

celcomdigi

Advancing
& Inspiring
Society

Integrated Annual Report 2022



inside this report

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About This Report

We are pleased to present CelcomDigi Berhad’s (formerly known as Digi.Com Berhad) first Integrated Annual Report (IAR), for the financial year 2022, following the completion of the merger between Celcom and Digi on 30 November 2022. This IAR is prepared in accordance with the framework of the International Integrated Reporting Council (IIRC).

This report covers all business activities of CelcomDigi in 2022, including information pertaining to financial and non-financial performance. Through this report, we aim to provide our readers with a transparent and holistic overview of our accomplishments in 2022 and a glimpse of what lies ahead for CelcomDigi.

Scope and Reporting Boundaries

This IAR 2022 covers the business activities of Digi.Com Berhad (Digi) and Celcom Berhad (formerly known as Celcom Axiata Berhad) (Celcom). The scope and reporting boundaries of the IAR 2022 include:

- Digi’s performance from **1 January 2022 to 31 December 2022**; and
- Celcom’s performance from **1 December 2022 to 31 December 2022**.

Celcom’s performance from 1 January 2022 to 30 November 2022 is reported in Axiata Group Berhad’s IAR.

Materiality

Our material matters are identified from our strategic business plans and are continuously monitored given that they affect our ability to create and preserve value for our stakeholders. We have reviewed and revised matters considered most material for this report.

Assurance

Our audited financial statements were prepared in accordance with the MFRS, IFRS, and the requirements of the Companies Act 2016 in Malaysia. The audited financial statements are disclosed in Section 6 from pages 122 to 225. We have obtained limited assurance from an independent auditor on selected non-financial indicators. Further details of the independent assurance report can be found on pages 226 to 229.

Forward-Looking Statements

Our business model and operating landscape post-merger present new uncertainties and risks that may change in the future. The forward-looking statements within this report only provide readers with a potential outlook on our plans. Readers should be aware that any forward-looking statements are not guaranteed performances or business plans of CelcomDigi.

Reporting Suites

We are committed to reporting in a transparent and honest manner. To view the full reporting suite, please visit our website at <https://celcomdigi.listedcompany.com/home.html>.



Navigation Icons

Our Capitals

Financial Capital	Natural Capital
Manufactured Capital	Human Capital
Intellectual Capital	Social and Relationship Capital

Approval by the Board

The Board of Directors (Board) of CelcomDigi has ensured the integrity of this report through meticulous governance and effective disclosure controls and procedures. The Reporting Committee, comprising the Chief Executive Officer (CEO), Deputy CEO, Chief Financial Officer, Chief Corporate Affairs Officer, and the relevant departments have ensured that the report is compliant with all regulations and reporting frameworks. This report was reviewed and approved by the Board on 23 March 2023.

Our Reporting Frameworks and Principles

This IAR is aligned with both local and international standards. The following is a list of the current reporting frameworks and principles that CelcomDigi adheres to:

Reporting frameworks and principles:

1. IIRC’s Integrated Reporting <IR> Framework
2. Companies Act 2016
3. Main Market Listing Requirements of Bursa Malaysia
4. Bursa Sustainability Reporting Guide & Toolkits
5. Malaysian Code on Corporate Governance
6. Malaysian Financial Reporting Standards (MFRS)
7. International Financial Reporting Standards (IFRS)
8. Global Reporting Initiative (GRI) Standards
9. ISAE 3000 (Revised) – Limited Assurance Engagement
10. Task Force on Climate-related Financial Disclosures (TCFD)

About CelcomDigi

Creating A World Inspired By You

We are driven by our purpose of Advancing and Inspiring Society through technology and innovation, with a strong commitment to being an inclusive and responsible business institution.



Today, we serve more than 20 million customers across Malaysia, leveraging the combined scale, experience, and talents of two homegrown brands: Celcom and Digi. With our collective 60 years of solid market experience, along with the backing of two global telecommunications giants, Axiata Group Berhad (Axiata) and Telenor Group (Telenor), the new CelcomDigi can significantly invest in strengthening our network coverage and quality.

We are well positioned to drive 5G adoptions and 5G solutions to develop new growth opportunities for Malaysian businesses, while attracting partnerships with global technology companies to bring new innovation to drive the nation's digital aspirations.

About CelcomDigi

Our core identity is a synthesis of the unique strengths of Celcom and Digi, which is embedded in our DNA to drive and motivate every CDzen.

OUR PURPOSE

Advancing and Inspiring Society

OUR VISION

To Be The Nation's Top Telco-Tech Company

As the largest telco today, we are transforming ourselves beyond core connectivity to offer best-in-class customer experiences. With our wider range of offerings – now including Home & Fibre and Enterprise solutions – we are committed to leading in digitalisation and innovation, enabling an inclusive and sustainable digital society.

OUR VALUES



Customer Obsessed

We aim to provide outstanding customer journeys for more than 20 million Malaysian consumer and business customers by gaining deep insights and understanding of their needs and delivering the most relevant products and experiences for them.



Performing Relentlessly

We are building a culture of performance excellence, based on a consistent and solid track record of delivering effectively; new ways of working that drive operational efficiency; and a strong belief that as a whole, CDzens are greater than the sum of our parts.



Stronger Together

We draw from our deep and diverse talent pool a richness of perspectives, experiences, and backgrounds, as well as our ability to collaborate and mobilise as one team to drive our purpose and vision and live our brand.



Responsible and Caring

We are deeply committed to being an inclusive and inspiring company that holds to the highest standards of integrity and business conduct. We act responsibly to ensure we create positive impacts for the community and for everyone we engage with.

OUR BRAND SPIRIT

Creating A World Inspired By You

We are the #1 enabler of the digital lives of Malaysian consumers, businesses, and society.

Our Journey towards Merger

CelcomDigi marks a new chapter in Malaysia's digital journey

2021

On **8 April 2021**, Axiata Group presented its plans to merge its Malaysian operations with Telenor Group. The proposed merger was said to establish a next generation digital champion for all Malaysians.



The merger offers the exciting prospect of **creating a strong Malaysian-led market leader** through the strengths of two established operating companies with a **collective experience of more than 60 years** and the **backing of two international telecommunications leaders, Axiata and Telenor.**

Through CelcomDigi, we aim to build a stronger capacity to create value through product and market innovation, high-quality data connectivity, and technological advancement to power Malaysia's digital ambitions in the years to come.

We are well positioned to serve the growing needs of more than 20 million customers, businesses of all sizes, and for society as a whole. Our scale and resources will allow us to invest in delivering best-in-class network and customer experience, robust distribution capabilities, in-built operational efficiencies, and stronger partnerships with global digital giants. The setting up of a world-class Innovation Centre will further stimulate the development of digital talents and accelerate the nation's digitalisation agenda. Our wider reach enables us to bridge the digital divide and spur equitable socioeconomic participation.

CelcomDigi's purpose is to advance and inspire society by being a leading innovation icon and ally to the nation to drive a progressive digital economy that will be key to Malaysia's future economic resilience and competitiveness.

Our Journey towards Merger

On **21 June 2021**, Telenor Group and Axiata Group concluded their respective due diligence exercises and announced they had signed a Transaction Agreement for the proposed merger.

On **24 November 2021**, a merger application between Celcom and Digi was formally submitted to the Malaysian Communications and Multimedia Commission (MCMC) for approval.



On **29 June 2022**, the Celcom-Digi merger received regulatory approval from the MCMC.



On **15 September 2022**, Celcom and Digi received Securities Commission's clearance for the merger.

On **18 November 2022**, Axiata Group and Digi received shareholders' approval for the merger of Celcom's and Digi's telco operations, forming one of the final steps in the merger approval process.



On **1 December 2022**, CelcomDigi was established, marking a new chapter in Malaysian history as the nation's largest connectivity provider, serving 20 million customers nationwide.



2023 and beyond



As one of the country's largest companies, CelcomDigi is well positioned to be a leading ally for the development of Malaysia's digital economy. With the purpose of advancing and inspiring society, CelcomDigi aspires to become the nation's top telco-tech company.

Value We Created


Our purpose drives how we manage our business and deliver on our strategy to **create sustainable value for our stakeholders**.

In the past year, we achieved great milestones as two separate companies before we ended the year as one. The value created by the six capitals in this section has been consolidated for CelcomDigi Berhad as at 31 December 2022.

Financial Capital

Total Revenue (RM) 6.8 billion		EBITDA Margin 44.4%
Market Capitalisation (RM) 47.0 billion		Total Assets (RM) 37.5 billion
Profit After Tax (RM) 0.8 billion		CAPEX (RM) 0.9 billion
Total Dividend Payout (RM) 1.0 billion		Subscribers 20.3 million 

Manufactured Capital

Total Sites 23,000		Number of Retail Touchpoints 12,000+	
Fibre Network (km) 21,088		Number of Branded and Franchised Stores 500+	
4G LTE Coverage 96%		MyDigi and Celcom Life Digital Users 10.7 million	
4G LTE-A Coverage 90%			

Intellectual Capital

Constituent of FTSE4Good Bursa Malaysia Index
Top 25 percentile

Member of Bloomberg Gender-Equality Index 2022
First Malaysian corporate listed in the index since 2021

Natural Capital

Total Energy
442.3 GWh

Carbon Intensity per Customer*
0.024

E-Waste Resold and Recycled*
245 tonnes

Environmental Management System – ISO14001:2015 Certified since 2021

Human Capital

Total Employees
3,818



Women in Leadership
37%



Total Training Hours*
68,673 hours



Percentage of Women Board Members
30% (meets MCCG 2021 requirement)

Lost Time Injury Frequency (LTIF) Score*
Maintained at zero with no fatalities recorded

Social and Relationship Capital

Total taxation and zakat paid as our economic contribution to public finance
RM335.5 million



Suppliers who have signed ABC to date*
2,245

Safe Internet Engagements on online safety and scam awareness*
91,000

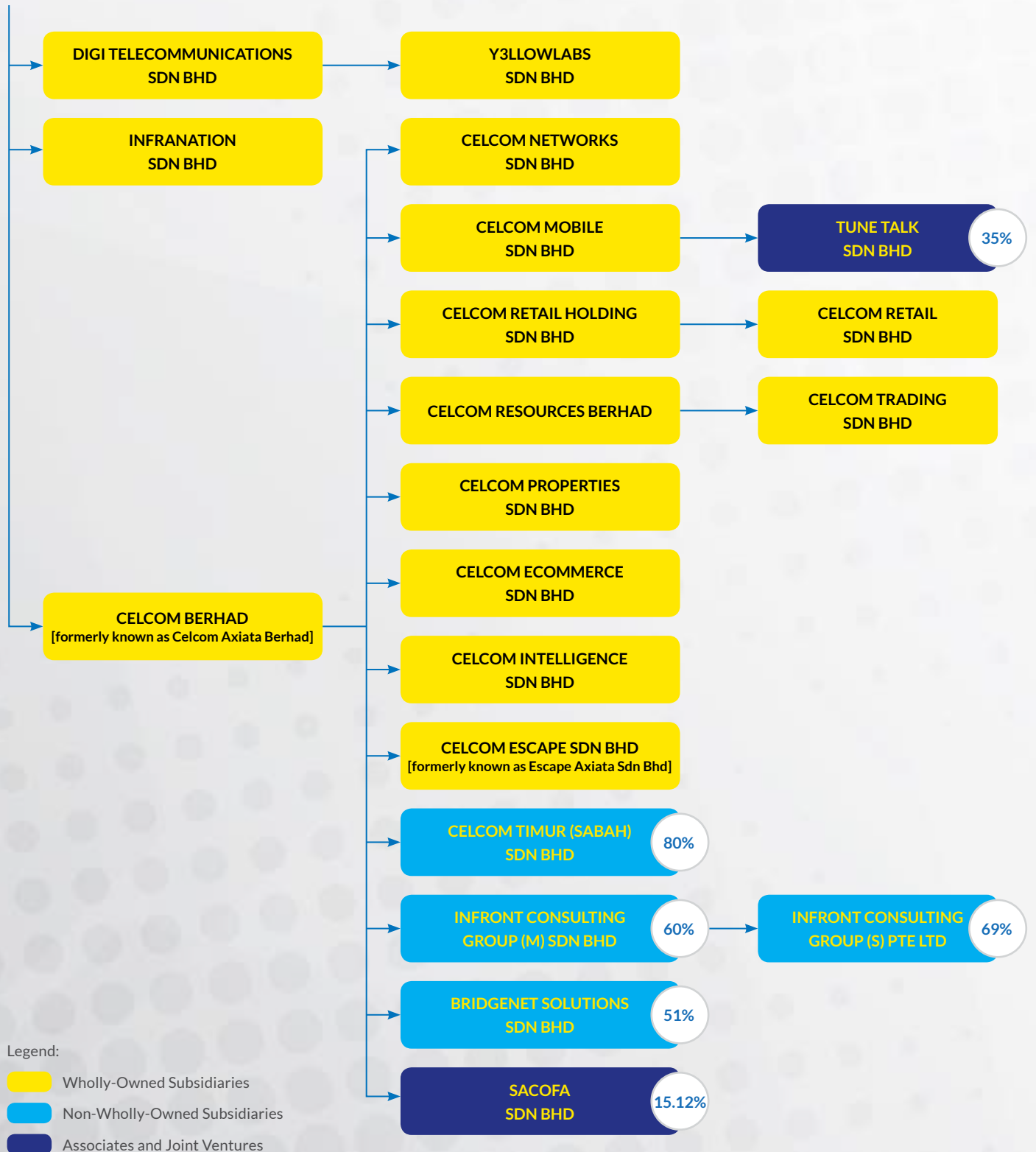


Note: *Reported data limited to Digi only

Our Corporate Structure

CELCOMDIGI BERHAD

[formerly known as Digi.Com Berhad]



Legend:

- Wholly-Owned Subsidiaries
- Non-Wholly-Owned Subsidiaries
- Associates and Joint Ventures

Customer Obsessed

We aim to provide outstanding customer journeys for more than 20 million Malaysian consumer and business customers by gaining deep insights and understanding of their needs and delivering the most relevant products and experiences for them.





Chair of the Board's Statement

Dear Shareholders,

The establishment of CelcomDigi through the merger of Celcom and Digi was a major milestone not just for us, but also for Malaysia's digitalisation journey. Today, we are the nation's largest telecommunications operator and are proud to be among the top 10 largest companies by market capitalisation on Bursa Malaysia. We have the scale, experience, and resources to be the most trusted partner to consumers, businesses, and government by playing a significant part in driving the digitalisation growth that will propel Malaysia's economic competitiveness.

I am honoured and fully committed to being a part of this exciting journey with CelcomDigi Berhad, serving as the Chair of the Board of a genuinely unique and truly Malaysian market leader. Together with the backing of two global telecommunications giants, Axiata and Telenor, I am confident that we have what it takes to become a world-class digital telco. As a leading business institution, we also have a duty to drive the highest standards in sustainability and corporate governance, and to deliver healthy shareholder returns through focused and sustainable investment decisions. These are the priorities that I believe will enable CelcomDigi to deliver on its purpose of Advancing and Inspiring Society.

YM Tengku Dato' Sri Azmil Zahrudin
Raja Abdul Aziz

Chair of the Board,
Non-Independent Non-Executive Director



Chair of the Board's Statement

Developing CelcomDigi into a Top Telco-Tech Company

We are now ready to drive cutting-edge solutions, catalyse new growth opportunities for large enterprises and SMEs, and attract and partner with global digital giants in support of the JENDELA and MyDIGITAL aspirations. Through the establishment of CelcomDigi's Innovation Centre, we will play an active and vital role in providing world-class connectivity and customer platforms, while partnering with entrepreneurs and digital talents to develop innovations in automation, IoT, AI, and cyber resilience, among others. We believe this will position Malaysia for growth in the digital economy and establish us as a trusted ally in driving the nation's ambitions.

Sustaining Financial Strength to Deliver Healthy Shareholder Returns

For the financial year 2022, our focused execution of strategic priorities, solid balance sheet, and prudent financial management have led the Board to declare a net dividend per share of 12.2 sen, returning a total payout of RM1,071 million to shareholders and sustaining a near 100% dividend payout ratio.

Moving forward, we will endeavour to deliver strong and sustainable returns to shareholders, supported by significant synergies of our targeted RM8 billion in net present value over the next five years. We can also expect improvements in EBITDA and cash flow margins that will further strengthen our promise to provide sustainable shareholder returns.

Delivering on Business Commitments Responsibly

CelcomDigi is built on a solid reputation of responsible business leadership and has embedded sound ESG practices throughout our operations. We recorded several notable achievements in 2022, including ranking in the top 25 percentile of the FTSE4Good Bursa Malaysia Index;



maintaining an 'AA' rating in the MSCI ESG Ratings and a low-to-medium risk rating in Sustainalytics' ESG Risk Rating; attaining the gold standard at The Edge Malaysia's ESG Awards; and being listed in the Bloomberg Gender-Equality Index 2022. We have also been part of the CDP's (formerly known as Carbon Disclosure Project) voluntary environmental disclosure of carbon reporting since 2009.

The Board remains steadfast in maintaining our responsible business leadership in Malaysia and in continuing to raise ESG standards. This is reflected in our commitment to addressing ESG issues such as digital inclusion, privacy and data protection, human rights, and health and safety, as well as the impacts of climate change on our business and society. The Board also strives to utilise our breadth of expertise and resources to instil excellent ESG practices not only for ourselves, but also for the sector and beyond.

