





Digitalising businesses

Big or small, we are determined to help you grow your business to its fullest potential with a wide-range of digital solutions

Value Creation Model

APPROACH TO VALUE CREATION

Our approach to delivering on our purpose of Advancing and Inspiring Society is an integral part of our strategy to enable an inclusive and sustainable digital society. We create value by maximising the positive impact of our operations on all stakeholders. Strengthened by our responsible business practices, we continue to shape a future that transforms the way our customers live and work through our innovation, technology, connectivity, platforms, products, and services.

Our Inputs

Our business model is built upon the strategic utilisation of our financial and non-financial capitals in a comprehensive approach to value creation. We strive to constantly transform our capitals and resources into sustainable and innovative solutions to provide growth and total returns with added value and sustainability for all stakeholders.

Our Business Model and Guiding Factors

Five strategic pillars drive us to achieve our corporate ambitions. The pillars are influenced by these Guiding Factors:

1. Operating Landscape and Outlook
2. Key Risks
3. Sustainability Management
4. Key Relationships
5. Materiality

Output and Outcomes

Our business model employs financial, manufactured, intellectual, human, natural, and social and relationship capitals to convert these inputs into valuable outputs for customers, employees, shareholders, and the environment. The output and outcomes from the execution of our business strategies are also aligned to our material matters.

OUR KEY INPUT

Financial Capital

- RM47.9 billion market capitalisation as at 31 December 2023
- RM36.4 billion total asset value as at 31 December 2023

Manufactured Capital

- 5,665 integrated network sites
- ~28,000 cumulative network sites
- 29,800km fibre network (incl. Celcom Timur Sabah)
- >400 CelcomDigi retail stores

Intellectual Capital

- RM1.75 billion invested in technology capex
- Up to RM250 million investment in Innovation company over five years
- Introduced the CelcomDigi brand

Human Capital

- 3,655 employees
- Male (52%) and female (48%) employees
- OneCompliance Integrity programme
- Launched three e-learning platforms
- Concluded post-merger organisation structure

Natural Capital

- Committed to Net Zero, aligned to SBTi
- Established Climate Working Committee (CWC)
- Robust climate data monitoring
- Partnerships to stimulate green growth

Social and Relationship Capital

- Implemented various social impact programmes (digital inclusion, digital entrepreneurship, and digital skills) and humanitarian efforts
- 307 National Information Dissemination Centres (NaDi) nationwide
- 23 modules curated for supplier training

OUR BUSINESS MODEL

GUIDING FACTORS

- Operating Landscape and Outlook
- Key Risks
- Sustainability Management
- Key Relationships
- Materiality



STRATEGIC PILLARS

- Accelerate Integration, Synergies, and Operational Excellence
- Win in the Core
- Build New Core
- Shape Assets for Future Growth
- Succeed with Talents

Value Creation Model

OUR KEY OUTPUT

PERFORMANCE

Financial Capital

- 3.3%¹ growth in EBITDA
- 13.2 sen dividend to shareholders
- RM12.7 billion in revenue

Manufactured Capital

- Maintained >99% network uptime
- Achieved 35% of overall network integration target
- Increased data traffic of 10% to 17%
- 97% 4G LTE and 91% 4G LTE-A population coverage
- 96.7% population coverage
- +3.9pp customer satisfaction score (CSAT)
- Received 12 Opensignal awards in 11 categories

Intellectual Capital

- 466,000 or 2.3% increase in subscriber base
- Grew home & fibre subscriber base to 131,000
- Over 50 product campaigns, including unified 5G offerings
- 6.6% growth in CelcomDigi logomark awareness
- 85% completion in Privacy Control Framework exercise
- Converged 5G mobile and fibre offering to Malaysian Business
- Strategic offers to drive digital adoption among MSMEs
- MY5G Series engaged >60 corporate CEOs and 600 MSMEs
- Innovative 5G and AI partnerships in agriculture, logistics, and electrification
- Advanced education via Metaverse, XR, and 5G with multiple universities

Human Capital

- Top 100 and next 300 leaders' placement across the company
- >3,000 professionals
- 65,404 hours of total employee learning
- 100% employees pass-rate in Anti-corruption, Cybersecurity, and HSE e-learning
- 0.14 Lost Time Injury Frequency (LTIF) rate
- Zero fatalities across operations

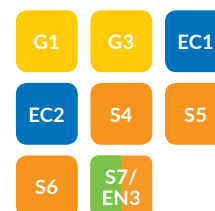
Natural Capital

- 913.86 GWh energy consumed
- 521,792.25 tCO₂e emissions
- 3.42 GWh renewable energy generated
- 47.56 tonnes of e-waste recycled

