagine logistics with Malaysia's first 5G powered AI Autonomous Warehouse



CelcomDigi and VIRNECT sign MoU to develop experiential industrial Metaverse learning and education



CelcomDigi partners SoftBank Corp, and SC-NEX under Sumitomo Corporation for cutting edge AI-enabled and robotics solutions



CelcomDigi and SK Telecom sign MoU to develop Malaysia's first Metaverse Ecosystem



CelcomDigi and i-City team up to transform Shah Alam's connectivity landscape



CelcomDigi partners Huawei and ZTE for nationwide network integration and modernisation



Top minds gather for strategic discussions around 5G at CelcomDigi MY5G CEO Roundtable 2023



CelcomDigi and Yinson seal partnership to elevate Malaysia's e-Mobility ecosystem



Social and Relationship Capital

Upholding human rights across the value chain

CelcomDigi's human rights policies and principles are aligned with the Universal Declaration of Human Rights (UDHR) and are guided by the United Nations Guiding Principles (UNGP) on Business and Human Rights. Our Sustainability Policy and Business Partner Conduct Principles clearly state our stance against child labour and forced labour. This applies to all partners and vendors who wish to do business with CelcomDigi.

United Nations Global Compact (UNGC) Young Executives Sustainability Summit 2023

- In promoting sustainability best practices among young professionals and youth leaders, we contributed approximately RM50,000 to organising the summit.
- As a panellist in the 'Intergenerational Dialogue - Sustainability: Passion or Realism?' forum, we shared perspectives in creating a sustainable future for all.
- We also engaged over 400 aspiring youths with Safe Internet and anti-scam awareness at the summit.



Implementing Human Rights Due Diligence 2023-2024

- CelcomDigi's human rights principles are based on international instruments including the UDHR, and the principles concerning fundamental rights in the eight International Labour Organisation (ILO) core conventions as set out in the Declaration on Fundamental Principles and Rights at Work.
- Our principle for respecting human rights is in accordance with the UN Guiding Principles on Business and Human Rights, the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises and the UN Global Compact.
- Leveraging on our human rights due diligence exercise, we continuously assess our human rights risks and impacts on those who work with us and for us.
- This requires continuous improvement and stakeholder dialogue. Conducted biennially, this due diligence will be completed in 2024.



For more information on our approach towards Human Rights, visit https://celcomdigi.listedcompany.com/human_rights.pdf

Managing our supply chain responsibly

Our suppliers are crucial to the success of our business, as well as our social and environmental initiatives. We believe that our supply chain presents an exceptional opportunity to enhance business performance, reduce environmental impact, and promote social equality by mitigating human rights and health and safety risks.

In order to maintain these standards, all suppliers and business partners are required to abide by our Business Partner Conduct Principles. They must sign the Agreement of Responsible Business Conduct (ABC) and comply with our guidelines in the areas of Health, Safety, and Security (HSS), ethical conduct, human rights, and environmental management. We also encourage them to act in accordance with our Code of Conduct and human rights principles.

Social and Relationship Capital

Managing our supply chain responsibly (Continued)

Compliance

We ensure compliance with responsible standards in our procurement process through the implementation of our Integrity Due Diligence (IDD) process prior to engagement and execution of the ABC agreement with each supplier



Capacity Building

We require suppliers to undergo periodic training through curated programmes and individual assessments through CelcomDigi Knowledge Assessment Tool (CDKAT) in order for them to understand their responsibilities, build safety-first habits, and promote responsible business practices



Inspection

We conduct regular on-site inspections following live monitoring of workers' check-ins and scope of work being done via the CelcomDigi Permit-to-Work app. When a non-compliance practice is found, suppliers are required to respond with corrective action plans within the prescribed timeframe. Suppliers failing to meet the minimum requirements may face serious consequences such as suspension or even termination



Assessments

We conduct periodic assessments to ensure our business partners and suppliers adhere to legal and ethical standards and comply with our Business Partner Conduct Principles



For more information on our approach towards Supply Chain management, visit https://celcomdigi.listedcompany.com/responsible_supply_chain.pdf



New suppliers who signed the ABC

242*

(FY2022: 155)



Total suppliers who have signed the ABC to date

2,487

(FY2022: 2,245)



Total supplier training hours

23,478

(FY2022: 16,691)

Number of inspections conducted

Unannounced

795

(FY2022: 504)

Announced

10

(FY2022: 8)

Total

805

(FY2022: 512)

Number of findings

Major

17

(FY2022: 11)

Minor

84

(FY2022: 65)

Number of suppliers terminated

0

(FY2022: 0)

Number of suppliers suspended

1

(FY2022: 0)

Number of suppliers awarded contracts

607 local suppliers

212 foreign suppliers

Note:

* Number of new suppliers signing ABC has been independently assured by SIRIM QAS International

Social and Relationship Capital

Empowering societies through nation-building initiatives

Digital Safety

We aim to promote responsible digital practices and raise scam awareness across all segments of society, to strengthen digital safety.