Committed to Upholding Good Corporate Governance

The Board members of CelcomDigi Berhad bring together a diversity of knowledge and skills, as well as a wealth of industry experience and independence, to drive our agenda and govern effectively. We acknowledge that CelcomDigi, as one of Malaysia's largest corporates, is expected to have strong and robust corporate governance and the highest standards of ethics and integrity.

Today, we have established a clear governance structure and framework, which serve as guidelines for all Directors in fulfilling our fiduciary obligations while responding strategically to economic and ESG matters. Additionally, through strong governance stewardship, the Board is fully aware of the duty it bears in ensuring that we continue to deliver on CelcomDigi's vision over the long term, as well as accelerating our growth trajectory and value creation for all stakeholders.

On behalf of the Board, I wish to express my appreciation to the government, regulators, and shareholders for your trust in the vision and formation of CelcomDigi. We also extend our deepest gratitude to the past Boards and Management teams of Celcom and Digi, as well as all CDzens, for your collective contribution to the companies' resilient performance and for seeing through the integration planning and completion of the merger in 2022.

We look forward to engaging with our shareholders on our future business plans at our 26th Annual General Meeting (AGM), which will be held virtually on 23 May 2023. Please see the details outlined in our Notice of AGM on pages 241 to 248.

Conversation with the Chief Executive Officer



Dear Shareholders,

2022 was truly a momentous year for us. Amid macroeconomic and competitive pressures, we delivered a solid performance, continued to drive the nation's recovery post-pandemic, and culminated an extraordinary year with the completion of the merger between Celcom and Digi. Celcom and Digi started 2022 as two separate companies and ended the year as a new, unified, and stronger CelcomDigi.

CelcomDigi was established with the aim of realising the combination of scale, experience, resources, and talent of two iconic Malaysian brands – Celcom and Digi. This merger has enabled a combined stronger network, better products and services offerings a wider ecosystem of retail touchpoints, the best customer experience, and a greater focus on innovation. Most importantly, CelcomDigi has a winning talent pool of vastly experienced CDzens to meet the needs of Malaysian businesses and consumers, now and in the future.

Today, CelcomDigi is the largest telecommunications service provider in the country. In the next few years, we will continue to focus on growing our core mobile business, while expanding into the Enterprise and Home & Fibre businesses. We will invest in new products and services innovation, as well as develop technology partnerships and ecosystem through the CelcomDigi Innovation Centre.

We aspire for CelcomDigi to be the Malaysian based technology company that will become a new innovation icon for the nation – an institution that has the scale and resources to be the nation's digital growth engine, to grow local talents, and develop the local digital ecosystem, while remaining as a caring and responsible corporate citizen.

Datuk Idham Nawawi
Chief Executive Officer

Conversation with the Chief Executive Officer

Q1 How would you describe CelcomDigi in 2022?

It was a resilient year, as we continued to prioritise efforts to deliver on the expectations of stakeholders and customers from all segments, from providing high quality connectivity services, better digital experiences and offering products with greater value and flexibility, to deepening our commitments as a responsible business.

We worked alongside the government and industry to improve connectivity for all Malaysians through improved network coverage and performance under the *Jalinan Digital Negara (JENDELA)* initiative and rolled out affordable internet packages, such as *Pakej Peranti* and *Pakej Remaja Keluarga Malaysia*, for the rakyat.

At the same time, we were also intensifying our integration planning as we got closer to closing one of the largest and most complex transactions in the industry by completing the merger.

Today, CelcomDigi stands on a solid footing to better serve our customers and meet the rapidly increasing data demand in the coming years with our stronger combined network, a wider ecosystem of retail touchpoints, and a clear focus on delivering excellent customer experiences.



Read more about how we created value from our capitals on pages 38 to 73

Q2 What were some of the key considerations going into the merger?

It was not an easy task to close one of the most historic transactions in the industry. The challenge and complexity of merging two large mobile operators of equal size was enormous, to say the least, especially in having to conduct business as usual throughout the entire duration while planning for the merger transaction and integration activities at the same time.

Some key considerations were:

- **Early and detailed integration planning**, which helped us transition seamlessly into the merged entity. Our people were pivotal in the integration planning. We are proud that CelcomDigi today is powered by over 3,800 plus passionate and competent industry experts, an inclusive and diverse workforce in gender, ethnicity, age, and experience, reflective of the myriad customers we serve. We accelerated the process to put in place a solid leadership and management team, governed by our experienced Board of Directors.
- **Consistent engagement and communication with key stakeholders**, which helped us obtain the necessary regulatory approvals. We placed a lot of emphasis on giving our customers assurance on our service quality and experience post-merger, including the promise of a best-in-class data network and innovative product and service offerings for all Malaysian consumers and businesses. Equally important, we kept our people, or CDzens, constantly informed throughout the process, which kept uncertainties at a minimum while operations were running at an optimum. An immediate priority post-merger was having robust people engagement activities to unify our CDzens from Day 1. Multiple engagement and feedback sessions at all levels were held to allow us to listen to and act on all feedback.
- **Ensuring business continuity**, which was imperative as our execution machinery continued to deliver consistently to performance expectations.
- **Clear expectations and the establishment of new company DNA and strategy**, which helped rally CDzens towards our shared purpose, vision, ambitions, and core values as we build a unique and collaborative culture together and drive the company forward.



Read more About CelcomDigi on pages 2 to 3

Q3 What are CelcomDigi's ambitions and strategies to propel the company forward?

Being the largest telecommunications company today, serving more than 20 million customers, we are well placed to spearhead transformations beyond our core connectivity business to lead in digitalisation and innovation.

We aspire to be the digital growth engine as the nation's top telco-tech company. We aim to be the enabler of the digital lives of Malaysian consumers and businesses, by leveraging our widest network footprint, extensive distribution channels, and partner ecosystem, wide range of innovative digital products and services, and superior customer experiences.

To achieve this, we are committed to executing our strategy in three areas:

- Focus on growth:** Continuously strengthening the core mobile business to sustain our market leadership position, while expanding the Home & Fibre and Enterprise businesses.
- Deliver synergies and scale efficiency:** Accelerating integration activities and driving operational excellence transformation across the organisation to realise the RM8 billion synergies in net present value. This will enable us to further invest in service quality and overall customer experience via digitalisation and innovation.

Conversation with the Chief Executive Officer

c) **Consistent shareholder returns:**

Committing to our promise of strengthening the resilience of shareholder returns with sustainable dividends to all trusted shareholders, backed by our strong balance sheet and significant synergies.



Read more about Our Corporate Strategy on pages 34 to 35

Q4 How will CelcomDigi continue to deliver its sustainability commitments?

Sustainability is a topic close to my heart, and I believe it is built-in with everything CelcomDigi does. We will focus extensively on achieving our ambition to become one of the ESG best practitioners in the country.

As one of the largest corporates in Malaysia, we remain conscious of the impact we make on the ecosystems we operate in. Our immediate priorities in sustainability for this year are:

- Setting a climate management roadmap and embedding climate-related considerations within our operations, as well as enhancing our climate-related reporting.
- Strengthening the sustainability governance framework with clear oversight of all sustainability initiatives of the company.
- Bridging the digital gap by providing access to the internet, improving service reliability, and equipping communities with digital skills.
- Safeguarding our value chain and ensuring all our partners adhere to and maintain the same high standards we aspire to ourselves.
- Developing talents and championing diversity, equality, and inclusion.

The key enabler in delivering these commitments and creating widespread impact is leveraging partnerships, so that we can collectively take measures to address ESG issues in Malaysia. These commitments are important to us, rooted in the spirit of doing the right thing, and will

ensure we have a sustainable pathway to a greener and more inclusive future for all.



Read more about our Sustainability Focus Areas on page 68

Q5 What is the company's outlook and financial guidance for FY2023?

The Central Bank of Malaysia has projected gross domestic product (GDP) growth of 4% to 5% this year for Malaysia. This reflects robust commercial activities in the private consumption and investment segments, further supported by various government initiatives to contain inflationary pressures. In addition, improving tourism activities and the influx of migrant inflows are expected to boost the sector's overall subscriber and revenue growth. These factors bode well for our 2023 guidance, as summarised below:

- Service revenue growth – Maintaining the growth momentum
- EBITDA growth – Flat to low single-digit increase
- Capex-to-sales ratio – Around 15% to 18%

Moreover, with the nation's focus on increasing 5G developments, we are firmly committed to driving 5G leadership while supporting the 5G partner ecosystem through smart investments in emerging technologies and cutting-edge solutions. This will present significant experiences and benefits to our customers. We will establish the CelcomDigi Innovation Centre to serve as a hub to drive digital innovation and the growth of the local ecosystem, in line with the government's aspirations in MyDIGITAL.

All in all, we are confident that CelcomDigi will deliver a robust 2023, underpinned by precise execution of our strategic priorities, and will build on the pedigree of operational excellence that both Celcom and Digi have excelled in. We also remain committed to supporting the Communications and Digital Ministry's strategic plans towards 'a digital golden decade', led by our purpose of Advancing and Inspiring Society.

On behalf of the Management team, Albern and I would like to thank all our customers and shareholders for your support and continued confidence in CelcomDigi throughout the past year. We are also grateful to the Ministry and the MCMC for their collaboration and engagement throughout the merger process, and on many other shared industry achievements.

I would also like to take this opportunity to thank the Board of Axiata and Telenor, as well as the past Boards of Celcom and Digi, for their leadership in guiding their respective business operations, and for playing a pivotal role in guiding the Management and our teams in completing the merger. We look forward to working closely with the Chair and Board members of CelcomDigi Berhad to deliver on our goals and commitments in 2023.

Lastly, we want to record our appreciation to all CDzens, who have been resilient in delivering quality experiences and support to our customers while balancing priorities in the merger process and integration planning. We look forward with vigour and enthusiasm to achieving a solid 2023 as CelcomDigi.

Five-Year Financial Summary

RM Million	2018	2019	2020	2021	2022
KEY FINANCIAL RESULTS					
Revenue	6,527	6,298	6,153	6,336	6,773
Telecommunications revenue					
- Service revenue	5,827	5,644	5,428	5,341	5,765
- Others	75	87	84	95	102
- Sales of devices	625	567	641	900	906
Earnings before interest, taxes, depreciation and amortisation (EBITDA) ¹	3,033	3,311	3,080	3,009	3,013
Earnings before interest and taxes (EBIT)	2,229	2,113	1,805	1,729	1,467
Interest cost	130	246	253	210	257
Profit before taxes	2,080	1,892	1,622	1,515	1,218
Profit after taxes	1,541	1,433	1,221	1,162	764
Organic capital expenditure (Capex)	818	751	720	803	888
Operations (ops) cash flow	2,176	2,062	2,432	2,606	2,559
KEY FINANCIAL POSITIONS					
Total assets	6,206	8,149	8,187	7,840	37,539
Non-current liabilities	2,838	4,732	5,067	4,275	12,867
Total debts	2,694	5,150	5,452	4,960	14,887
- Conventional borrowing	1,293	780	555	333	814
- Islamic borrowing	1,393	2,322	2,316	2,168	8,060
- Bankers' acceptances	-	-	-	-	3
- Finance lease	8	2,048	2,581	2,459	6,010
Shareholders' equity	673	660	606	633	16,314
KEY FINANCIAL RATIOS³					
Return on equity	229%	217%	201%	184%	13%
Return on total assets	25%	18%	15%	15%	6%
EBITDA margin	46%	53%	50%	47%	49%
Net debt/EBITDA (x)	0.7	1.4	1.7	1.6	2.2
Interest cover (x)	17.1	8.6	7.1	8.2	5.9
SHARE INFORMATION					
Earnings per share (sen)	19.8	18.4	15.7	14.9	9.4
Dividend per share (sen)	19.6	18.2	15.6	14.9	12.2
Net assets per share (sen)	8.7	8.5	7.8	8.1	200.9
Dividend yield	4.4%	4.1%	3.8%	3.4%	3.1%²

Notes:

- 2018 based on pre-MFRS 16

1 EBITDA excludes the gain or loss on:

- disposal and write-off of property, plant, and equipment
- disposal and write-off of intangible assets
- termination of lease

2 Yield based on the closing price of RM4.00 as at 31 December 2022

3 Key financial ratios for 2022 based on proforma number assuming acquisition of Celcom Berhad had taken place at the beginning of the financial year

Performing **Relentlessly**

We are building a culture of performance excellence, based on a consistent and solid track record of delivering effectively; new ways of working that drive operational efficiency; and a strong belief that as a whole, CDzens are greater than the sum of our parts.



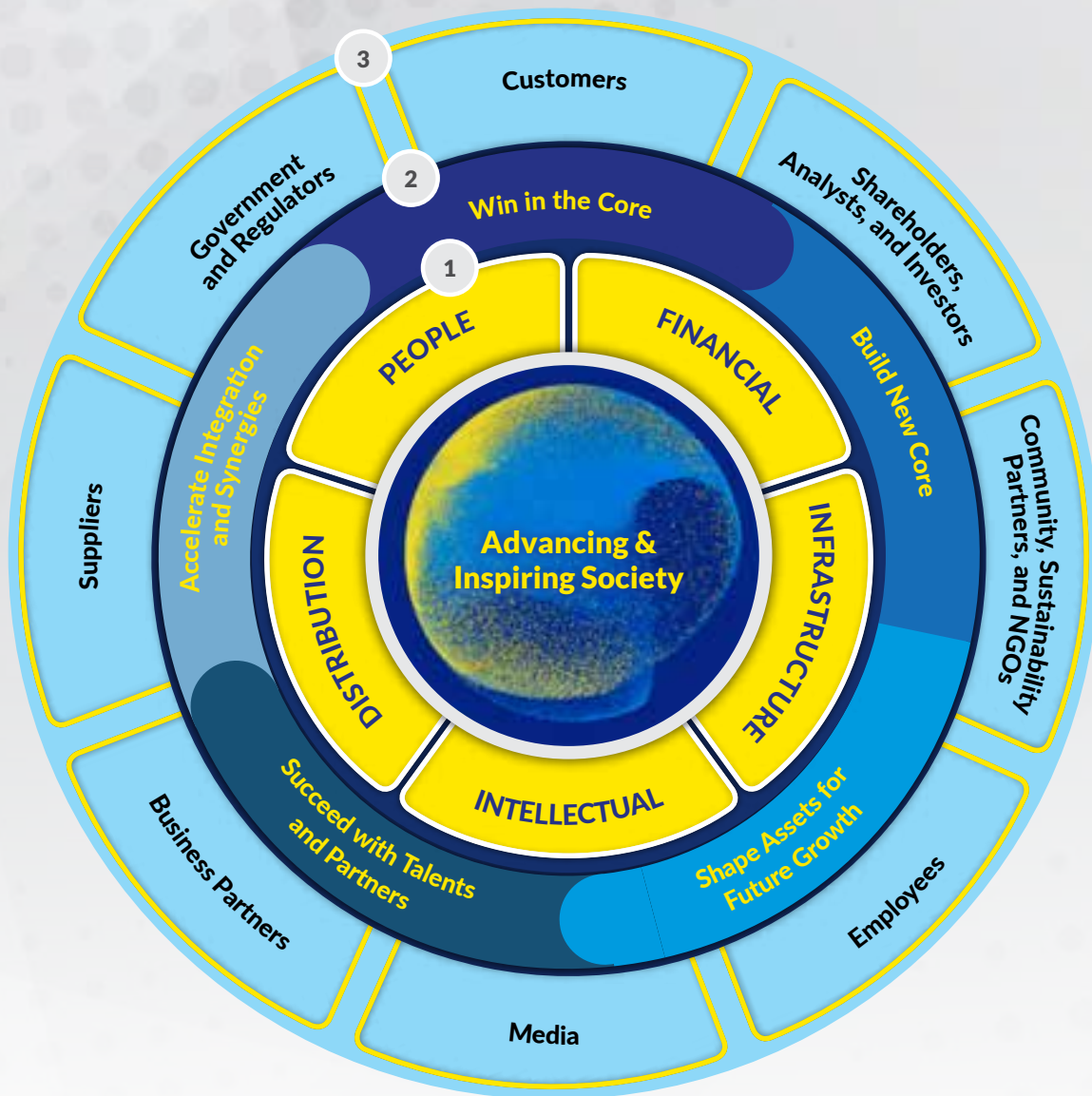


Our Business Model

Our purpose of **Advancing and Inspiring Society** guides how we operate our business and drives our commitment to powering Malaysia's digital ambitions.

Our business model illustrates how we employ our key assets to execute our strategies, thus creating sustainable long-term value for our stakeholders.

We believe that our business model augments our ability to deliver greater connectivity, innovative services, and advanced technological solutions to society, enabling us to be the nation's top telco-tech company.