Social and Relationship Capital

- Zero material corruption cases
- 585,268 individuals benefited from digital safety and empowerment programmes
- 23,478 hours of supplier training
- 2,487 suppliers signed Agreement of Responsible Business Conduct (ABC)

MATERIALITY



UNSDGs



¹ Comparable basis results which includes contribution from Celcom's results as if the merger was completed on 1 January 2022 and after excluding merger transaction costs and accounting alignment adjustments

Operating Landscape and Outlook

The significance of telecommunications operators has never been more pronounced. In the age of 'digital-everything', connectivity impacts almost every aspect of our lives, resulting in an ever-increasing demand for data and digital services. Growing consumer demand for data-rich services and connected devices, in tandem with the emergence of new technologies such as 5G, robotics, and Artificial Intelligence (AI) opens new business opportunities for CelcomDigi.

We continue to observe longer-term systemic shifts that will influence future economic growth, including climate change trajectory, acceleration of frontier technologies, widening social inequalities due to population demographic growth, and the shift in the concentration of geopolitical power.

As a 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.

1

Macroeconomic

Impact on Business and Industry

- Malaysia recorded a gross domestic product (GDP) growth of 3.7% amid slower global trade, global tech downcycle, geopolitical tensions, and tighter monetary policies
- There was an increase in household spending and retail activities including higher demand for e-commerce services and reliable connectivity
- Supportive government initiatives and policies were launched to ease rising cost of living among marginalised communities
- Cross-border economic activity is set to improve as visa requirements for Chinese and Indian nationals are removed, reciprocating similar policy changes for entry visa in multiple Asia-Pacific countries

Our Response

- Delivered affordable postpaid and prepaid bundles with extra data quota, 5G offerings, and device bundles to enhance ARPU/ARPA growth and offset higher costs
- Provided attractive home & fibre and convergence offerings and business enterprise solutions to support various business segment needs to enable 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
- Collaborated with the Government in digitalising the nation by launching accessible and affordable Rahmah packages for the B40 segment

2024 Outlook

- Economic growth is projected at 4% to 5% and will spur positive domestic consumption
- Stable political landscape continues to attract foreign direct investment (FDI), resulting in job opportunities and business opportunities for enterprises
- Support for targeted subsidies to reduce cost of living by providing affordable connectivity options for B40 and underserved communities

Factors Linked

Capitals Involved:



Materiality:



Strategic Pillars:



Risks:

- Regulatory Risk
- Integration Risk

Operating Landscape and Outlook

2

Competition and Industry Developments

Impact on Business and Industry

- Growing focus on new technological advancements including AI, Metaverse, and Industrial Revolution 4.0 (IR4.0) to generate new growth streams
- Aggressive market competition continues in core and emerging segments
- Increase of 5G standalone (SA) trials to unlock innovative 5G use-cases alongside rising demand for commercial 5G services, greater data usage, and 5G-enabled devices

Our Response

- Invested in new partnerships to develop Metaverse and AI use-cases customised for the Malaysian market via our Innovation Centre
- Built an end-to-end content and digital services ecosystem around our core telco business to offer 'on-the-go' digital services
- Network integration and modernisation to support greater data traffic and improve quality of experience
- Launched MY5G Series to drive 5G adoption across businesses of all sizes
- Demonstrated real value and benefits of 5G technology and AI through collaboration with industry leaders, such as DHL Supply Chain in launching Malaysia's first 5G-powered AI autonomous warehouse

2024 Outlook

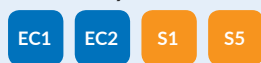
- Anticipated increase in data consumption due to faster speeds of 100 Mbps and above, along with adoption of 5G services and use-cases among enterprises
- Rising 5G product differentiation amid the leveling of 5G advantages among Mobile Network Operators (MNOs)
- Focus on providing best smart home and fibre experience and drive industry development and adoption of 5G among large and small enterprises

Factors Linked

Capitals Involved:



Materiality:



Strategic Pillars:



Risks:

- 5G Policy and Competition Risk
- Integration Risk
- Regulatory Risk

3

Government Initiatives and Regulations

Impact on Business and Industry

- In December 2023, the Digital Ministry was formed to lead the country's digital transformation ranging from AI to data centres. Digital Nasional Berhad (DNB), the single wholesale provider for 5G was placed under this ministry
- The Government announced that the country's 5G deployment will transition from a Single Wholesale Network (SWN) to a Dual Network Model. The transition to commence upon DNB achieving 80% 5G population coverage
- In February 2023, MCMC introduced a new lower wholesale high-speed broadband services pricing via Mandatory Standard on Access Pricing (MSAP)
- Collaboration with the Ministry of Human Resource and Ministry of Higher Education on Technical and Vocational Education Training (TVET) initiatives was conducted under the purview of Majlis TVET Negara