War Against Scams

Online scams and fraud have become more prevalent across the globe as businesses adopt digital transactions. The National Scam Response Centre (NSRC) reported that over RM1.34 billion was lost to scammers in 2023 in Malaysia.

Efforts to accelerate targeted awareness and more effective prevention initiatives include:

- Taskforce to investigate scam encountered by customers and strategise to improve mitigations. The taskforce consists of experts from fraud management, consumer business, sales governance, network strategy, and sustainability
- Centralised scam reporting helpline making it easier for customers to report scams or potentially fraudulent activities
- Dedicated customer service agents offering additional support to customers to report scams
- Scam alerts on the latest modus operandi updated on our website Help Page within 24 hours
- Security enhancements in our apps and subscription flows to strengthen prevention against the threats of scams
- Supporting MCMC and industry efforts to block the sending and receiving of SMS from local and international mobile numbers with potential scam-related URL links

S.A.F.E Internet

- **S.A.F.E Internet talk series**
 - S.A.F.E (Smart, Aware, Fortify, and Empathy) is an awareness programme curated mainly for students, low-income, and underserved segments.
 - Held in partnership with UNICEF and UN Refugee Agency (UNHCR).
 - Engaged up to 400,000 people nationwide through on-ground activities and resources.
- **Training-the-trainer (TTT) sessions**
 - Trained representatives among employees, managers in all 307 internet centres managed by CelcomDigi, school teachers, and also refugee community leaders.
- **S.A.F.E Internet webpage**
 - Produced a simplified, easy-to-understand educational resources on staying S.A.F.E online to help us thrive in the digital space.
 - Reached 8 million people online through the social media platform.

CelcomDigi Anti-Scam Campaigns

- **Jelajah Anti Scam Kebangsaan (JASK)**
 - Co-organised a nationwide roadshow in collaboration with the Gabungan Bertindak Anti-Scam, Cybersecurity Malaysia, and Malaysian Crime Prevention Foundation.
 - Held seven nationwide Townhalls with over 11,700 people engaged.
- 
- **CelcomDigi, Royal Malaysian Police, and WhosCall #FightAgainstScam campaign**
 - Supported an awareness excursion from Kuala Lumpur to Cameron Highlands involving a 65 rider-convoy in efforts to garner attention to scam awareness.
 - Engaged more than 2,000 people at various pit-stops.

Pusat Sebaran Maklumat Nasional (NaDi) formerly known as Pusat Ekonomi Digital (PEDi)

NaDi, under the Universal Service Provision (USP) programme, aims to expand network infrastructure to underserved areas to close the digital divide. We facilitate the operations of NaDi internet centres across Malaysia to provide internet access to support e-learning and the development of digital skills and digital entrepreneurship among local communities. CelcomDigi operates 307 NaDi centres nationwide.

Social and Relationship Capital

Empowering societies through nation-building initiatives (Continued)

Digital Empowerment

We are driving digital empowerment for our students by future-proofing them with digital literacy and upskilling.

Future Skills for All

- A digital learning platform with interactive modules and learning tools that are aligned with the national syllabus on coding and design-thinking.
- The programme has been running since 2019 in collaboration with UNICEF and Arus Academy.
- 44,856* students and trainers (teachers and community leaders) are actively using the platform.

CelcomDigi Young Digital Innovators Programme

- The programme aims to provide opportunities for students in rural areas and underserved communities to learn coding and robotics.
- Several university lecturers and internet centre managers were trained to engage more schools for the programme.
- Over 1,400 students have been engaged in 2023.

Siswapreneur Bootcamp

- An annual bootcamp for university students to learn digital entrepreneurship leveraging AI technology.
- Partnered with Google Malaysia to upskill over 7,000 university students.

Note:

* Total enrolment has been independently assured by SIRIM QAS International

Corporate Citizenship

We aim to accelerate digital inclusion, particularly among underserved communities, through various initiatives such as donations, sponsorships, and collaborations with partners to maximise positive impact on society.

Laptop distribution to schools

Donated over 1,800 computers and laptops to benefit ~500 schools nationwide.

Flood preparedness, relief, and recovery

- More than 1.2 million early warning SMSes were sent to potential flood victims.
- Deployed flood relief worth RM300,000 via Malaysian Relief Agency to address severe flooding around the country.
- Funds were used to provide essential items, in addition to setting up mobile clinics.

Provisioning of Fixed Wireless Access (FWAs)

Provisioned 250 units of FWA to provide free internet connectivity to several centres:

- Temporary Evacuation Centres nationwide during floods.
- Correctional centres like Henry Gurney School and Puncak Alam Correctional Centre.
- Suriana Welfare Home.

CelcomDigi Corporate Raya Celebration

Aided approximately RM50,000 in celebrating special guests from five children shelter:

- Rumah Titian Kasih.
- Pertubuhan Kebajikan Anak-Anak Yatim Al-Nasuha.
- Rumah Amal Limpahan Kasih.
- Lighthouse Children Welfare Home.
- Pusat Jagaan Rumah Juara.



For more information on our approach towards Community Empowerment and Outreach Programmes, visit https://celcomdigi.listedcompany.com/community_empowerment_outreach.pdf