STRONG LEADERSHIP
Further details can be found in the Chair and CEO's statements on pages 10 to 14

CORPORATE GOVERNANCE
Further details on the Corporate Governance Overview Statement can be found on pages 86 to 110

FINANCIAL RESILIENCE
Further details on the Summary of Financial Performance can be found on page 15

VALUE CREATED
Further details on CelcomDigi and the Value We Created can be found on page 6

Our Business Model

1 ASSETS *For more information on how we utilise our assets, please refer to the Capitals section on pages 38 to 73*

 Financial	 Infrastructure	 Intellectual	 Distribution	 People
<ul style="list-style-type: none"> • Largest telco by market capitalisation • Highest-weighted tech stock on Bursa TMT Index • Over 20 million customers • Solid balance sheet 	<ul style="list-style-type: none"> • 23,000 mobile towers • Over 96% and 90% 4G LTE and LTE-A population coverage, respectively • Over 21,000 km of fibre 	<ul style="list-style-type: none"> • Over 60 years of combined track record • Iconic branded products and services offerings • Strong advocates of ESG and responsible business practices • Shared experiences of two global telco giants, Axiata and Telenor 	<ul style="list-style-type: none"> • 12,000 retail touchpoints • 500 branded and franchised stores • Broadened B2B base in public, large enterprise, and SME sectors • Extensive distribution network and range of business partners 	<ul style="list-style-type: none"> • Over 3,800 plus talents and experts • Diverse and inclusive culture • Highly experienced Board members and Senior Management team




2 STRATEGIC PILLARS *For more information on our strategy, please refer to Our Corporate Strategy section on pages 34 to 35*

The strategic pillars define our business direction, driving us to achieve our ambitions. Each pillar acts as a guide to ensure CelcomDigi remains efficient and effective in employing our assets.

3 VALUE CREATED *For more information on our stakeholders, please refer to Our Key Relationships section on pages 24 to 26*

	WHO WE IMPACT
Grow revenue by expanding into untapped market segments and investing in new product areas	
Expand our market outreach and drive sustainable revenue growth through innovative solutions developed in collaboration with our partners	 
Enhance the quality of our digital services to accelerate digitalisation and support nation-building agendas	 
Lead by example in adopting sustainable practices and advocating for sustainability agendas in the industry	 
Strengthen cybersecurity defences against cyber threats nationwide by heightening stakeholders' awareness on scams, fraud, and cyberattacks	 
Cultivate a safe and inclusive workplace by championing a diversity and inclusion agenda in our talent attraction and development processes	
Empower Malaysians with the most reliable and secure network and improve digital inclusion	 

Legend

 Government and Regulators	 Customers	 Employees	 Shareholders, Analysts, and Investors	 Media
 Community, Sustainability Partners, and NGOs	 Suppliers and Business Partners			

Our Operating Landscape

The role of telecommunication providers has never been more important. Internet connectivity impacts nearly every part of our lives today as we transition towards a 'digital everything' world, leading to an ever-increasing demand for data and quality internet experience. Besides this, as observed by the World Economic Forum (WEF) in its Global Risks Report 2023, the health and economic aftereffects of the pandemic have contributed to other compounding crises, such as rising inflation and cost-of-living levels, increasing carbon emissions, and widening social inequalities. As a core connectivity and digitalisation enabler, we are committed to working alongside the government, civil society, businesses, partners, and customers to address these challenges in order to strengthen and advance Malaysia as a digital nation.

Legend



Financial Capital



Manufactured Capital



Intellectual Capital



Natural Capital



Human Capital



Social and Relationship Capital

1

Macroeconomic

Impact on Business and Industry

- Malaysia's GDP expanded to 8.4% due to an increase in household spending and retail activities post-pandemic
- Demand increased for digital services and reliable connectivity as a result of hybrid working and a surge in e-commerce activities
- Supportive government initiatives and policies were offered to ease the rising cost of living among the marginalised communities
- The tourism sector recovered as international borders reopened, contributing favourably to domestic demand, economic recovery, and cross-border economic activity
- The influx of migrant workers supported the manufacturing and services sectors, contributing indirectly to increased demand for telecommunication services

Our Response

- Continued to deliver attractive and smart bundle offerings to provide greater digitalisation opportunities, enabling growth of the local digital ecosystem
- Maintained #1 network leadership position based on consistency score and average download speeds, demonstrating our strong commitment to providing high network quality to our subscribers
- Supported the government's aspirations to reduce cost of living by providing affordable plans and connectivity options for B40 and underserved communities

2023 Outlook

- Anticipated easing of Malaysia's GDP to approximately 4% to 5% in 2023
- Permanent shift towards hybrid working arrangements for employees to promote efficiency and work-life balance
- Leveraging robust and resilient network infrastructure and IT platforms to drive business growth
- Promoting affordable plans and connectivity options to targeted groups in collaboration with industry players and the government

Capitals



Our Operating Landscape

2 Competition and Industry Developments

Impact on Business and Industry

- Growing focus on new technological advancements, such as Metaverse and IR4.0
- Aggressive competition continues despite new and innovative product offerings
- Rising demand for 5G-compatible devices and mobile plans as a result of 5G network deployment

Our Response

- Upgraded our voice call services to VoLTE and VoWiFi for compatible devices, enabling customers to enjoy HD calls on LTE and WiFi networks
- Increased bundled add-ons and deals for 5G-compatible devices and plans
- Catered to customers' needs via our flexible Mix&Match passes, including options for high-speed internet and unlimited data

2023 Outlook

- Improving industry competition and market developments following the completion of CelcomDigi merger
- Focus on Home and Fibre segment and a stronger presence in Enterprise and SME segments
- Driving innovation through new partnerships, leveraging technological advancements such as 5G
- Rising product differentiation with 5G services

Capitals



3 Government Initiatives and Regulations

Impact on Business and Industry

- Malaysia's Budget 2023 allocated RM700 million towards network coverage expansion and RM1.3 billion towards 5G development under the Jalinan Digital Negara (JENDELA) initiative
- The government allocated loans worth RM10 billion for SMEs to encourage the automation and digitalisation of their operations
- The government signed the Cloud Framework Agreement (CFA) in partnership with Amazon Web Services (AWS), committing to implementing access to world-class AWS infrastructure, advanced technologies, and cloud skills programmes in Malaysia. As one of the key initiatives under the government's MyDIGITAL blueprint, the partnership will unlock opportunities for local businesses of all sizes to build and expand globally, cultivate a highly skilled workforce, spur new job creation, and deliver long-term economic growth

Our Response

- Supported the government in delivering on JENDELA Phase 1 commitments and provided continuous support in reaching out to underserved communities through PEDi
- Deployed the PENJANA digitalisation grant through our affordable digital solutions bundled with either fibre, broadband, or mobile lines to assist businesses in their digitalisation efforts
- Conducted continuous governance and compliance programmes internally, ensuring high standards of integrity
- Continued compliance with regulatory requirements
- Maintained ongoing engagements with regulators and authorities to drive 5G deployment

2023 Outlook

- The Ministry of Communications and Digital, together with CyberSecurity Malaysia and the Malaysian Cyber Security Commission, is working to strengthen data privacy and security practices in tandem with 5G deployment
- The government continues to implement initiatives under the MyDIGITAL blueprint

Capitals



Our Operating Landscape

4

Technological Developments

Impact on Business and Industry

- Continued rollout of 5G coverage to support advanced applications such as Internet of Things (IoT) and artificial intelligence (AI), encouraging future growth in these verticals
- Integration of schools and university campuses into the 5G ecosystem, educating students on 5G technology and developing innovation clusters in campuses
- Digitalising SMEs and co-developing solutions with large corporations and partners
- Rising concerns and regulations regarding cybersecurity and data protection across the industry
- Malicious cyberattacks are increasingly targeting networks, due to rapid network development and the industry's growing reliance on connectivity and the internet

Our Response

- Effective bundling strategies to drive digital adoption across all segments
- Strengthened defence against cyberattacks through continuous monitoring and managing information security in accordance with ISO27001 standards
- Developed 5G roaming passes in more than 30 countries to accelerate growth of the 5G ecosystem
- Promoted digital resilience through our Future Skills for All and Safe Internet programmes

2023 Outlook

- The development and adoption of various technological services, such as Cloud, Virtual Reality, Metaverse, and many more, by organisations and businesses
- Industry verticals such as tourism, healthcare, logistics, security, and many more stand to benefit from 5G technology and services
- MyDIGITAL and 5G implementation will accelerate Malaysia's progress as a technologically advanced nation and accelerate socioeconomic transformation with new tech-related job opportunities
- Continuous engagements with the government and industry to encourage customers and businesses to adopt 5G, AI, and IoT

Capitals



5

Social

Impact on Business and Industry

- Heightened need for enhanced controls, transparency, and protection of customers' data privacy, as well as cybersecurity
- Increased pressure on companies to demonstrate good corporate governance
- Prioritising the health and safety of our employees and partners, while respecting human rights standards
- Increased interest in workplaces that promote diversity and career growth opportunities
- Continued high expectations for strong brand equity and trust

Our Response

- Participated in the UN Responsible Business and Human Rights Forum and The IO Foundation's summit 'Building the Digital World We Need: Bridging Tech and Policy', which discussed the importance of human rights in the digital age
- Hosted the Responsible Business Summit to raise awareness among our employees and business partners on human rights in the workplace
- Continued to uphold good governance via our Code of Conduct

2023 Outlook

- Upholding strong, responsible business practices by advancing ESG aspects that are material to the telecommunications sector
- Narrowing the digital divide by expanding network coverage to rural areas and providing affordable products and services
- Enhancing our engagements with stakeholders and underserved communities to drive adoption of digital services
- Implementing whole-of-society approach in championing digital safety and anti-scam initiatives

Capitals



Our Operating Landscape

6

Environment

Impact on Business and Industry

- Global attention to and awareness of climate-related risks and increasing pressures on companies to adopt transition strategies to contribute to a net-zero economy
- Bursa Malaysia announced the rollout of a Centralised Sustainability Reporting platform for companies to disclose standardised ESG data according to established global standards
- National agenda to achieve carbon neutrality by 2050 under the 12th Malaysia Plan
- Heightened expectations for robust natural crisis preparedness, adaptation, and mitigation strategies
- Adaptive strategies for a Just Transition model to reduce systemic risk while greening the economy in an equitable way

Our Response

- Established a sustainability governance framework, including sustainability-related responsibilities, at the Senior Management team level
- Embarked on our transition towards using renewable energy under the Green Energy Tariff (GET) programme by Tenaga Nasional Berhad
- Identified climate risks and opportunities in line with Task Force on Climate-related Financial Disclosures (TCFD) recommendations

2023 Outlook

- Strengthening our infrastructure resilience
- Improving our ESG performance and ratings, including achieving above 25 percentile of the FTSE4Good Bursa Malaysia Index, maintaining an 'AA' rating in the MSCI ESG Ratings, and a low-to-medium risk rating in Sustainalytics' ESG Risk Rating
- Conducting a climate materiality assessment to gauge the climate impacts of our value chain, followed by progressive mitigation actions
- Embedding climate-related considerations within our operations and enhancing our climate-related reporting, in line with TCFD recommendations
- Encouraging mobile and digital technology adoption to accelerate the transition to decarbonisation

Capitals



Our Key Relationships

CelcomDigi is cognisant of the value gained in engaging regularly with our diverse stakeholders and understanding their evolving needs. Maintaining appropriate channels and having continuous engagements with stakeholders is essential for CelcomDigi to sustainably create value and to deliver on our purpose of Advancing and Inspiring Society.

Frequency of Engagement

- D** Daily
- W** Weekly
- M** Monthly
- Q** Quarterly
- H** Half-yearly
- Y** Yearly



Board of Directors

Responsible for setting strategic priorities and governing and reviewing the Senior Management team's performance to meet strategic objectives

Engagement Channels

- Annual General Meeting
- Quarterly/monthly Board meetings
- Board and leadership effectiveness evaluation
- Company events/activities

Frequency of Engagement



Stakeholders' Expectations

- Positive CelcomDigi financial and non-financial performance
- Fair and transparent reporting
- Oversight of ESG-related matters such as climate change, human rights, and anti-corruption
- Meeting expectations of other stakeholders

Our Response

- Providing updates on CelcomDigi's financial and non-financial performance, strategic growth plans, and operational and talent management
- Ensuring fair and transparent reporting of corporate matters and disclosures through multiple platforms
- Strengthening communications and engagements with stakeholders
- Engagements with the Board on strategic priorities, plans, and ambitions for CelcomDigi



Government and Regulators

Ministries, national agencies, and regulatory institutions responsible for establishing laws and regulations applicable to our operations

Engagement Channels

- Regular reports and periodic engagements
- Information-sharing with relevant ministries and regulators
- Participation in the JENDELA initiative and progress monitoring via the JENDELA Implementation Committee
- Company website
- Integrated Annual Report and Financial Reports
- Yearly site audits and visits
- Analyst briefings

Frequency of Engagement



Stakeholders' Expectations

- Commitment to delivering high-quality and reliable network coverage
- Initiatives contributing towards JENDELA targets
- Support of nation-building agenda
- Integration of ESG matters into business operations
- Enhancement of customer data protection and security measures in line with emerging digital technologies

Our Response

- Driving digital inclusion by leveraging our combined assets and extensive infrastructure
- Enabling widespread digital adoption through affordable products and packages
- Contributing towards the national aspiration of expanding 4G and 5G networks
- Rolling out outreach programmes and campaigns to strengthen digital inclusion and resilience

Our Key Relationships



Customers

Our retail and non-retail customers who have subscribed to CelcomDigi’s products and services

Engagement Channels

- In-person services via retail touchpoints
- Self-serve options via our kiosks and mobile applications
- Social platforms and applications
- Customer service channels
- Business sales and account management teams

Frequency of Engagement



Stakeholders’ Expectations

- Competitive plans and price points
- Services in line with emerging technologies, leveraging 5G, AI, and IoT
- Expansion of touchpoints and support channels
- Consistent network experience
- Prompt circulation of notifications during network downtimes

Our Response

- Offering innovative plans catered for consumer and business needs
- Network optimisation and monitoring
- Addressing customer queries and concerns promptly via dedicated channels



Employees

Individuals employed by CelcomDigi or through contracted parties

Engagement Channels

- Internal engagement channels
- Leadership forums, training and development
- Company events/activities
- Forums and seminars

Frequency of Engagement



Stakeholders’ Expectations

- Clear communications on CelcomDigi’s business priorities and strategy execution
- Competitive rewards and benefits structure
- Diverse workplace with equal opportunities for all
- Healthy and safe working environment
- Investment in working and collaborative tools to improve employees’ productivity
- Company-wide engagements
- Career progression plans

Our Response

- Building a performance-driven culture anchored on strong collaboration, responsibility and caring, and customer-obsessed values
- Training and access to learning platforms
- Regular check-ins, awareness, and communication on employees’ well-being
- Annual gender pay gap analysis, talent development reviews, and succession planning
- Pulse surveys to gauge employee engagements
- Periodic company-wide town halls and divisional huddles
- Training of emergency response and first-aid volunteers



Shareholders, Analysts, and Investors

Our owners, financial analysts, the investor community, and providers of capital

Engagement Channels

- Integrated Annual Report
- Annual General Meeting
- Quarterly earnings calls
- Non-deal roadshows and investor conferences
- Investor Relations website
- Sustainability Performance website

Frequency of Engagement



Stakeholders’ Expectations

- Communications on alignment of CelcomDigi’s corporate and ESG strategies, outlook, and priorities across the short, mid, and long term
- Reporting on business and financial performance
- Impact assessment and demonstration of CelcomDigi’s ability to sustain shareholders’ returns and dividends

Our Response

- Facilitating discussions on CelcomDigi’s performance and outlook
- Providing timely and comprehensive financial and non-financial disclosures
- Providing adequate engagement sessions with CelcomDigi’s Senior Management team

Our Key Relationships



The Community, Sustainability Partners, and Non-Governmental Organisations (NGOs)

Collaborative partners we engage with, united by common aspirations to advance our sustainability agenda, which is anchored on achieving the Sustainable Development Goals (SDGs)

Engagement Channels

- Programme collaborations
- Advocacy, public engagements, and forums
- Collaborative research, surveys, academic studies, and consultation papers

Frequency of Engagement



Stakeholders' Expectations

- Digital empowerment to bridge societal inequalities
- Safe and inclusive internet experience - awareness of online scams
- Climate action and enhancing responsible business standards

Our Response

- Capacity-building programmes to bridge the digital gap, such as implementing anti-scam awareness programmes and development of educational materials
- Thought leadership and advocating a whole-of-society approach in tackling issues such as climate change and human rights



Media

Public and private agencies that cover print, broadcast, and online media

Engagement Channels

- Strategic and operational media interviews and events
- Formal and informal briefings
- On-demand requests
- Press releases

Frequency of Engagement



Stakeholders' Expectations

- Provision of reliable and high-quality connectivity services
- Promotion of national digitalisation matters
- Advocacy of internet safety on social media channels
- Addressing industry trends and issues

Our Response

- Regular media engagements to provide updates on CelcomDigi's business performance, strategy, products, and services
- Addressing customer concerns highlighted in the media
- Thought leadership in innovation, technological advancement, and inclusive talent development



Suppliers and Business Partners

Businesses that have direct and indirect contractual relationships with CelcomDigi and deliver business value to us by co-developing products and services for our customers

Engagement Channels

- Exploratory meetings
- Tenders and commercial agreements or partnerships
- Regular check-in discussions
- Site inspections and audits
- Supplier training
- Product presentations

Frequency of Engagement



Stakeholders' Expectations

- Proactive partnerships and co-developments for operations, products, and services
- ESG considerations in supply chain management
- Adoption of green solutions
- Digitalisation of businesses

Our Response

- Provision of training and capacity-building sessions for our suppliers to raise health and safety standards and promote responsible business practices
- Industry collaborations to strengthen enforcement of health and safety requirements across our supply chain

Our Material Matters

Materiality assessment is an integral part of our sustainability management. Through this exercise, we are able to engage with external stakeholders and representatives within the organisation for their feedback on significant material matters.