Operating Landscape and Outlook

Our Response

- Maintain ongoing engagement with regulators and authorities to support government initiatives as part of 5G development
- Adopted the new MSAP, leveraging the reduction in wholesale prices that would lead to better choices and options of retail pricing for end users
- Supported the government in delivering JENDELA commitments and reaching out to underserved communities through NaDi internet centres (formerly known as PEDi)
- Took lead in the Pakej 5G Rahmah B40 subscription in support of the government initiatives to improve accessibility, affordability, and digitalisation nationwide

2024 Outlook

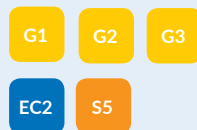
- The allocation of over RM2.84 billion under Budget 2024 bolstered the initiatives by the Communications and Digital Ministry (KKD) in enhancing digital connectivity, supporting the digital economy, strengthening cybersecurity, promoting national information marketing, and developing local talent and creative projects
- The draft cybersecurity bill would be tabled in Parliament by early 2024, aiming to grant the National Cyber Security Agency (NACSA) clear legal authority to regulate and enforce laws related to cybersecurity, thus enhancing the effectiveness of its functions
- The new Mandatory Standard Quality of Service (MSQoS) for Wireless Broadband Access Service (Commission Determination No. 2 of 2023) will become effective on 1 April 2024
- Malaysia advances industry engagement with TVET expansion to revamp curricula to include learning related to emerging technologies such as Internet of Things (IoT), AI, big data, cybersecurity, cloud computing, and more to meet future market and workforce demands

Factors Linked

Capitals Involved:



Materiality:



Strategic Pillars:



Risks:

- 5G Policy and Competition Risk
- Cyber and Data Security Risk
- Data Protection Risk
- Regulatory Risk

4

Technological Developments

Impact on Business and Industry

- Continued rollout of 5G coverage to support advanced applications such as IoT and AI, encouraging future growth in these verticals
- Integration of schools and university campuses into the 5G ecosystem with early development in educating students on 5G technology, and developing innovation clusters in campuses
- Digitalising SMEs and co-developing solutions with large corporations and partners
- Rising vigilance and regulations regarding cybersecurity and data protection across the industry, creating a more mature operating environment
- 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 of society
- Conducted AI use-cases with local and global technology partners as part of our transformation to be a data-driven, analytics-focused, and AI-enabled organisation
- Strengthened defence against cyberattacks through continuous monitoring and managing information security in accordance with ISO27001 standards
- Promoted digital resilience through our digital safety and empowerment programmes

Operating Landscape and Outlook

2024 Outlook

- The development and adoption of various technological services, such as AI, 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, automation, and IoT

Factors Linked

Capitals Involved:



Materiality:



Strategic Pillars:



Risks:

- Cyber and Data Security Risk
- Interruption to Technology Platforms and Services Risk

5

Social

Impact on Business and Industry

- Evolved local laws and public policies governing personal data, cybersecurity, and AI heightened the need for enhanced controls, transparency, and protection of customers' data privacy
- Significant increase in online scam and fraud cases with over 3.1 million scam calls detected in a year according to the Royal Malaysian Police
- Increased pressure on companies to demonstrate good corporate governance and build trust
- Prioritising the health and safety of employees and partners, and respecting human rights standards
- Increased interest in workplaces that promote growth and development opportunities

Our Response

- Refreshed ESG Strategy with focused pillars and updated performance scorecard aligned to material sustainability matters
- Established the Trust Circle forum comprising privacy and data protection experts from multi-sectors to evolve their roles as data guardians
- Collaborated and co-organised the national anti-scam roadshow to raise awareness among the general public
- Continued to uphold good governance via our Code of Conduct

2024 Outlook

- Maturing responsible business practices by advancing material ESG performances and disclosure
- Conducting double materiality assessment to evaluate business' financial, societal and environmental impact
- Enhancing our engagements with stakeholders and underserved communities to drive adoption of affordable digital products and services
- Implementing capacity-building programmes to enhance data privacy, digital safety, anti-scam awareness, digital skills, and promote greater socio-economic participation

Operating Landscape and Outlook

Factors Linked

Capitals Involved:



Materiality:



Strategic Pillars:



Risks:

- Cyber and Data Security Risk
- Data Protection Risk
- Governance and Compliance Risk
- People and Culture Integration Risk

6

Environment

Impact on Business and Industry

- Regulation, access to capital, and rising stakeholder concerns driving focus and investments on climate action
- Global attention to climate-related risks supported by national instruments such as the National Energy Transition Roadmap (NETR), National Industrial Master Plan (NIMP) 2030, National Energy Policy 2022-2040, and an upcoming National Climate Change Act
- National agenda to achieve carbon neutrality by 2050 under the 12th Malaysia Plan
- Heightened expectations for robust natural crisis preparedness, adaptation, and mitigation strategies
- Rapid growth in Electric Vehicle (EV) market fuelled by government incentives to boost EV ownership
- Adaptive strategies for a 'Just Transition' model to reduce systemic risks while greening the economy in an equitable way

Our Response

- Strengthened our climate governance through the Climate Working Committee (CWC), which plans strategic climate and environmental action for recommendation to the Board
- Committed to achieving Carbon Neutral by 2030 and Net Zero by 2050, in alignment with the Science Based Target Initiative (SBTi)
- Embarked on our transition towards using renewable energy under the Green Energy Tariff (GET) programme
- Embedded stringent e-waste disposal requirements as part of the ongoing network integration and modernisation exercise
- Partnered with Yinson to drive EV adoption, mature EV infrastructure and ecosystems, and integrate renewable energy

2024 Outlook

- Formulation of CelcomDigi Net Zero roadmap and emissions reduction strategies
- Control and management of value chain emissions (upstream and downstream) through a phased approach
- Realisation of energy efficiencies and savings from the network integration and modernisation exercise, which will be completed in 2025

Factors Linked

Capitals Involved:



Materiality:



Strategic Pillars:



Risks:

- Climate and Environmental Risk

Key Risks

In the fast-paced and fiercely competitive telecommunications sector, CelcomDigi acknowledges the necessity of embracing risks to confront evolving technological, economic, and social dynamics. Through our robust risk management framework, we safeguard our ability to generate sustainable value consistently, nurture trust with stakeholders, and reinforce their confidence in our capacity to innovate and deliver in line with our purpose of Advancing and Inspiring Society.

Our Aligned Risk Management Framework with Strategy and Value Creation

Our risk management approaches integrate our strategy, governance, compliance, and performance processes to foresee emerging risks and put in place specific measures to prevent and alleviate them. Risk is overseen by the Board Governance and Risk Management Committee (BGRMC) and the Board of Directors to proactively assess potential significant risks and minimise the associated adverse impacts. Our proactive approach towards risk management empowers CelcomDigi to capitalise and prioritise resources for mitigation, providing our stakeholders with reasonable confidence that responses are taken to create value. Further details of our Enterprise Risk Management Framework are available in the Statement on Risk Management and Internal Control on pages 112 to 119 of this report.

The Key Risks of 2023

Top key risks identified are prioritised and managed within acceptable levels, following thorough assessments of their impact to our value chain. Risk responses and mitigation plans are reported to the BGRMC and the Board on a quarterly basis to allow for the highest level of accountability.

5G Policy and Competition Risk

Description

As 5G policy is being redefined to support the nation's digitalisation ambition, the underlying uncertainty and potential shifts constitute risk exposure for industry players.

Impact to Value Creation

- May increase competitive intensity or lead to price erosion for mobile offerings
- Margin impact due to shift from own 4G to wholesale 5G network

Mitigations

- Proactive engagement with the government, regulator, and key stakeholders to secure 5G policy directions and operating models that promote long-term development and health of the sector
- Develop differentiated and competitive 5G propositions including solutions for B2B digitalisation

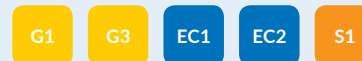
Strategic Pillars



Capitals Impacted



Materiality Linked



Key Risks

Climate and Environmental 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.

Delaying or limiting decarbonisation efforts hinders our ability to transition to a low carbon economy. Transitioning within the necessary timeframe will require the use of technologies that enable rapid emission reductions.

There is also climate exposure associated with extreme weather, temperature increase, and flooding which may also result in operational disruptions to CelcomDigi, and our customers and value chain.

Impact to Value Creation

- Adverse brand and reputational impact
- Increased cost of energy and carbon emissions and changing consumer preferences

- Infrastructure damage, negative impact on service delivery to customers and operations from disruptions
- Negative impact to company finances
- Loss of investor confidence and ESG ranking in key indices

Mitigations

- Develop carbon emission reduction strategy and conduct climate risk assessment to guide network integration strategies and SBTi target setting
- Implement initiatives on e-waste management as part of network consolidation programme
- Set up a carbon accounting system in adherence to Bursa's requirements for full Task Force on Climate-Related Financial Disclosures (TCFD)-aligned disclosures and transparent reporting

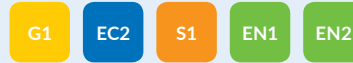
Strategic Pillars



Capitals Impacted



Materiality Linked



Cyber and Data Security Risk

Description

This is a big concern for the global cybersecurity landscape, with increased and sophisticated threat attempts as well as increasing scam cases. Though penetration rate on security controls is low, continuous focus and scrutiny are required to improve cybersecurity for CelcomDigi.

Impact to Value Creation

- Business disruption and financial losses arising from potential data breaches
- Negative reputational impact from media coverage and loss of stakeholder trust
- Potential legal consequences and compliance violations

Mitigations

- Continuous security incident handling, threat intelligence controls for detection and monitoring
- Continuous security monitoring and governance via ISO 27001 and independent audit, testing, and assessment
- Maintain continuous cybersecurity awareness and requirements at CelcomDigi
- Cybersecurity due diligence review on partners within CelcomDigi's ecosystem
- Partnership with Cybersecurity Malaysia and Royal Malaysian Police (PDRM) to raise scam awareness
- Preparedness training for key management and related functions

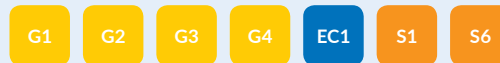
Strategic Pillars



Capitals Impacted



Materiality Linked



Key Risks

Data Protection Risk

Description

CelcomDigi's role as the custodian of customer data has become paramount amid rising concerns of data theft, leakage, and loss. This entails proactive measures to safeguard customers' data and compliance with various security, privacy, and data quality requirements, including preventing unauthorised access to sensitive information, data breaches, or mishandling of personal data.

Impact to Value Creation

- May lead to non-compliance and adherence to Personal Data Protection Act (PDPA) impacting CelcomDigi's reputation, and potential and associated legal consequences
- Adverse reputational impact and customers' distrust
- Breach of local telecommunications license conditions

Mitigations

- Organisational wide programmes and training to enhance employees' awareness and knowledge in data privacy and protection
- Regular scrutiny and data protection impact assessment by dedicated privacy and security teams to improve current controls, systems, and infrastructure
- Operationalise Privacy Control Framework with defined control requirements and procedures throughout data life cycle management
- Strengthen customers' data protection measures through cybersecurity testing

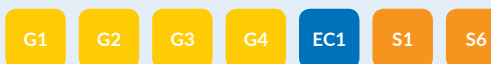
Strategic Pillars



Capitals Impacted



Materiality Linked



Governance and Compliance Risk

Description

CelcomDigi has zero tolerance for any acts of corruption. Corruption undermines legitimate business activities and distorts competition, exposing both CelcomDigi and its leaders to significant risks.

We are committed to maintaining our business integrity promise to operate responsibly. The inability to comply with regulations and high business standards within our value chain may impede our competitive advantage and reputation.

Impact to Value Creation

- May lead to non-compliance and adherence to the Malaysian Anti-Corruption Commission (Amendment) Act 2018 and PDPA which can jeopardise the company's reputation and lead to legal consequences

- Adverse reputational impact and customers' distrust
- Breach of local telecommunications license conditions

Mitigations

- Build capacity and awareness through compulsory learning programmes
- Implement a holistic governance approach with due diligence and compliance measures for our business partners
- Dedicated resources for ongoing compliance monitoring across our business value chain
- Enforce compulsory employee participation in anti-corruption and compliance learning programmes

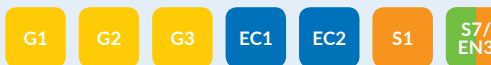
Strategic Pillars



Capitals Impacted



Materiality Linked



Key Risks

Health and Safety Risk

Description

CelcomDigi prioritises the health and safety of our employees, partners, and vendors 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.

Impact to Value Creation

- Adverse reputational impact
- Destruction or loss of assets
- Unsafe working conditions leading to serious injury or fatality

Mitigations

- Promote an advanced mindset and culture on health and safety for employees and business partners
- Implement continuous training and awareness programmes for internal and external stakeholders
- Actively monitor potential incidents and accidents by increasing on-ground inspections and audits, including visibility at Board and Management levels
- Obtain certification to maintain a safe working environment and compliance to applicable rules and requirements
- Implement consequence management to eliminate or contain incidents

Strategic Pillars



Capitals Impacted



Materiality Linked



Integration Risk

Description

The company has embarked on an integration journey and faces the potential risk of not achieving objectives across areas such as Network, IT, Business, Customers, and Support functions.