In FY2022, we reviewed our materiality assessment to substantiate the importance of economic, environmental, social, and governance matters to present, and progressively, to future potentials. The assessment was conducted in accordance with our enterprise risk management framework, along with Bursa Malaysia’s Sustainability Reporting Guide and Toolkits (3rd Edition). We also took into consideration our new business perspectives, weighted against CelcomDigi’s strategic priorities.

MATERIALITY APPROACH



PHASE 1
Review Material Matters

- Existing sustainability matters were reviewed to ensure relevance to industry trends and Bursa Malaysia’s list of common sustainability matters.
- The identified sustainability matters were consolidated into 13 broad groups and classified as economic, environmental, social, and governance for discussion in this report.



PHASE 2
Stakeholder Engagement

- Stakeholders from diverse business functions were engaged with to gauge their perceptions on each material matter.
- A four-point Likert scale was used for stakeholders to rate the material matters.
- Based on an equal-weighted approach applied across all stakeholders, average rating scores were tabulated.



PHASE 3
Sustainability Impact Assessment

- An internal discussion was conducted involving leaders of key functions to deliberate on the sustainability impact assessment ratings.
- CelcomDigi’s enterprise risk parameters were utilised to guide the scoring of the likelihood and degree of impact of each material matter to ensure closer alignment between our enterprise risk parameters and materiality assessment.
- Each material matter was assessed based on its impact on revenue, customer experience, brand, regulatory and health, safety and environment, as well as overall industry trends, against a specific timeframe.



PHASE 4
Calibration of Stakeholder Engagement and Impact Assessment

- The results from the impact assessment and stakeholder engagement were tabulated and presented in our Materiality Matrix.
- Top material matters were determined based on the mapping in the matrix.



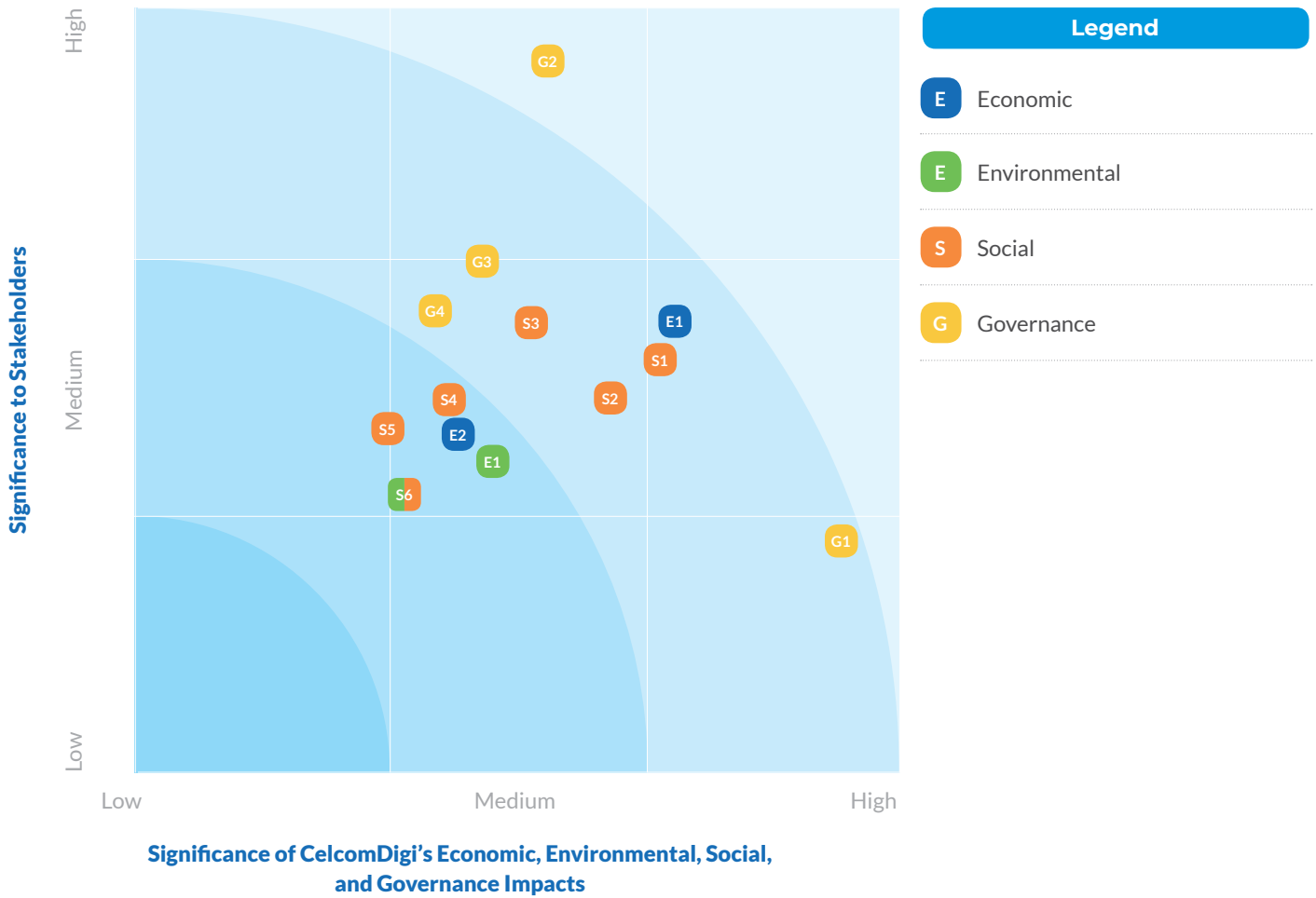
PHASE 5
Review and Approvals

- The materiality assessment was presented to the Board of Directors and Senior Management team for approval.

Our Material Matters

MATERIAL MATRIX

Our Materiality Matrix represents the level of importance of our 13 consolidated material matters from the stakeholders' and business' perspectives. The Matrix provides a practical overview of the risks and opportunities across the business value chain. These material matters serve as the key considerations in our business strategy development and decision-making processes.



Material Sustainability Matters	Description
High Importance	
G1 Regulatory Compliance	Maintaining robust controls to meet existing and emerging legislation and regulations.
G2 Data Privacy and Security	Upholding strong governance to strengthen privacy controls and to protect stakeholders' data and information against cyberattacks.
E1 Service Reliability and Quality	Providing quality and consistent network experiences to customers.

Our Material Matters

Material Sustainability Matters	Description
S1 Customer Satisfaction	Employing customer-centric solutions for a differentiated user experience in our highly competitive markets.
S2 Talent and Culture	Fostering an environment that attracts and retains high-performing talents while encouraging continuous development of digital competencies.
S3 Occupational Health and Safety	Providing a conducive environment with improved health and safety conditions for employees and contracted workers across the supply chain.
G3 Business Ethics and Corporate Governance	Maintaining an effective governance framework and internal controls to uphold corporate values and ethical standards across our value chain.
G4 Crisis Management and Response	Ensuring we are well prepared for crises with a rapid and adequate response plan, while maintaining clear lines of reporting.
Medium Importance	
E1 Climate Change and Environmental Management	Protecting the environment by transitioning towards a low-carbon economy and employing effective waste management within business operations.
S4 Respecting Human Rights and Freedom of Expression	Upholding human rights by mitigating the risk of potential abuse across our value chain and ensuring access to the right information.
E2 Business Development and Expansion	Robust strategies to acquire and expand businesses and value creation to drive growth and profitability.
S5 Digital Resilience and Inclusion	Enabling greater access while nurturing safe internet skills to enhance digital inclusion and resilience among stakeholders.
S6 Supply Chain Management	Raising standards in our supply chain to positively influence social equality and environmental protection.

The Materiality Matrix indicates that the top material matters are Regulatory Compliance; Data Privacy and Security; Service Reliability and Quality; Customer Satisfaction; and Talent and Culture.

Our Material Matters

Highlighted below are our reflections on the changes in importance of selected material matters in comparison to the previous year's assessment.

- Regulatory Compliance has increased in importance due to stringent requirements from local regulatory bodies. Examples include compliance with the MCMC's guidelines and adherence to enhanced regulations on ESG-related disclosures by Bursa Malaysia.
- Stakeholders' perceived importance of Data Privacy and Security has reduced, potentially due to robust data privacy and security measures being implemented in the company. CelcomDigi is aware of the rising number of cyber threats and data security breaches and we remain vigilant in strengthening our privacy controls.
- Service Reliability and Quality has increased in importance due to CelcomDigi's ongoing network consolidation and integration activities aimed at providing better service reliability and quality for customers, while committing to regulatory requirements.
- Customer Satisfaction remains unchanged, attributed to our strong customer-centric solutions and capabilities in delivering reliable connectivity services.
- Talent and Culture has increased in importance due to recent trends where employees are seeking personalised employee experiences which focus on increased flexibility, comprehensive benefits, and progressive talent development opportunities. On-going people and culture integration activities will be key to promote shared beliefs and values for CelcomDigi.
- Stakeholders' perception of the importance of Business Ethics & Corporate Governance has reduced, as a result of our effective corporate governance practices, implementation of robust policies, and strong internal controls within the company.
- Business Development and Expansion has increased in importance as the merger presents new opportunities for CelcomDigi to broaden its products and services portfolio for the expanded customer base. Through combined strengths and expertise, CelcomDigi is capitalising on imminent strong growth potential in new areas, enabled by 5G, AI, and IoT.

CelcomDigi will continue to monitor and evaluate all material matters to ensure their relevance to our strategic priorities and dynamic business environment. In FY2023, we will refresh our Matrix by rolling out a full-fledged stakeholder engagement and materiality assessment exercise.

Our Key Risks

As the largest telco-tech in the country, operating in a highly competitive and rapidly changing industry, CelcomDigi faces a range of external risks such as rising 5G demands, competitive markets, and new technological innovations. Managing these imminent risks is therefore crucial as part of our value creation priorities. With an effective risk management framework and processes, we are confident in our comprehensive approach and capabilities in enhancing our resilience and agility post-merger, allowing us to strengthen our market leadership position and seize new opportunities to shape the future.



For more information on our risk management processes, please refer to the Statement on Risk Management and Internal Control section on pages 111 to 117

Overview of Our Risk Management Process

At CelcomDigi, we recognise the critical importance of risk management as an integral part of doing business, supported by clear governance. In line with our integration journey post-merger, we are focused on harmonising the risk processes by adopting the best practices from both entities and implementing an integrated approach to address the risks the company inevitably faces in achieving its synergies and strategies. Following a robust risk identification process, the Senior Management team has identified the company’s key risks, which have been subsequently prioritised and assessed, and are currently being monitored in a conscious and periodic manner. This proactive approach ensures risk management remains part of our executive conversations and is embedded across our decision-making processes, thus enhancing long-term value creation while protecting our people, assets, and reputation.

In addition, the Board Governance and Risk Management Committee (BGRMC), which is ultimately responsible for CelcomDigi’s risk management, receives quarterly reports of the risk monitoring and associated mitigation responses. The BGRMC also plays a vital role in aligning the company’s risk profile and approach with the overall strategy and governance processes.



1 Integration Risk



Description:

Post-merger, this is a relevant risk for CelcomDigi as we navigate our integration efforts to fully realise our objectives in capturing the expected synergy targets across the company’s key business and network areas.

Our Response

- Identifying transitional risks across CelcomDigi’s operations and developing mitigation plans to prevent any disruptions to the integration
- Identifying resources and talents with the necessary skill sets to carry out integration activities
- Establishing a comprehensive corporate governance structure and project management team to ensure full compliance and the effective execution of planned integration activities
- Maintaining momentum and focus on execution of business-as-usual commitments and goals



2 People and Culture Integration Risk



Description:

We are aware of the potential people risk associated with cultural harmonisation, as well as negative employee sentiment regarding role, structure, and work style uncertainty.

Our Response

- Building team cohesion at Senior Management team and leadership team levels through various alignment and bonding programmes
- Expediting the completion of organisational structure and establishing clear role alignments
- Ensuring constant communications, monitoring, and updates through various channels or platforms on employee-related matters, as well as allowing employees to voice their concerns or provide feedback
- Cultivating CelcomDigi’s desired culture and unity among employees through the Culture Activation Plan
- Developing policies and procedures that address integration-related matters

Our Key Risks



3 Regulatory Risk



Description:

CelcomDigi is subject to regulatory frameworks and policies that govern the industry, protect customers, and advance the country's digitalisation and 5G ambitions. Potential shifts in the spectrum of frameworks and legislative requirements will impact our competitiveness, growth, and cost strategies.

Our Response

- Actively addressing issues with policymakers and regulatory authorities to find mutually acceptable solutions
- Conducting proactive and periodic dialogues with regulators to anticipate emerging regulatory changes, address concerns, and advocate for a fair and sustainable regulatory framework as an industry player
- Participating in regulatory consultations and industry events in collaboration with key stakeholders and industry players
- Regular scrutiny to ensure business divisions are in compliance and that corrective actions are taken to address any non-compliance



5 Critical Systems Migration Risk



Description:

To upgrade our IT processes for enhanced customer's digital experiences. We have embarked on a modernisation journey to upgrade and digitalise our IT and customer processes. Management of the planned systems migration is crucial to avoid the risk of potential service disruptions and adverse customer experiences.

Our Response

- Implementing system changes based on phases and modules for performance optimisation and to reduce potential impacts
- Strengthening controls to prevent delays of critical systems migration
- Undertaking proactive vulnerability assessments and management with key players
- Conducting proactive engagements and developing clear communication strategies with all internal and external stakeholders
- Developing comprehensive UAT scenarios and procedures for exception handling and validating changes in customer experiences



4 Governance and Compliance Risk



Description:

We are committed to upholding our business integrity promise of operating responsibly, allowing our stakeholders to place their trust in us as a leading responsible business. The inability to comply with the regulations and high business standards within our value chain may jeopardise our competitive advantage and reputation.

Our Response

- Establishing a clear organisational structure with distinct responsibilities for the Board of Directors and Senior Management team to ensure full oversight of governance matters and compliance requirements across the company
- Constant review and evaluation of CelcomDigi's business strategies, current and new technologies, and product offerings and services, as well as government policies and regulations, to identify and manage emerging risks
- Implementing a holistic governance approach with due diligence and compliance measures for our business partners
- Enforcing compulsory employee participation in anti-corruption and compliance learning modules



6 Data Protection Risk



Description:

Amid rising concerns about data theft, leakage, and loss, CelcomDigi's role as the custodian of customers' data has become paramount. This entails proactive measures to safeguard customers' data and compliance with various security, privacy, and data quality requirements.

Our Response

- Organisation-wide programmes and targeted training to enhance employee awareness and knowledge of data privacy and protection
- Regular scrutiny and data protection impact assessments by dedicated privacy and security teams to improve current measures in CelcomDigi's processes, systems, and infrastructure
- Implementing a Privacy Control Framework with defined control requirements and procedures for data life cycle management
- Strengthening customers' data protection measures through cybersecurity testing
- Enhancing our Privacy Notice by disclosing the purposes and uses of our customers' personal data and regularly reviewing relevance in accordance with privacy regulations

Our Key Risks

7 Cybersecurity Risk

Description:

With the rapidly evolving technological landscape and increasingly interdependent ecosystems, threats to cybersecurity have become a mainstream issue. Preserving the resiliency and security of our network and systems is important to minimise the risk of service disruptions and data breaches resulting in reputational damage.

Our Response

- Stringent monitoring of the frequency of scams and fraud across all systems and processes
- Maintaining compliance with the ISO27001 standards on information security, including safe storage and management of information
- Strategic investment in modernised security controls and tools to strengthen cybersecurity infrastructure and mitigate any potential malicious cyberattacks
- Enhancing our data security management to limit access to and impose stringent controls on the collection of sensitive information

9 Sustainability Risk

Description:

Climate management is an important global issue that requires businesses to adapt and respond with strategies to achieve a net zero carbon economy. By actively managing our own relatively low exposure to natural capital risks, we play a role among the larger community of businesses to manage sustainability risk through our network integration plan, digital services, and connectivity solutions.

Our Response

- Developing carbon reduction initiatives and conducting climate risk assessments to guide network integration strategies and target-setting
- Setting up a carbon accounting system in compliance with Bursa's requirements for full TCFD-aligned disclosures
- Implementing high-impact initiatives focusing on environmental and climate change issues, as well as transparent reporting
- Strengthening our sustainability governance and reporting mechanisms while exploring new technologies and solutions

8 Supply Chain Risk

Description:

CelcomDigi is increasingly reliant on strategic partners and key vendors to deliver services. It is critical to mitigate supply chain risk in the face of rising concerns about the cost implications of inflation, supply disruptions due to global crises, or sanctions affecting our critical operations.

Our Response

- Legally requiring our suppliers to uphold responsible business practices according to our policies and Supply Chain Principles (SCP)
- Mitigating uncertainty through contract negotiations and hedging strategies in sourcing categories impacted by price increases
- Establishing a panel of suppliers to reduce reliance on a single supplier
- Utilising Supplier Relationship Management to drive value creation, improve efficiency, and promote cost savings
- Conducting extensive supplier training and inspections to raise health and safety standards and promote responsible business practices

10 Health and Safety Risk

Description:

CelcomDigi prioritises employee health and safety as part of our commitment to being a responsible business. To minimise risk, we continue to ensure employee well-being and safety at the workplace and operational sites.