Impact to Value Creation

- Negative customer experience, high churn, and brand perception impact
- Potential network service disruption
- Delay in realisation of synergy value

Mitigations

- Careful planning, effective communication, and proactive management throughout integration process
- Robust integration strategies with the aim of prioritising customer experience
- Close monitoring of key performance indicators, including thorough follow-up at Board and Management levels

Strategic Pillars



Capitals Impacted



Materiality Linked



Key Risks

Interruption to Technology Platforms and Services Risk

Description

This risk involves potential disruptions to business applications, support systems, and processes, which are essential for CelcomDigi's operations. Such disruptions could arise due to various factors such as migration delays, technical issues, system failures, or cyberattacks.

Impact to Value Creation

- Affect the ability to deliver seamless services to customers, potentially leading to revenue loss
- Create customer dissatisfaction and impacts brand reputation
- Likely penalties for not meeting Quality of Service (QoS) requirements

Mitigations

- Augment resources and specialists to improve scaling capability and operational efficiency
- Proactively overcome hurdles to address any potential migration issues and changes in customer experiences
- Prepare clear and comprehensive contingency plans to manage unexpected incidents of system failures
- Proactively engage with partners and vendors to ensure commitment
- Maintain constant communications with customers and key stakeholders

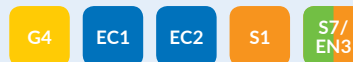
Strategic Pillars



Capitals Impacted



Materiality Linked



People and Culture Integration Risk

Description

The company is exposed to people and culture risks associated with organisation-wide harmonisation and integration of workforce, cultures, and operations - typical in any post-merger scenarios.

Impact to Value Creation

- Low morale and motivation leading to low productivity
- Unable to and/or delay in delivering business targets
- Potential increase in talent attrition rate

Mitigations

- Constant communication and updates on people matters and associated plans
- Close monitoring of on-ground concerns and sentiments
- Cultural integration efforts and employee engagement initiatives across all central and regional offices to create a positive and inclusive working environment
- Leadership alignment on change management

Strategic Pillars



Capitals Impacted



Materiality Linked



Key Risks

Regulatory Risk

Description

The telecommunications sector faces increasing challenges and uncertainties that arise from regulatory oversight and policies governing the allocation and management of spectrum in Malaysia, and in creating a regulatory environment that optimally drives growth of the sector. This includes changes in spectrum allocation frameworks, licensing conditions, spectrum fees, enforcement measures, and operating models.

Mitigations

- Proactive dialogue with regulators to anticipate emerging regulatory changes, address spectrum license concerns, and advocate views as an industry player for a fair and sustainable regulatory framework and operating models
- Collaborate with key stakeholders and industry players to actively address issues with policymakers and regulatory authorities

Impact to Value Creation

- Competitiveness and growth
- Investment and cost strategies
- Future investments

Strategic Pillars



Capitals Impacted



Materiality Linked



Vendor Management and Supply Chain Risk

Description

Managing vendors and the supply chain for a large telecommunications company is a multifaceted and intricate endeavour due to its diverse supplier base, complexity of network infrastructure, rapid technological concerns, as well as data privacy and environmental impact. The effectiveness of managing these risks is dependent on the reliability and performance of vendors and partners.

Mitigations

- Develop supplier relationship management framework
- Optimise procurement processes, negotiating favourable contracts, and minimising supply chain risk
- Employ technology solutions such as supply chain management systems and analytics tools
- Integrate sustainability considerations into all aspects of supply chain management, from procurement and sourcing to supplier relationships and performance evaluation

Impact to Value Creation

- Adverse impact on service revenue
- Service or operations disruptions leading to negative customer experience
- May impact the availability and delivery of critical network equipment, leading to integration delays

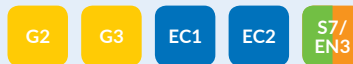
Strategic Pillars



Capitals Impacted



Materiality Linked



Sustainability Management

We aspire to become Malaysia's leading advocate for sustainability practices. By understanding our stakeholders' expectations, setting clear and measurable ESG targets, and establishing effective governance at the highest level, we aim to elevate our sustainability performance across the company.

In FY2023, we executed well on our sustainability commitments, delivering on targets set. We pledged to set near and long-term company-wide emission reduction targets in line with science-based net-zero through the Science Based Targets initiative (SBTi). These efforts are in realisation of our efforts to steadily apply Bursa's requirements for a full Task Force on Climate-related Financial Disclosures (TCFD)-aligned recommendations in our reporting disclosures.