Our Response

- Promoting an advanced health and safety mindset and culture among employees and business partners
- Active monitoring of potential incidents and accidents
- Obtaining certifications to ensure a safe working environment and compliance with applicable rules and regulations

Our Corporate Strategy

OUR AMBITIONS



**CLEAR LEADER ACROSS
THE MOBILE MARKET**



**FASTEST-GROWING PLAYER
IN HOME AND ENTERPRISE**

OUR STRATEGIC PILLARS



**Accelerate
Integration,
Synergies, and
Operational
Excellence**

Accelerating the sustainable integration of two leading telcos' networks, IT systems, channels, and people into one merged entity in order to quickly realise synergy savings and efficiencies that can be used to reinvest in future growth



Win in the Core

Building upon the growth momentum of 2022 and maintaining leadership across every business segment



Build New Core

Leveraging innovation, digitalisation, and technology to generate sustainable new business growth across Enterprise, Home, and Fibre, as well as similar adjacent telecom segments



**Shape Assets
for Future Growth**

Unlocking the value of our physical and digital assets to create new revenue streams, and service innovation



Succeed with Talents

Providing a robust platform to drive the development of future skills and the growth of digital talent for core and new businesses, while establishing CelcomDigi as the best place to work for career advancement (Employer of Choice)

Our Corporate Strategy



**LEADING INNOVATION
IN MALAYSIA**



**TOP 5 EMPLOYER/PARTNER
OF CHOICE IN MALAYSIA**



**TOP 5 ESG PERFORMER
IN MALAYSIA BY 2025**

STRATEGIC FOCUS AREAS

- **Enhancing the Network, IT, and Commercial working streams** to drive better customer experience and unlock synergies for greater efficiencies
 - **Driving operational excellence across the company** through simplification and application of advanced technology and OE mindset change
-
- Maintaining market leadership position across all segments while **actively growing high-value and differentiated customer segments** as a priority
 - **Building a strong convergence base** by leveraging our significant mobile base
 - **Curating a wider range of 5G offerings** for mass consumers and businesses
 - **Enabling our teams** via analytics and differentiated customer, device, network, and digital experiences
-
- **Accelerating the growth** of the Home and Fibre segment in the market
 - **Growing significant market share** across all Enterprise segments through strategic partnerships enabled by **beyond connectivity** solutions
 - Establishing **an Innovation Centre** to drive research and development of new digital start-ups and local digital ecosystem
 - **Inculcating a culture of innovation in our workplace**, catalysed by enhanced scales to explore new technologies and innovative solutions
-
- **Driving overall efficiencies** by **optimising cost and capital allocation** and exploring new ways to **promote digital ecosystems** through the development of other technological advancements
 - Modernising and integrating network and IT systems to achieve **efficient zero-touch operations**
-
- **Rebuilding core competencies** to ensure breadth and depth of skills to meet our business needs now and in the future
 - **Developing next-gen talent programmes** and **providing internal job mobility** options to enable more opportunities for career growth
 - **Promoting innovation and new ways of working** to develop a **unique CelcomDigi** culture as part of building a robust employer brand

Stronger Together

We draw from our deep and diverse talent pool a richness of perspectives, experiences, and backgrounds, as well as our ability to collaborate and mobilise as one team to drive our purpose and vision and live our brand.





How We Create Value



FINANCIAL CAPITAL

Our approach

Mapping to Our Strategy and Material Matters



E2

With our combined financial strengths and resources, CelcomDigi is set to expand and enhance our products and services to serve more than 20 million subscribers, equivalent to two-third of Malaysian consumers and businesses. Our enhanced footprint provides us with a unique platform to diversify our product offerings and to connect people for a better digital future.

As we transform ourselves into a telco-tech company, we have become commercially stronger to address industry challenges and to better serve the growing demand for digitalisation and innovation. Our stronger capability post-merger enables us to drive solid growth in our core mobile business and invest in new growth areas as we deliver superior returns for our shareholders.

Key inputs in 2022

- Top 5 company by market capitalisation in Malaysia
- Industry-leading total revenue
- Industry-leading EBITDA margin
- Healthy operating cash flow
- Optimum capex allocation
- Solid balance sheet

Outputs

- Strong topline growth driven by strategic core execution
- Market leadership position by subscriber size
- Sharp focus on generating resilient EBITDA and PAT, supported by disciplined cost-optimisation efforts
- Continued investments in modernisation and digitalisation
- Sustainable returns to shareholders
- Solid balance sheet management in maintaining financial strength for future growth

Looking ahead

We are optimistic about our ability to deliver the synergies and integration activities given our enhanced capacity to drive innovation and growth, as well as our strengthened resilience in managing macroeconomic and industry headwinds.

- ▶ Operational Excellence (OE) mindset and financial discipline to create sustainable value
- ▶ Capture synergies while accelerating digitalisation and innovation

- ▶ Invest in new synergistic platforms and new operating models
- ▶ Disciplined capital structure and cost allocation
- ▶ Deliver sustainable dividends on the back of solid balance sheet and synergy potentials

Disclaimer

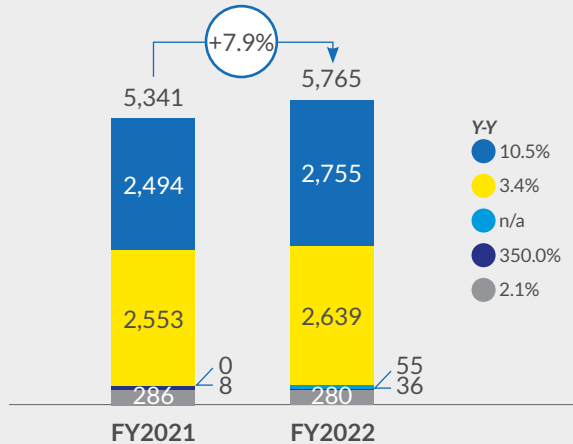
On 30 November 2022, Celcom and Digi successfully completed the merger and became the largest telco by subscriber size in Malaysia. Accordingly, the figures in Section 4 include the results and metrics of Celcom for the month of December 2022, unless stated otherwise.

For information on the 4Q2022 and FY2022 financial reviews, please refer to the Bursa Announcement at <https://celcomdigi.listedcompany.com/financials.html>.

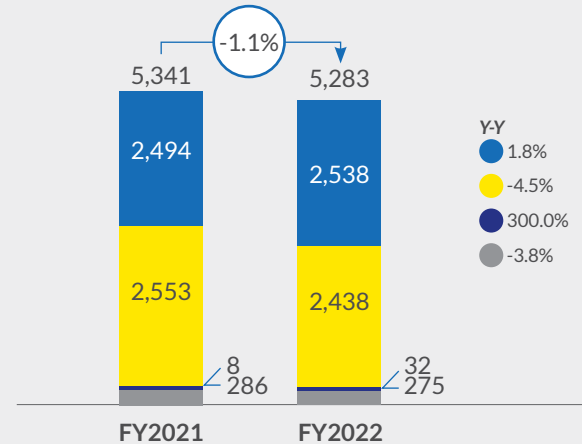
How We Create Value

Strong topline growth driven by strategic core execution

Service Revenue (CelcomDigi) including Wholesale



Service Revenue (Digi)



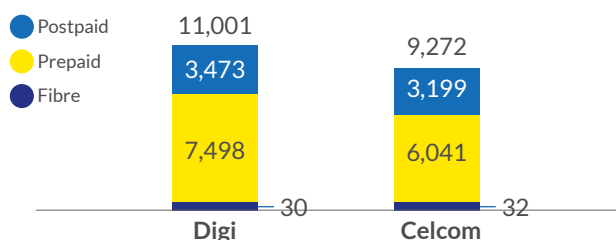
● Postpaid ● Prepaid ● MVNO ● Fibre ● Digital

- ▶ Increase in CelcomDigi's service revenue by +7.9% to RM5,765 million, following the inclusion of RM491 million from Celcom's one-month contribution, reflecting our market leadership position post-merger.
- ▶ Marginal reduction of -1.1% in Digi's service revenue to RM5,283 million, driven by healthy growth in the Fibre and Enterprise businesses to compensate for Prepaid softness upon the conclusion of *Jaringan Prihatin*.
- ▶ Our decline was marginally below the 2022 financial guidance of 'return to growth', despite the solid recovery in 4Q22 to offset the weaker first nine months of operations amid the macroeconomic pressures affecting consumption power.
- ▶ Growth in Digi's Fibre and Enterprise surged by 300.0% and 13.1%, respectively in FY2022, driven by our ability to leverage growing internet adoption through effective bundling strategies.

Market leadership position by subscriber size

- ▶ It is our privilege to serve over 20 million customers, of whom 9,272 million are from Celcom and 11,001 million from Digi, with our bolstered network capabilities.

Subscribers ('000)



- ▶ Digi registered a net addition of 683K subscribers, of whom 477K were from the Prepaid segment, driven by the affordable and flexible range of internet offerings.
- ▶ Digi's Postpaid subscribers grew for the ninth consecutive quarter, reflecting focused execution in driving bundling offers and effective base management.

How We Create Value



FINANCIAL CAPITAL

Market leadership position by subscriber size (Continued)

- ▶ Resilient blended ARPU developments for both businesses for the year ended December 2022.

RM	Digi	Celcom
Postpaid ARPU	60	80
Prepaid ARPU	32	30
Fibre ARPU	128	103
Blended ARPU	41	45



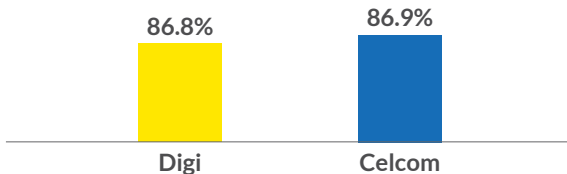
Higher upticks in entry-to-mid level Postpaid bundle plans and Prepaid internet passes led to a contraction in Digi's ARPU by RM2 from RM43 a year ago



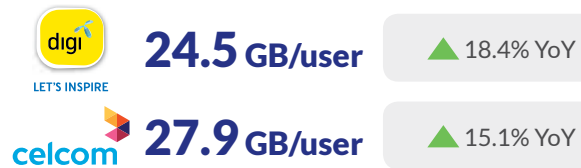
Celcom's blended ARPU sustained year-on-year (YoY) momentum, supported by robust demand for all product offerings

- ▶ With rising internet adoption across the country, our role as a digital services provider became more relevant than ever. Our growing network coverage nationwide led to increased average monthly data usage, reaching 24.5 GB and 27.9 GB per user for Digi and Celcom, respectively.

Internet Users



Blended GB Per User



Managing risks for trade receivables

- ▶ Tightened our credit management and collection process to manage provision for doubtful debts.
- ▶ Enhanced acquisition mechanisms such as higher credit score eligibility and device volume.
- ▶ Optimised balance sheet through risk transfer of trade receivables.

Low provision for doubtful debts ratio

2.9% in FY2022
(vs 2.2% in FY2021)

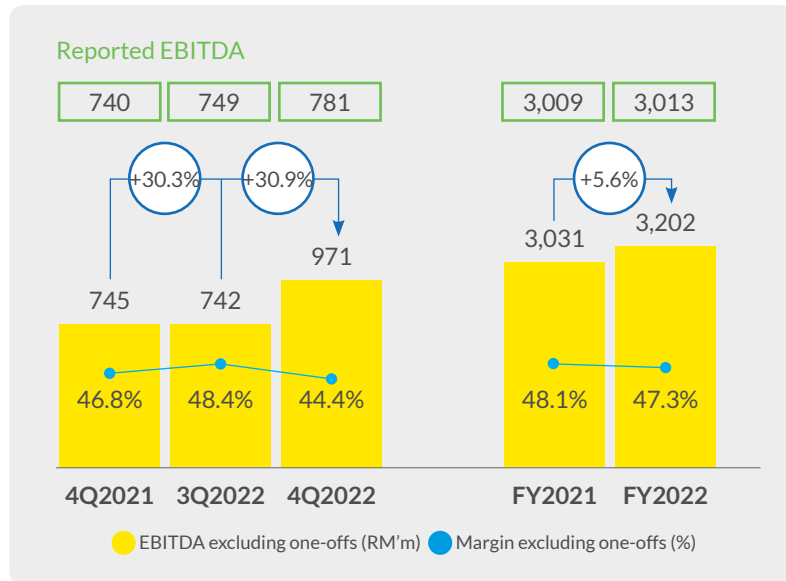


Below industry levels, reflecting our ability to manage collection risk

How We Create Value

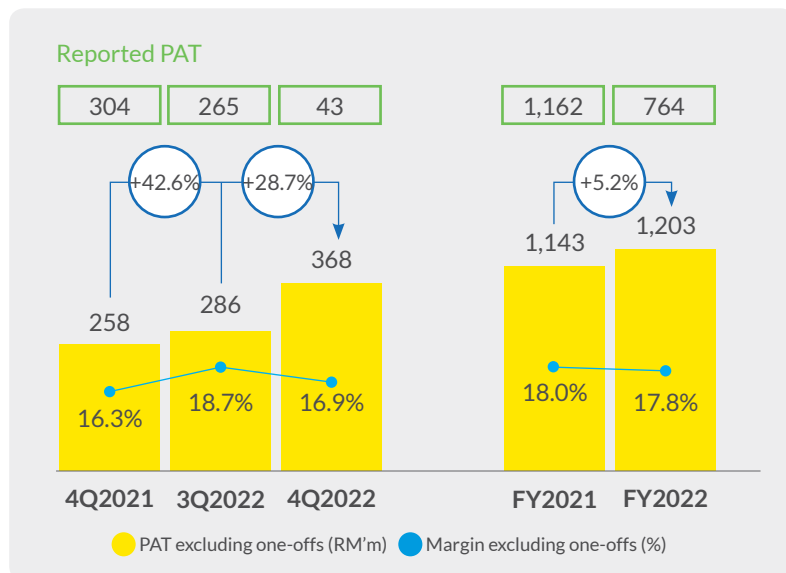
Sharp focus on generating resilient EBITDA and PAT

▶ EBITDA, excluding non-recurring items, grew 5.6% to RM3,202 million, with a margin of 47.3%.



- ▶ The positive underlying performance was achieved on the back of cost optimisation efforts and better credit management.
- ▶ Reported EBITDA for CelcomDigi amounted to RM3,013 million, impacted by merger-related expenses and non-recurring accounting adjustments, collectively termed as 'one-offs'.
- ▶ Excluding Celcom's EBITDA in December 2022, EBITDA excluding one-offs for Digi amounted to RM2,955 million, with a margin of 47.5%.

▶ Reported PAT was affected by one-offs while underlying development was sustained on the back of focused core execution.



- ▶ CelcomDigi's profit after tax (PAT) of RM764 million was impacted by additional depreciation and finance costs resulting from the harmonisation of accounting policies and estimates and the merger, respectively, as well as *Cukai Makmur*.
- ▶ PAT, excluding the harmonisation adjustments, merger-related one-offs, and *Cukai Makmur* for FY2022, would have been RM1,203 million, at a margin of 17.8%.

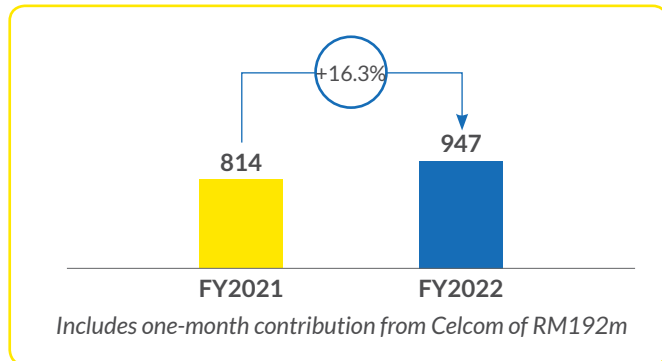
How We Create Value



FINANCIAL CAPITAL

Continued investments in modernisation and digitalisation

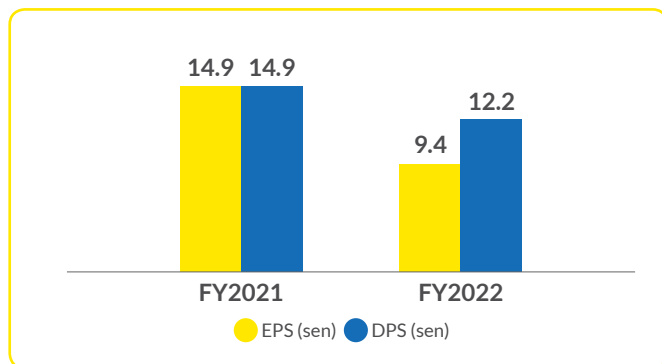
- Total capex was well managed within FY2022 guidance, reflecting our disciplined capital allocation approach.



- We invested a total of RM947 million in FY2022 towards improving network quality and coverage, as well as future-proofing our billing platforms and customer digital touchpoints.
- The increase of RM192 million was due to the inclusion of Celcom's capex in December 2022 as both Celcom and Digi continued to modernise operations and further develop our leading network position in Malaysia.