We welcome feedback and inquiries at sustainability@celcomdigi.com.

Sustainability Governance

CelcomDigi's sustainability governance structure is integrated into our corporate governance framework. The Board of Directors holds ultimate responsibility for setting the Group's strategic direction on sustainability. This oversight is supported by the Board Governance and Risk Management Committee (BGRMC), the governing committee for sustainability matters, which oversees the Group's sustainability priorities, processes, standards, and performance.

The Board maintains responsible business leadership in Malaysia by ensuring that sustainability-related competencies are periodically assessed to strengthen board oversight and

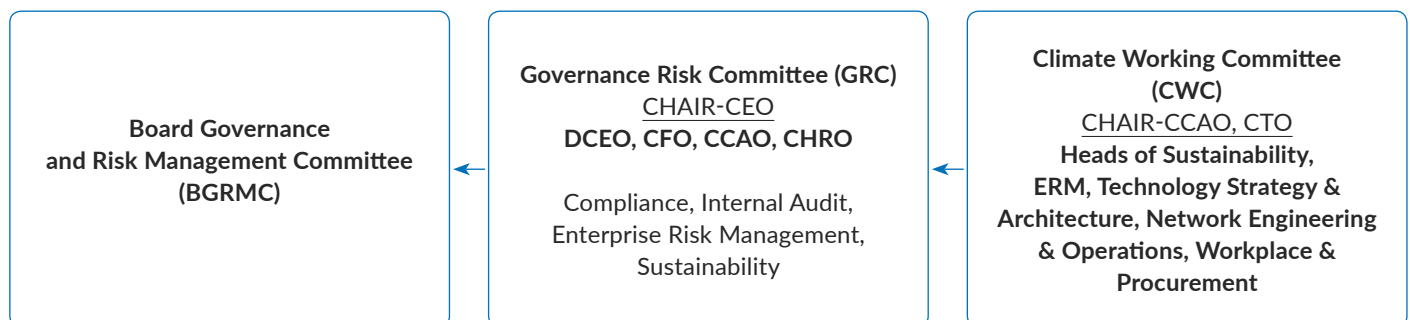
stewardship of sustainability matters. All Directors have completed the Mandatory Accreditation Programme Part I. The Directors have acknowledged the amendments to the MMLR related to sustainability training and have committed to attending the Mandatory Accreditation Programme Part II on Leading for Impact within the stipulated timeline.

The Governance and Risk Committee (GRC), chaired by the Chief Executive Officer and comprising of Senior Management, assists the BGRMC in strengthening the effectiveness of implementing CelcomDigi's sustainability policies and procedures at the management level. Together, they convene regularly to address governance, risk, compliance, and other non-financial performance matters, which are then escalated to the Board via the BGRMC on a quarterly basis.

The Climate Working Committee (CWC), represented by the Heads of Sustainability, Enterprise Risk Management (ERM), Technology Strategy & Architecture, Network Engineering & Operations, and Workplace & Procurement, oversees climate-related risks and opportunities. The CWC also deliberates on and recommends environmental actions and initiatives to the GRC for further escalation to the BGRMC.

The Sustainability Department serves as the subject matter expert and coordinates the implementation of the Group's sustainability initiatives.

Sustainability Governance Structure



Sustainability Management

Board Governance and Risk Management Committee (BGRMC):

Oversees and recommends the Group’s sustainability strategy, targets, policies, and materiality assessment process for the Board’s approval. The Committee ensures integration of sustainability and climate-related risks within the ERM framework and monitors the implementation of sustainability strategies and performance against targets.

Governance Risk Committee (GRC):

Assists the CEO and BGRMC in overseeing and strengthening effectiveness across the three lines of defense. The Committee shall consistently promote a culture that ensures ethical business conduct and compliance with the Code of Conduct, policies and procedures, and responsible business practices.

Climate Working Committee (CWC):

Oversees climate-related risks and opportunities, assesses and recommends environmental actions and initiatives, including

disclosures aligned with the TCFD and other internationally recognised standards, and reports on climate matters to the GRC for onward escalation to the BGRMC.



Read more on the integration of sustainability governance into CelcomDigi’s overall corporate governance framework in Section 5: Statement of Risk Management and Internal Control (SORMIC), pages 112 to 119.



Read about our commitment to the SBTi Net-Zero Standard towards setting a robust emissions reduction target at the pace and scale required by climate science: <https://sciencebasedtargets.org/companies-taking-action#dashboard>.