Sustainable returns to shareholders

- Lower Earnings Per Share (EPS) and Dividend Per Share (DPS), mainly due to one-offs despite healthy topline growth in FY2022.



- Total FY2022 dividend payout of RM1,071 million, over 100% dividend payout ratio.



Continued to exceed the company's dividend policy of distributing a minimum 80% of net profits.

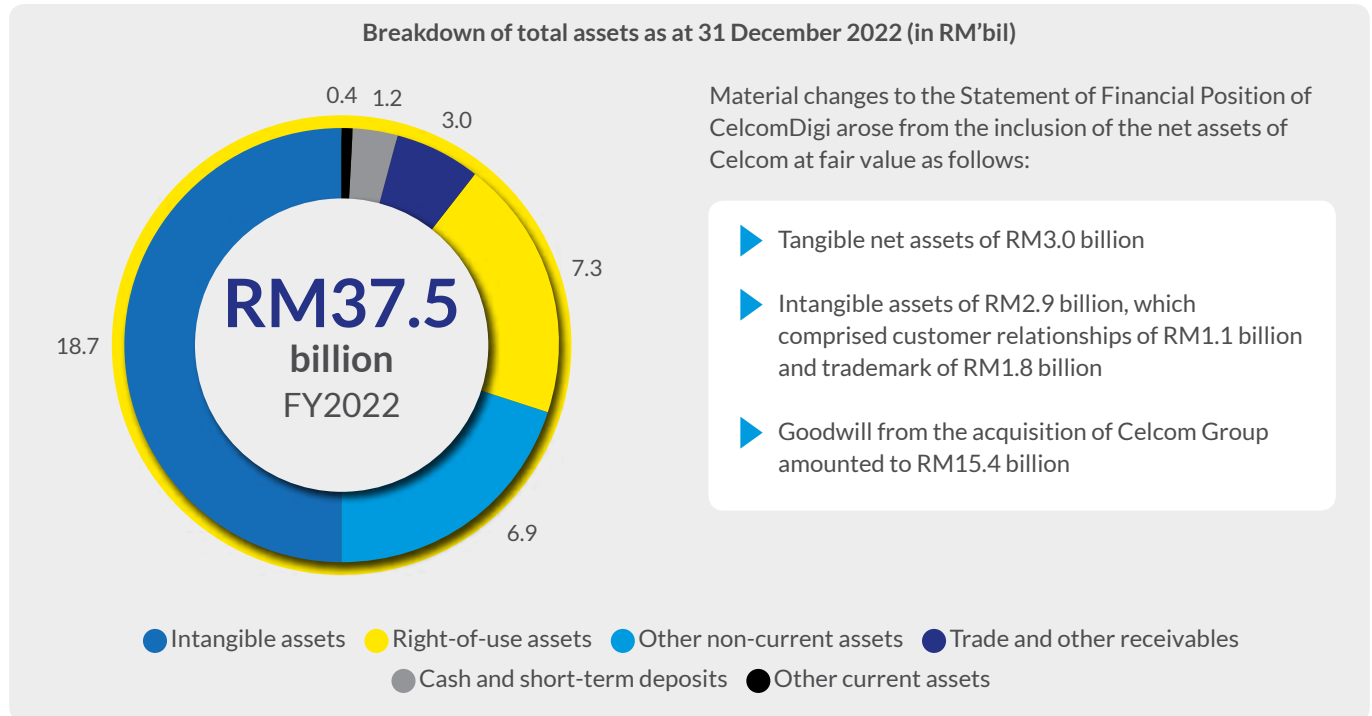


CelcomDigi is expected to strengthen the resilience of our shareholder returns over medium to long term through the execution of coherent strategies and significant synergies to drive sustainable value creation.

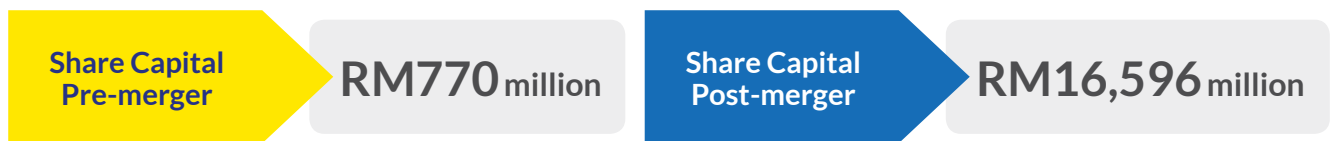
How We Create Value

Solid balance sheet management in maintaining financial strength for future growth

- ▶ Expanded total assets from RM7.8 billion to RM37.5 billion following the completion of the merger on various items.



- ▶ Share capital increased with the issuance of 4.0 billion new shares valued at RM15.8 billion as share consideration for the merger transaction.



- ▶ The enlarged share capital positioned us for the future to deliver value to our shareholders.

How We Create Value



MANUFACTURED CAPITAL

Our approach

Mapping to Our Strategy and Material Matters



As a telecommunications and digital services provider, we are committed to being a part of the concerted efforts to accelerate the national digitalisation agenda and drive the growth of our local digital ecosystem. Our combined networks strengthen our competitiveness to deliver the most consistent, high-speed, and secure connectivity, underpinned by continuous investment in network modernisation.

Our network infrastructure assets also determine how we differentiate ourselves in an increasingly competitive industry, with industry peers vying to utilise the developing national 5G infrastructure. As part of our modernisation journey, we have prioritised investment in employing technologies such as Robotic Process Automation (RPA) and Artificial Intelligence (AI)/Machine Learning (ML). For our distribution network, we strive to increase the scope of customer services on our digital touchpoints to provide better customer accessibility.

Key inputs in 2022

- Widest population coverage for both 4G and 4G+ networks
- Automation of operational excellence
- Modernised network infrastructure with 5G-ready equipment
- Strong presence of combined retail stores across the nation
- Synergised digital touchpoints

Outputs

- Delivering the widest and most consistent network experience nationwide
- Supporting the national digitalisation agenda
- Driving modernisation and automation initiatives towards operational excellence
- Connecting with our customers through our digital and physical touchpoints

Looking ahead

With the government's ongoing agenda to form a digitally driven nation, CelcomDigi foresees persistent hikes in data usage in line with an accelerated pace of digital adoption. We will continue to provide superior network quality via our leading 4G experience, in addition to revitalising our telco solutions by supporting widespread introduction of 5G technology nationwide.

- ▶ Continue investing in network infrastructure to improve network quality and coverage
- ▶ Continue supporting JENDELA efforts

- ▶ Accelerate adoption of touch-free operations for greater efficiency
- ▶ Quality-based management
- ▶ Enhance our physical and digital touchpoints' services

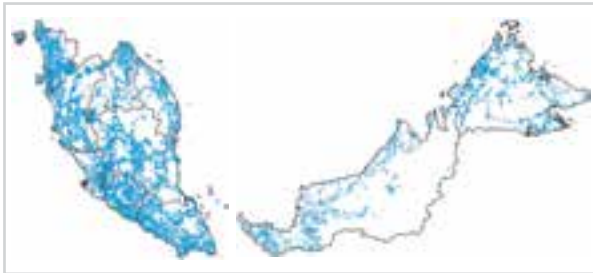
How We Create Value

Delivering the widest and most consistent network experience nationwide

We have been proactively investing in upgrading our network infrastructure and driving modernisation initiatives to enhance digital capabilities of our customer-facing platforms and internal processes.

Equal strength in network quality and reliability

Celcom Network



Population Coverage:	4G : 96.4%	Fibre footprint:	10,434 KM
	4G+ : 90.3%		
Number of sites:	12,000+	Spectrum holdings:	65 MHz ¹

Digi Network



Population Coverage:	4G : 95.9%	Fibre footprint:	10,654 KM
	4G+ : 90.4%		
Number of sites:	11,000+	Spectrum holdings:	60 MHz ¹

Note:
¹ Including Altel Spectrum

Network performance highlights in FY2022:

1 As of FY2022, CelcomDigi's 4G LTE and LTE-A cover over 96% and 90% of populated areas, respectively, cementing our commitment to providing the widest network coverage nationwide and underlining our efforts to expanding Malaysia's 4G coverage in line with national digitalisation plans.

2 Both Celcom and Digi maintained the highest network speeds and consistency by sustaining Top 2 positions in terms of consistency, video experience, and download speeds, as measured by independent mobile analytics firms.

3 Our combined fibre footprint expanded to over 21,000 km, marking a new milestone as we improved 4G network experience for all customers.

4 With the full shutdown of 3G network, CelcomDigi has in tandem strengthened our network coverage and quality by building new sites and upgrading existing sites to ensure 5G-readiness.

How We Create Value



MANUFACTURED CAPITAL

Supporting the national digitalisation agenda

CelcomDigi has successfully delivered all targets set under JENDELA's Phase 1 through building new sites and upgrading existing sites in identified rural and remote areas. Our combined achievements under the JENDELA programme are as follows:

Connecting Malaysians through JENDELA



New Sites

65 (100% met)
(FY2021: 119 (98% met))
(FY2020: 269 (99% met))



Upgrades

1,489 (100% met)
(FY2021: 2,191 (100% met))
(FY2020: 2,979 (100% met))

Driving modernisation and automation initiatives towards operational excellence

CelcomDigi has been improving efficiency by adopting touch-free initiatives across our value chain.

We have set a touch-free operations target of 100% and are currently working on delivering digital transformation initiatives driven by the technologies highlighted below:

Our transformation towards touch-free operations



Process-driven
via Robotic
Process
Automation
(RPA)



Data-driven
via AI/ML



Proactive detection
& self-healing in
cybersecurity



Energy
efficiency



Development
Security &
Operations
(DevSecOps)

Connecting with our customers through our digital and physical touchpoints

Our wide distribution network, comprising both Celcom's and Digi's physical and digital customer touchpoints, aims to provide quality customer experiences.

Largest retail network in Malaysia



12,000+
retail touchpoints



500+
branded and
franchised stores



10.7 mil
users on MyDigi and
Celcom Life apps

How We Create Value

Connecting with our customers through our digital and physical touchpoints (Continued)

Branded stores

▶ Over 500 Celcom and Digi branded and franchised stores provide personalised customer service and enriched in-store experiences that matter to the customers.



MyDigi and Celcom Life app features



MyDigi

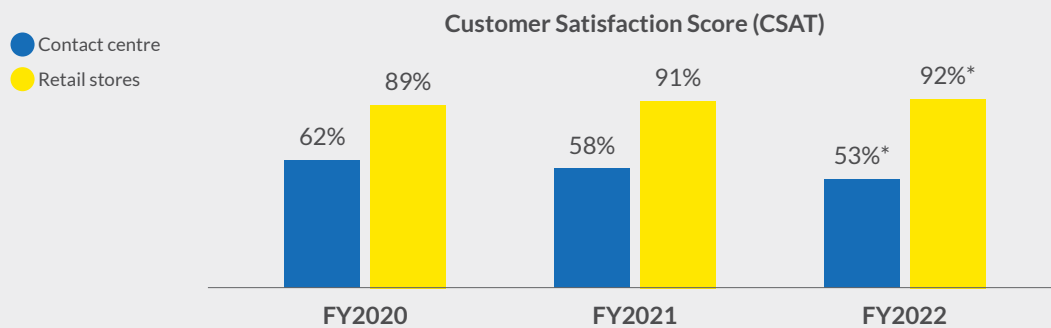


Celcom Life

▶ Our mobile applications offer a streamlined, all-in-one experience, making it easier for customers to:

- Pay bills
- Reload
- Track internet quota
- Buy add-ons
- Claim rewards and deals
- Manage accounts for friends and family
- Get support via live chat

Customer satisfaction is our top priority. We have a dedicated customer service team, 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 acknowledge on-going customers' issues on service quality and actively implement solutions to close the feedback loop.



Notes:

a) Reported data for FY2020 - FY2022 limited to Digi only

b) *Customer Satisfaction data for FY2022 has been independently assured by KPMG PLT

How We Create Value



INTELLECTUAL CAPITAL

Our approach

Mapping to Our Strategy and Material Matters



G2

E2

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, guided by our values and robust internal controls, has resulted in strong ESG performances, 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 2022

- Long-standing commitment to advancing ESG standards
- A range of customer-centric connectivity and digital solutions
- Strategic innovation partners to support digitalisation initiatives
- Comprehensive data protection and security governance

Outputs

- Sustaining our reputation as a trusted brand
- Leveraging our strong brand proposition as the leader in high-speed internet
- Elevating customer experience with the introduction of 5G services
- Pursuing strategic partnerships for new growth opportunities
- 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.

- ▶ Continue efforts to deliver on our sustainability commitments
- ▶ Unlock 5G access to more customers
- ▶ Improve overall privacy and cybersecurity compliance

- ▶ Enhance internet bundles to cater for all customer segments
- ▶ New partnerships for building scale

Sustaining our reputation as a trusted brand

In FY2022, we sustained our reputation as a responsible business leader by advocating for and embedding good ESG practices within the organisation. This increased stakeholders' confidence in our ability to create long-term value through our business decisions. Moving forward, we will establish our ESG priorities based on matters that are most material to CelcomDigi by establishing measurable baselines and targets and cohesively disclosing our sustainability performance.

How We Create Value

Sustaining our reputation as a trusted brand (Continued)

Maintaining strong ESG performance

 <p>FTSE4Good Bursa Malaysia Index Member of ESG indices Within the Top 25 percentile</p>	 <p>SUSTAINALYTICS ESG Risk Rating Maintained Low-Medium Risk</p>	 <p>CDP DRIVING SUSTAINABLE ECONOMIES Voluntary Environmental Disclosure Carbon reporting since 2009 via Telenor Group</p>	 <p>MSCI ESG RATINGS AA MSCI ESG Rating Maintained at AA</p>
 <p>Bloomberg Gender-Equality Index (GEI) 2022 Recognition for gender reporting and advancing women's equality</p>	 <p>IR magazine Award nominee South East Asia 2021 Investor Relations Magazine SEA Awards Certificate of Excellence for Best ESG Materiality Assessment in Integrated Annual Report 2021</p>	 <p>The EDGE Malaysia ESG Awards 2022 Gold Trophy for Telecommunications & Media Sector</p>	

Industry recognitions



Both Celcom and Digi were recognised by Malaysians as preferred brands for Communication Networks at the 2022 Putra Brand Awards.

The silver award for our respective brands marks a significant first step in our unification as CelcomDigi. We are now even more motivated and inspired to bring Malaysians the best of both brands' products and services, customer experience, and innovation.



CelcomDigi bagged three awards at the MCMC Star Rating Awards held in December 2022:

- Best in Quality of Service** – Celcom Axiata Berhad
- Best Mobile Network Operator with above 5 Million Subscribers** – Digi Telecommunications Sdn. Bhd.
- Best in Compliance with CMA 1998** – Digi Telecommunications Sdn. Bhd.

The recognitions are a testament to our unwavering commitment to providing the best digital experiences for our customers and to being their foremost trusted brand.



We took a podium finish at the recent APPIES Asia Pacific Awards, winning the Bronze in the Pro Bono / Festive / Govt / Entertainment category for our Digi Kaamatan 2021 - Tiga Kali Satu Hari campaign.

The APPIES showcase and recognise some of the best marketing strategies and campaigns in the region.

How We Create Value



INTELLECTUAL CAPITAL

Leveraging our brand proposition as the leader in high-speed internet

- ▶ Offering a wide range of products catering for all our customer segments, backed by our position as the nation's fastest and most consistent network since September 2020.
- ▶ Curating affordable, attractive smart bundles and entry-level plans to enable our customers to access reliable and secure connectivity and digital services.
- ▶ This included deals across Postpaid, Prepaid, and Home Fibre products which are bundled with free smartphones and unlimited data access.

Juara Internet Sinaranku



Juara Internet Familiku



Juara Internet Untuk Semua



Monthly Offers



Hari Gaji



Elevating customer experience with the introduction of 5G services

- ▶ Creating effective digital ecosystems, such as strengthening mobile connectivity through 4G and introducing 5G mobile plans for both Celcom's and Digi's product brands.
- ▶ Increasing the adoption of 5G by providing easy upgrade options to existing customers.
- ▶ Driving innovation in 5G solutions and use cases as well as in new adjacent services with industry players and vertical partners.



How We Create Value

Pursuing strategic partnerships for new growth opportunities

- ▶ CelcomDigi is well placed to attract partnerships with local and global digital companies to invest and drive digitalisation, innovation, and sustainable growth in line with MyDIGITAL aspirations.
- ▶ In 2022, we partnered with two leading platforms to enhance our digital offerings to large enterprises and SMEs.

Launched altHR's Earned Wage Access (EWA) feature to improve businesses' financial accessibility

In collaboration with financial wellness platform HariGaji, the new EWA feature on the altHR application enables employers to offer salary advances without compromising their own working capital, while also assisting employees with greater financial access and management.



Launched exclusive and targeted Digi Business Plans for all Lazada sellers and merchants

Registered Lazada sellers are eligible for exclusive 'seller benefits' when purchasing Digi Business plans, which include payment fee waivers for new sellers and sponsored advertising credits.



Tightening data protection and cybersecurity controls

- ▶ Data protection and privacy are, understandably, of increasing concern to customers, especially as we expand our digital interfaces. We strive to strengthen our internal controls, drive a responsible business culture, and educate our employees to practise a good data and security stewardship.

In 2022, we increased our focus on protecting customers and business partners' data through the implementation of various measures such as:



Enhancing third party vendor management with thorough scrutiny and due diligence in ensuring the application of adequate data protection instruments.



Conducting a privacy incident simulation and roundtable discussion with targeted stakeholders.



Enhancing privacy and cybersecurity controls (including data retention and disposal, user access management, and encryption).



Inventorizing records of data processing activities.

How We Create Value



INTELLECTUAL CAPITAL

Tightening data protection and cybersecurity controls (Continued)

As a responsible business, we welcome legislative changes and ensure continuous compliance with legal and regulatory requirements. We are also committed to ensuring our customers' privacy rights are always respected.

Our Data Protection Practices

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



Data Collection

CelcomDigi collects your personal data to improve 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.

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. In 2022, we completed the required audits and maintained the accreditation.

During the year, together with BCP Asia Sdn. Bhd., we conducted a Business Continuity and Identity Threat Detection and Response (ITDR) simulation exercise with our Enterprise Business and support functions.

Scenarios involving data security breaches were simulated to allow teams to experience disruptions first-hand and put their business continuity plans to the test. The outcomes from the exercise will help the teams strengthen and enrich their operational resilience and preparedness for future mitigations.



How We Create Value

Tightening data protection and cybersecurity controls (Continued)

Advocating Privacy and Cybersecurity-first Culture

We reinforced our privacy and cybersecurity compliance by requiring all employees to undergo scenario-based training pertinent to our operations.

These training modules were critical to educate our employees on cyber-aware behaviour while expanding employees' understanding of privacy and cybersecurity risk mitigation measures.

Modules	% Completion
Managing Privacy Risk	92.7%
Security in Privacy	96.1%

Note:
a) Reported data limited to Digi only

Looking Ahead

Leadership commitment to data privacy

In conjunction with International Data Privacy Day 2023, our CEO Datuk Idham Nawawi reaffirmed CelcomDigi's commitment to upholding the highest standards in protecting data privacy across our operations every day.



Watch the video here:
<https://youtu.be/Iz21LkxUo9U>



CelcomDigi privacy notice is now in infographics

As part of our continuous efforts to be transparent in our privacy practices, we recently simplified our privacy notice into an easy-to-digest infographic. The concise infographic provides customers with a holistic understanding of our data practices, avoiding lengthy statements and improving transparency and customer experience.



How We Create Value



HUMAN CAPITAL

Our approach

Mapping to Our Strategy and Material Matters



S2

S3

In the fast-moving telecommunications industry, it is essential to keep pace with constant evolution. To meet the changing needs of the workforce, we recognise the importance of adopting an agile people strategy and talent value proposition.

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

Key inputs in 2022

- Focused on learning, development, and career opportunities
- Sustained efforts towards diversity and inclusion
- Improved engagement and collaboration following the easing of COVID-related lockdowns
- Prioritised employees' well-being
- Formed the merger and integration taskforce

Outputs

- Fostering a diverse and inclusive workforce for a stronger business
- Enabling an environment that will attract, develop, and retain talents
- Focusing efforts on collaboration and engagement
- Fostering a culture of Health and Safety
- Mobilising our talents for the Celcom-Digi merger
- Integrating people and culture into the new organisation

Looking ahead

As a talent powerhouse, CelcomDigi aims to have top digital, technical, and commercial talents. We achieve this by aligning our core competencies with the organisation's strategic ambitions while utilising our scale and partnerships to provide learning and growth opportunities to employees. We want to establish CelcomDigi as the best place for our people to advance their careers, ultimately aspiring to become a leading employer brand in Malaysia.

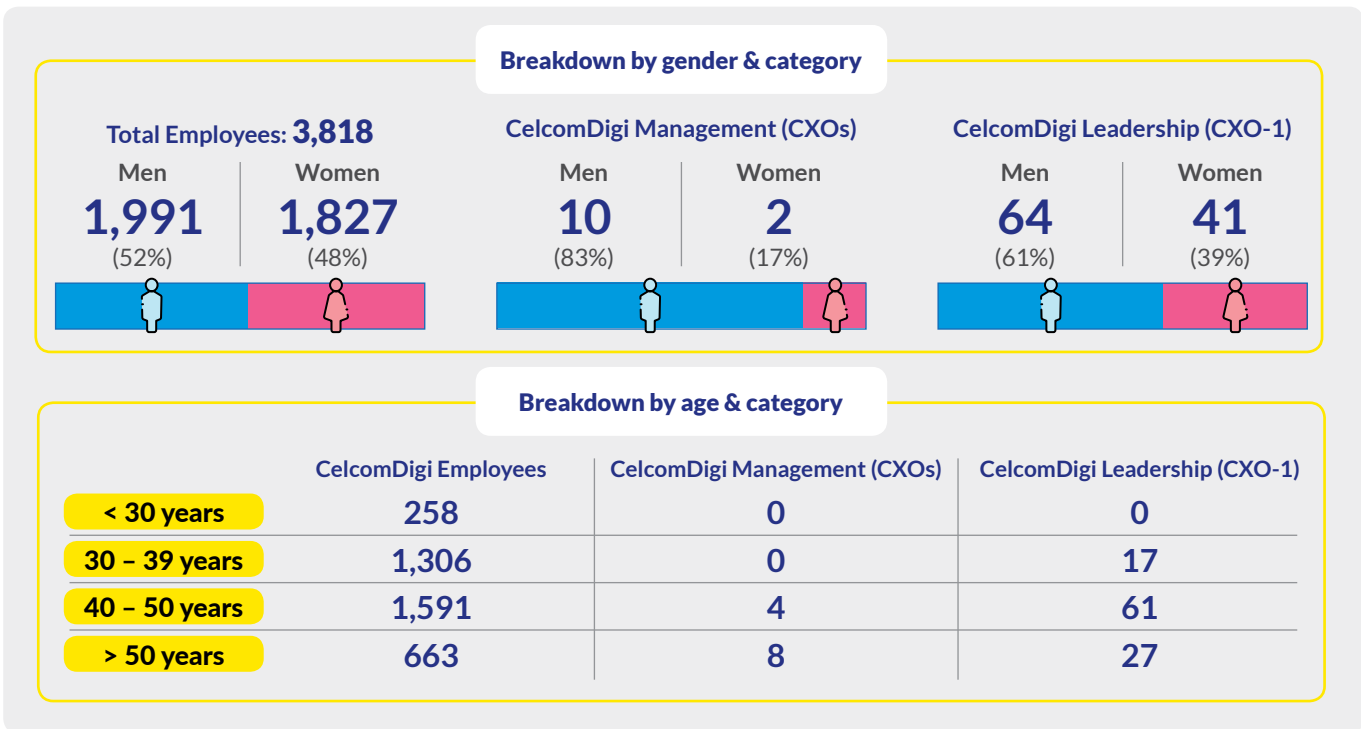
- ▶ Accelerate post-merger people integration – Organisation, culture, policies, processes, and systems
- ▶ Develop talents and leaders – Succession pipeline for leadership roles and a robust pool of key talents
- ▶ Build a future-ready workforce through development of core and critical competencies that support CelcomDigi's telco-tech ambitions
- ▶ Promote shared beliefs, values, and mindsets through cultural integration
- ▶ Develop a strong employer value proposition to achieve our aspirations of becoming one of the Top 5 Employers of Choice
- ▶ Drive employee well-being and manage people risk by advocating for a Safety-First Culture, benchmarked against international leading standards

How We Create Value

Fostering a diverse and inclusive workforce for a stronger business

CelcomDigi believes that a diversified workforce is a business priority and essential for us to win in today’s competitive marketplace. We prioritise building a responsible business that fosters a culture of inclusion, which enables us to leverage the different talents, skill sets, and experiences of our employees. By doing so, we can better serve our diverse customer base.

Our Workforce



Digi included for the second consecutive year in 2022 bloomberg gender-equality index

This placed Digi among 418 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.

Enabling an environment that will attract, develop, and retain talents

CelcomDigi believes in creating a conducive learning environment, where employees have the opportunity to dive into self-learning and training, have regular development conversations with their managers, and track their progress through annual performance reviews.

How We Create Value



HUMAN CAPITAL

Enabling an environment that will attract, develop, and retain talents (Continued)

Employee training hours (2022)

Total Training Hours: 68,673 hours

47.1

Average Male Employee Hours
(FY2021: 51.5)
(FY2020: 59.5)

45.8

Average Female Employee Hours
(FY2021: 50.2)
(FY2020: 54.7)

41.4

Average Management* Hours
(FY2021: 45.5)
(FY2020: 57.6)

47.0

Average Non-Management* Hours
(FY2021: 51.7)
(FY2020: 57.1)

Notes:

a) Reported data for FY2020 - FY2022 limited to Digi only

b) Training hours are accumulated through online learning and physical workshops

c) *Management includes CXOs, CXO-1, and CXO-2

100% Completion: Organisation-wide Code of Conduct training conducted in December 2022

Annual Performance Review and Development in 2022

Our approach to performance and development:

- ▶ Focuses on strengths-based development and is forward looking
- ▶ Catch-ups are encouraged throughout the year between managers and employees
- ▶ Development plans are continuously discussed, in order to chart growth
- ▶ Annual reviews, also known as Impact Assessments, are a year-end exercise for managers and employees to discuss the impacts created and future plans

1,375
employees

Completed the 2022 Impact Assessment

Note:

a) Reported data limited to Digi only

Focusing efforts on collaboration and engagement

CelcomDigi's commitment lies in creating an environment that enables our employees to feel connected to both their work and the organisation. We will continue to prioritise engagements, teamwork, and a shared sense of purpose to create a positive work culture that promotes resilience, adaptability, and long-term success.

Teambuilding 2022

Over 1,200 employees nationwide gathered for our Teambuilding 2022, marking the first physical gathering of employees since the pandemic. Themed #StrongerTogether, the event celebrated the resilience and strong team spirit of our employees who had weathered different challenges together.

As part of the teambuilding activities, employees tackled challenges and tasks that required them to work together to achieve their goals. The highlight of the event was the assembly of 149 wheelchairs by employees that were then donated to NGOs and homes for senior citizens. This initiative exemplified the company's commitment to giving back to communities and empowering them to lead better lives.



How We Create Value

Focusing efforts on collaboration and engagement (Continued)



Responsible Business Summit 2022

The Responsible Business Summit is an annual event demonstrating our commitment to responsible business standards across all functions and to build customer trust and transparency in our way of working. The week-long programme, featured speakers from Khazanah Research Institute, Citibank, Petronas, and Arus Academy, focusing on key areas like cybersecurity, privacy and data protection, supply chain sustainability, human rights, and anti-corruption.



Merdeka Day Celebration 2022

CelcomDigi, together with other industry players, took part in this year's Merdeka Day celebration. It was a proud moment seeing our employees representing our brand with pride at our country's 65th National Day Parade at Dataran Merdeka.

Fostering a culture of Health and Safety

CelcomDigi is committed to safeguarding our employees' health, safety, and well-being. We embed stringent health and safety measures, conduct employee training sessions to develop their capabilities, and reinforce safety practices across the organisation.

Health and Safety initiatives conducted in 2022



Leadership Oversight

- Prioritised discussions on Health, Safety and Environment (HSE) in all meetings and company-wide town hall sessions
- Inspected the workplace conditions of our premises
- Provided guidance and led the HSE Committee's quarterly meetings
- Underwent training in Hazard Identification, Risk Assessment, and Risk Control (HIRARC) assessment



Employee Awareness

- Published monthly safety awareness posts on Workplace
- Communicated health and safety improvement plans to employees



Competency Training

- Organised competency training (Root Cause Analysis (RCA), Corrective and Preventive Action (CAPA)), and Health, Safety & Security (HSS) knowledge-sharing between HSE, Supply Chain Management (SCM), and suppliers



Hazard Identification, Risk Assessment, and Determining Control (HIRADC) Assessment

- Conducted HIRADC assessment prior to commencement of work
- Digitised into ePTW (electronic Permit-to-Work) for easy access



Hudson Safety Culture Maturity Model

- Utilised the Hudson Safety Culture Maturity Model as a benchmark to improve and strengthen our current practices

How We Create Value



HUMAN CAPITAL

Fostering a culture of Health and Safety (Continued)

0

Lost Time Injury Frequency (LTIF)* score recorded

0

Fatalities recorded

1,822

Total health and safety training hours
(FY2021: 2,411)
(FY2020: 1,090)

Notes:

a) Reported data limited to Digi only

b) *Lost Time Injury Frequency (LTIF) score (limited to permanent and contract employees) FY2022 has been independently assured by KPMG PLT

In 2022, we continued to have zero lost time injuries and fatalities. We will continue to monitor the work-related injuries and accidents and sickness absence days of our permanent and contract employees, in-house contractors, and third-party vendors. We require employees to undergo periodic training through curated programmes and workshops, in order to create awareness, understand their responsibilities, and build safety-first habits.

Training

Occupational Health & Safety (OHS) and Other Legal Requirements

To identify the applicable OHS, Environmental, Legal, & Other Requirements against CelcomDigi's compliance levels

Hazard Identification and Assessment of Risks and Opportunities

To build skills and knowledge to develop Hazard Identification, Risk Assessment, and Risk Control (HIRARC) activities in the workplace

Occupational First Aider Training

To train employees to become qualified First Aiders

Understanding Health & Safety Training

To ensure that health and safety is fully embedded in operations

Note:

a) Reported data limited to Digi only

No. of Participants / Completion Rate

30

176

22

96%



Certified mental health first aiders

To date, 30 employees have been trained by the Malaysian Mental Health Association (MMHA) to be certified mental health first aiders. The team plays a vital role in promoting mental well-being and providing first-level mental care and emotional support to our employees. This affirms our commitment to prioritising employees' well-being and fostering a productive work environment.



ISO 45001:2018 is an international standard for occupational health and safety management systems that provides a framework for organisations to identify, control, and reduce the risks 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 creating a safer workplace environment for our employees.

How We Create Value

Mobilising our talents for the Celcom-Digi merger

Setup of our integration taskforce

From Q3 2021 to Q4 2022, over 100 full-time employees from Celcom, Digi, and their respective parent companies were tasked with establishing the groundwork for the merger.

It was a unique learning opportunity for our employees as they were able to collaborate, share ideas, and hone their skills, while helping chart the future of CelcomDigi as a new organisation.

Key tasks performed by the integration taskforce:

- Successful closure of the merger transaction from a financial, legal, and regulatory perspective
- Post-merger strategy, synergy, and value capture
- Programme management and project planning for Day 1 readiness
- Internal and external communications and change management with respect to the merger
- Organisation structure and key management placements
- Design and implementation of integration plans for people, culture, network, IT, commercial, channels, customers, accounting & finance, procurement, and more
- Onboarding and training of relevant experts in Celcom and Digi for Day 1 preparations following all regulatory approvals

Integrating people and culture into the new organisation

We are now one & stronger together!

After 1 year, 7 months and 22 days, we completed the merger of Celcom and Digi on 30 November 2022. Through the merger, CelcomDigi is not only the largest mobile operator in the country, but also a talent powerhouse. We are steadfast in creating a conducive workplace, built on the best practices from both organisations, where our employees can thrive.

We are committed to supporting our employees through our people integration and transformation plans:

- ▶ Leaders will serve as role models in guiding CelcomDigi into the future.
- ▶ We will provide multiple platforms to engage, interact with, and support employees during the transition period.

Key highlights in December 2022 included:

CelcomDigi Leadership Sessions



Recognising that strong leaders are critical in driving CelcomDigi forward, several workshops were held prior to Day 1 as preparation for our CXOs and CXO-1s to lead and navigate their teams through the merger.

Meet-and-Greet Sessions



Meet-and-greet sessions with the Management were held at various CelcomDigi offices for employees to familiarise themselves with their new teams and working locations, prior to the official co-location planned for January 2023.

HR Roadshows



To support our employees during this transition period, multiple HR roadshows were held to equip employees with the right information on our policies. A digital HR Helpdesk was also set up as a one-stop-centre for all people-related inquiries.

CelcomDigi's DNA and Core Values Shared



The CelcomDigi DNA and Core Values were shared via multiple organisation-wide and divisional town halls as the first step in aligning and onboarding our employees to the new culture.

How We Create Value



NATURAL CAPITAL

Our approach

Mapping to Our Strategy and Material Matters



CelcomDigi is committed to achieving a low-carbon pathway in our operations and supply chain. The telecommunications sector is strategically positioned to fast-track information, communication and technological (ICT) enablement that will reduce global CO₂ emissions and resource use, and drive efficiencies (Ref: GeSI SMARTer 2030 report).

As Malaysia commits to advancing green growth, we shall steer ourselves to 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 2022

- Advocating climate priorities within our operations
- Strong governance and leadership oversight on environment
- Commitment to reducing emissions and setting targets in alignment with net zero pathway
- Ramping up network modernisation activities
- Maintaining LEED and GBI certification
- Environmental Management System (EMS) – ISO 14001:2015 recertification

Outputs

- Managing our environmental impacts positively
- Risks and opportunities aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)
- Adopting whole-of-society approach to advance the climate agenda

Looking ahead

Climate change poses both physical and transition risks as well as opportunities for our business. Routine assessment of these risks and opportunities can maximise the long-term shared value we bring to our customers, investors, and the communities we operate in. The ICT sector has the potential to enable a 20% reduction in global CO₂ emissions by 2030, based on a 2015 baseline. ICT emissions as a percentage of global emissions will decrease over time to 1.97% of global emissions by 2030, compared to 2.3% in 2020 (Ref: GeSI SMARTer 2030 report). We aspire to expedite efforts to positively contribute 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 2°C above pre-industrial levels.

▶ Strengthen governance of climate action

▶ Streamline climate reporting and data controls

▶ Company-wide climate materiality assessment

▶ Explore renewable options

▶ Resource management and technological advancements

▶ Develop sustainable procurement with supply chain partners

How We Create Value

Managing our environmental impacts positively

CelcomDigi will continue to manage our environmental responsibilities systematically via the Environmental Management System (ISO 14001:2015 certification), which includes the management of energy sources, e-waste, water, and general waste. We foresee continuous and unprecedented growth in internet data, leading to incremental energy demand, which in turn will increase GHG emissions. We are committed to tackling these challenges by systematically transitioning into a low-carbon business model, driving holistic and systemic emissions reduction strategies and addressing our physical and transition risks. We shall continue to improve the standards of our climate reporting for greater transparency and accountability towards developing decision-useful and climate-related metrics.

Strengthened governance of climate action

The Board addresses climate change risks through its oversight of climate change and environmental management. At the organisational level, the Senior Management team takes charge of deliberation on climate risk assessments and guides mitigation strategies to ensure the exposure is within acceptable levels.

- ▶ **CelcomDigi's Sustainability policy** affirms our commitment to protecting the environment and contributing to climate change mitigation and adaptation
- ▶ **Development of guiding manuals** to better support new ESG ambitions for CelcomDigi



Establishment of Climate Working Committee (CWC)

To improve cross-functional participation and oversight of matters pertaining to climate and environment moving forward, CelcomDigi has established a Climate Working Committee (CWC), represented by the Heads of Sustainability, Enterprise Risk Management, Network, Workspace & Facilities, and Procurement. The CWC will convene on a quarterly basis to monitor environmental performance and recommend new initiatives to the leadership team. It will be chaired by the CCAO, and the CFO and CTO will participate as required to provide advice on matters pertaining to environmental management.

Streamline climate reporting & data controls

The Climate Data Integrity exercise we conducted significantly improved the quality of data aggregation through a structured streamlining of assets, data flows, and reviews across different process owners.

- ▶ A similar exercise shall be conducted to assess new, expanded, or consolidated assets to realise a holistic assets inventory listing for CelcomDigi

Company-wide climate materiality assessment

A climate materiality assessment will be necessary to better guide the organisation in determining its asset inventories and value chain and to set realistic baselines.

- ▶ A deep dive shall be conducted into our upstream and downstream activities (and to prioritise among the 15 categories of scope 3 emissions), where we see immense opportunities to influence and improve as part of our environmental efforts

How We Create Value



NATURAL CAPITAL

Managing our environmental impacts positively (Continued)

Adopting renewable options

CelcomDigi aspires to shift from fossil-based energy consumption to renewable and sustainable sources of energy. Over the years, we have deployed hybrid solar energy at our off-grid sites and buildings and converted sites powered by generators to grid to displace fuel dependency.

- ▶ CelcomDigi is transitioning towards renewable energy use under the Green Energy Tariff (GET) Programme of Tenaga Nasional Berhad (TNB)

Resource management and technological advancements

CelcomDigi is accelerating the adoption of climate solutions to address energy security, affordability, and environmental sustainability.



Precise cooling at our data centre to drive energy efficiencies

Modernising our network the climate-smart way

In 2022, we expanded the implementation of AI solutions, which enabled the automation of power-saving modes across our network sites.

- ▶ 3G Sunset – Shutdown of 30 core base stations control (BSC) and about 40 radio network controllers
- ▶ Centralised Self-Organising Network (CSON) AI Initiative

Implementation
7,636 sites

No. of sites equipped
65%

Average energy savings
5% per site

- ▶ Conversion to solar-powered gensets at remote sites

Implementation
30 sites

Renewable energy generated
0.07 GWh

Note:

a) Reported data for FY2022 limited to Digi only

Infrastructure Consolidation

In parallel, CelcomDigi is undergoing a network and IS/IT consolidation exercise where we expect to see significant contributions to efficiencies and our environmental footprint.

Decommissioning, reusing, and upgrading of equipment is expected to significantly reduce our carbon emissions:



20% - 30%

Reduction in carbon footprint contributed by site decommissioning and equipment upgrades



Deployment of solar-powered gensets at remote sites

How We Create Value

Managing our environmental impacts positively (Continued)

We have adopted proactive measures in strengthening the resilience of our network sites to ensure quality service experiences with minimal disruptions for our customers.

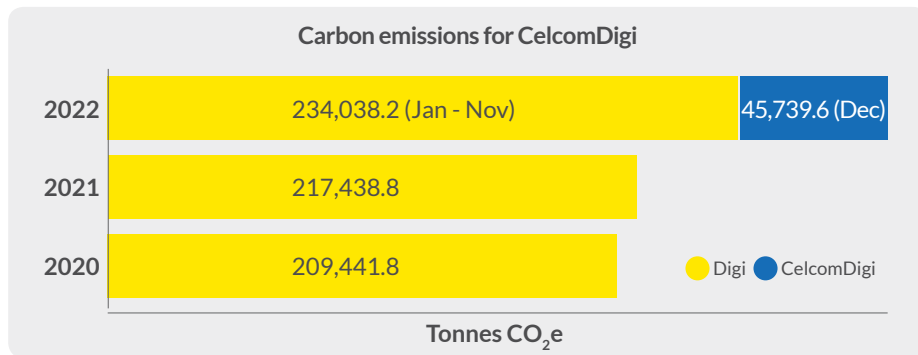
- ▶ Raised platform to protect network equipment against flooding



- ▶ Collaborated with the National Disaster Management Agency (NADMA) to send SMS alerts and early warning notifications to customers residing in flood-prone areas

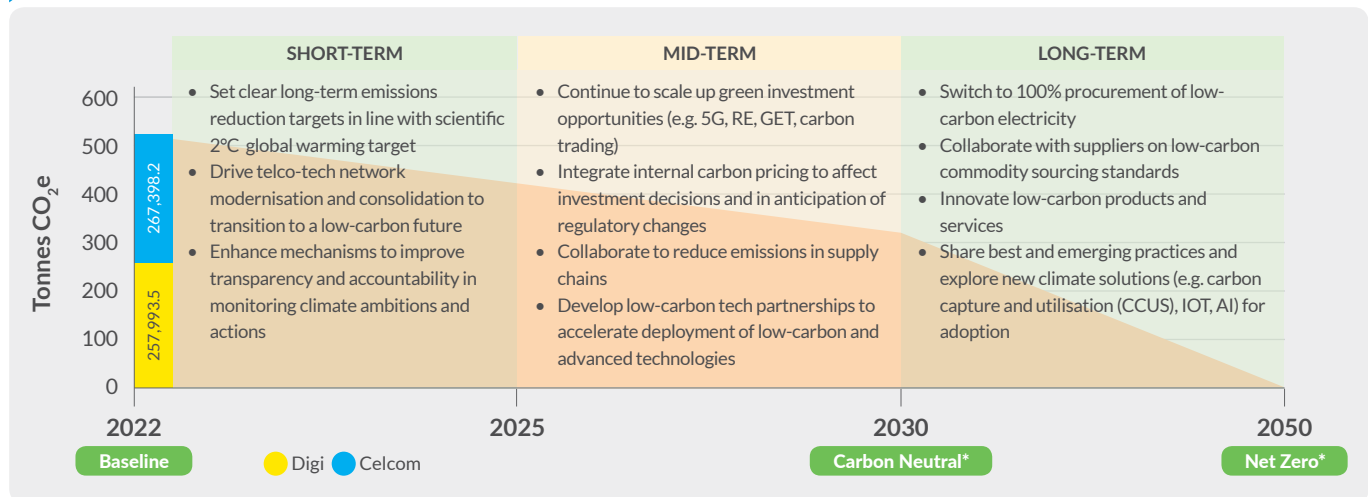


Our annual greenhouse gas (GHG) emissions inventory, in accordance with the GHG Protocol Corporate Standard, is illustrated below.



Notes:
Scope, boundaries, and exceptions
 a) Reported data for Digi (FY2020 - FY2022) refers to Scope 1, 2, and 3 (limited to land and air business travel data), while reported data for Celcom (FY2022) refers to Scope 1 and 2 only
 b) Methodology: Common GHG Emission Factors (EFs) are applied, notwithstanding different data aggregation approaches used by Celcom and Digi. Digi's reported data (FY2020 - FY2021) is restated to be consistent with the EFs applied
 c) EF references - Scope 1: DEFRA UK GHG Conversion Factors | Scope 2: MGTC CDM Electricity Baseline for Malaysia | Scope 3: Telenor Non-Financial Reporting Criteria

Carbon emissions roadmap for CelcomDigi



Notes:
 a) Digi's emissions data (FY2022) is limited to Scope 1 and 2 only, and is independently assured by KPMG PLT
 b) Celcom's emissions data (FY2022) is limited to Scope 1 and 2 only, and calculated in accordance with Digi's applied EFs
 c) *Ref: Definition as per GSMA's Mobile Net Zero State of the Industry on Climate Action Report

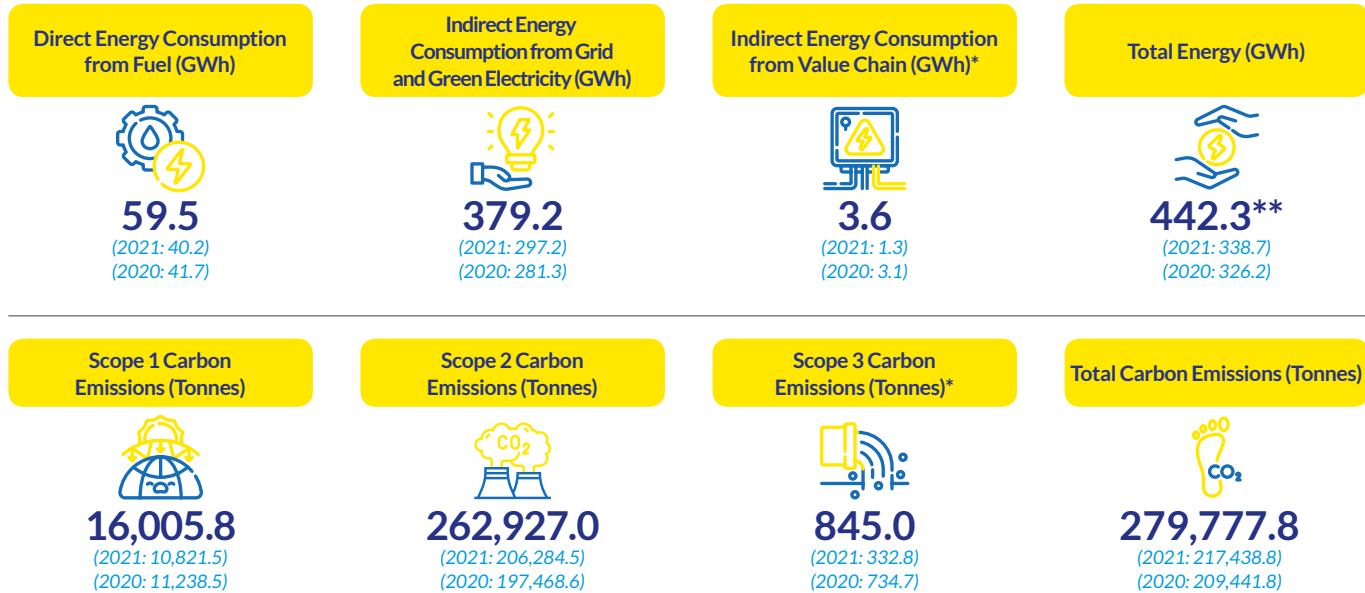
How We Create Value



NATURAL CAPITAL

Managing our environmental impacts positively (Continued)

Our environmental footprint



Notes:

a) Reported data for FY2022:

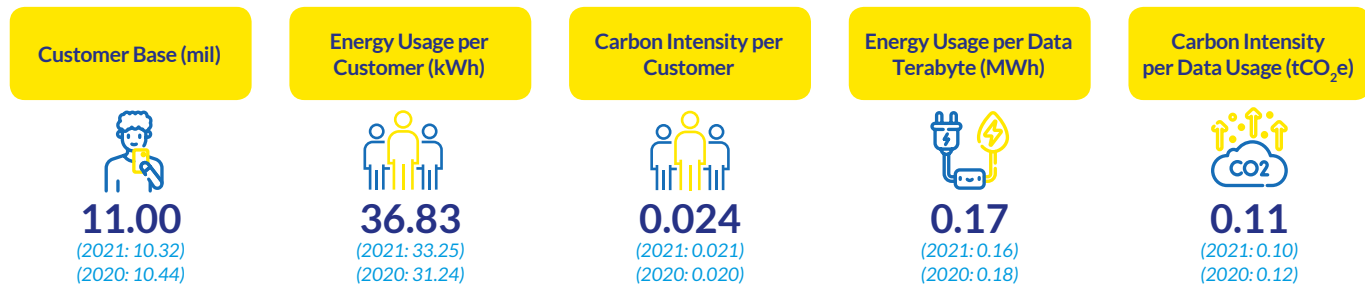
Digi - January to November 2022, CelcomDigi - December 2022

b) Reported data for FY2020 - FY2021 limited to Digi only. Due to changes in reporting boundaries, FY2022 data should not be read comparatively to previous years

c) *Reported data limited to Digi only

d) **Digi's total energy for FY2022 was 405.2 GWh, which has been independently assured by KPMG PLT

e) Digi's reported energy (FY2020 - FY2021) is restated due to the change in EFs methodology










Note:

a) Reported data for FY2020 - FY2022 limited to Digi only

How We Create Value

Managing our environmental impacts positively (Continued)

Our environmental footprint

General Waste	Water Consumption	E-Waste (Obsolete Electrical and Electronic Waste)
Waste Collected  76 tonnes (FY2021: 148 tonnes) (FY2020: 251 tonnes)	Water Consumed  103,388 m³ (FY2021: 68,435 m ³) (FY2020: 78,856 m ³)	E-waste Collected  248 tonnes (FY2021: 162 tonnes) (FY2020: 47 tonnes)
Waste Generated per Employee  51 KG (FY2021: 103 KG) (FY2020: 170 KG)	Water Consumed per Employee  70 m³ (FY2021: 48 m ³) (FY2020: 54 m ³)	E-waste Resold and Recycled  245 tonnes (FY2021: 162 tonnes) (FY2020: 10 tonnes)
Waste Recycled  1.8 tonnes (FY2021: 1.7 tonnes) (FY2020: 2.0 tonnes)	<ul style="list-style-type: none"> E-waste directly produced from our operations is managed under the Environment Quality (Scheduled Wastes) Regulation 2005 and our internal guidelines Decommissioned network equipment constitutes the largest amount of e-waste generated by tonnes. We reuse equipment, and send those that are obsolete to be recycled and disposed of safely by a licensed vendor Under our refreshed ESG guidelines, 'recycled' shall include e-waste treated by a professional service provider who has guaranteed that the waste is processed, sorted, resold, recycled, or disposed of in an environmentally sound manner 	

Note:
a) Reported data for general waste, water, and e-waste for FY2020 - FY2022 limited to Digi only

Risks 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. We continue to drive ambitions towards our science-based targets for 2030 and Net Zero for 2050. In tandem, the Management shall continue to prioritise climate governance via policies and clear roles and responsibilities, building towards the medium- and long-term ambitions. 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 First mover advantage as climate thought leader Brand preference by customers as a responsible digital services provider 	<ul style="list-style-type: none"> Carbon pricing Increased energy costs Indirect price increases Carbon target gaps Reputational damage leading to revenue loss 	<ul style="list-style-type: none"> Extreme weather conditions and flooding that damage infrastructure, and outages due to power disruptions

We aspire to publish a progressive TCFD report to deep dive further into these opportunities and risks, together with our planned mitigations.

How We Create Value



NATURAL CAPITAL

Adopting whole-of-society approach to advance the climate agenda

In 2022, as part of the CEO Action Network (CAN), we moderated a panel session with representatives from within the telecommunications value chain. The panel discussed the active roles that representatives from within the sector can take in advancing SDG 9 (Industry, Innovation, and Infrastructure) and SDG 13 (Climate Action) collectively, to build and manage resilient and innovative infrastructure to drive the climate action agenda.



Subsequently, we co-organised a roundtable on 'Renewable Energy (RE) Pathway for the Telecommunications Sector' led by GSMA and UNGC Malaysia, bringing together mobile network operators (MNOs), relevant government departments, and electricity utility providers to discuss the country's changing policy and renewable energy landscapes.

We actively engage with our investors, analysts, and regulators in dialogues pertaining to our climate roadmap and alignment with the national Net Zero ambition. These discussions reinforced the need for public-private dialogues between the relevant government agencies, utility providers, and mobile operators to jointly achieve 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.

#CAREbazaar

To cultivate green habits among employees, we organised a two-day bazaar featuring eco-friendly social enterprises and NGOs who provided training and raised awareness on the importance of living sustainably and caring for the environment.