Sustainability Strategy Framework

We prioritise material sustainability matters to meet stakeholders’ expectations and evolving industry standards. We aim to make a significant impact on four focus areas and become a leading ESG practitioner in Malaysia.

Purpose	Focus Areas	Initiatives
<p>Advancing and Inspiring Society</p>	<p>Our Aspiration: Top 5 ESG Performer in Malaysia</p>	
	<p>Inclusive and Safe Digital Access</p>	<ul style="list-style-type: none"> • Service Reliability and Quality • Affordable and Inclusive Services • Cybersecurity and Data Protection • Digital Empowerment
	<p>Sustainable Value Chain</p>	<ul style="list-style-type: none"> • Health, Safety, and Environment • Supply Chain Management • Human Rights and Labour Standards
	<p>Governance and Performance Culture</p>	<ul style="list-style-type: none"> • Compliance-First Mindset • Board Oversight • Talent Succession Framework • Diverse and Empowered Skilled Workforce
<p>Environmental Impact and Action</p>	<ul style="list-style-type: none"> • Emissions Reduction and Clean Energy • Waste Management • Disaster Response • Tech-Enabled Solutions 	



Further information on the value created can be found in Section 4: Performance Review on pages 56 to 91.



Learn more about our approach to sustainability management at https://celcomdigi.listedcompany.com/sustainability_management.html.

Sustainability Management

ESG Performance Scorecard

Our ESG performance scorecard benchmarks performances of the four focus areas outlined in our Sustainability Strategy framework.

Focus Areas	Material Matters	Targets	Targets Due/ Tracking Frequency	FY2023 Performance
Inclusive & Safe Digital Access	S1 Customer Satisfaction	+2pp CSAT improvement in 2023	Tracked monthly	● 69.7% CSAT score (+3.9pp)*
	S6 Online Safety	500,000 community engagements in 2023	Tracked annually	● 585,268 engaged 44,856 active users* in Future Skills For All (FS4A) programme
	S5 Digital Inclusion			
	G2 Data Privacy and Cybersecurity	100% of Privacy Control Framework implemented for high-risk data processing functions by 2024	Tracked annually	● 85% completed
Sustainable Value Chain	S7/EN3 Supply Chain Management	20,000 supplier training hours in 2023	Tracked monthly	● 23,478 hours
	S3 Occupational Safety and Health	ISO45001 recertification for all CelcomDigi premises by 2024	Tracked annually	● Recertification completed for key premises (e.g. HQ)
Governance & Performance Culture	G3 Business Ethics and Corporate Governance	100% employees pass-rate in Integrity programme assessment in 2023	Tracked annually	● 100%*
Environmental Impact & Action	EN1 Climate Change and Environmental Action	Develop a Net Zero 2050 roadmap and targets aligned to SBTi by 2025	Mid (2030) to long-term (2050)	● Signed SBTi commitment letter in December 2023
	EN2 Energy Consumption			

Legend for FY2023 Performance

● Completed ● In progress ● Delayed

* Limited External Assurance

Sustainability Management

SDG Priorities and Impact Mapping

Over the past year, CelcomDigi has continued to support the United Nations Sustainable Development Goals (SDGs), emphasising the importance of mobile technology and its ability to digitalise economies, protect the environment, and empower societies by promoting digital inclusion, internet safety, and building skills for a digital future.

As we continue to develop our goals, responsibilities, and services co-relating to the SDGs, we recognise that certain areas are inherently related to the core of our company’s business functions. Our strategic priorities remain focused on supporting access to quality education (SDG 4), decent workplace and economic growth (SDG 8), innovative and resilient infrastructure (SDG 9), reducing inequalities (SDG 10), climate action (SDG 13), and peace, justice and strong institutions (SDG 16). This year, we continued to elevate our impact on the SDGs through our commitment to the United Nations Global Compact (UNGC) principles and the sustainability agenda to create impact across the broad range of areas covered by the SDGs. (For more information on our commitment, please refer to <https://unglobalcompact.org/what-is-gc/participants/162020-CelcomDigi-Berhad>).



- UNGC Human Rights (Principle 1, 2)
- UNGC Labour (Principle 3, 4, 5, 6)
- UNGC Environment (Principle 7, 8, 9)
- UNGC Anti-Corruption (Principle 10)



Key Relationships

CelcomDigi recognises the importance of having constant engagement with all our stakeholders. By establishing good lines of communication and maintaining positive relationships with them, we are able to understand their expectations and align them closer to our business strategies. This enhances our ability to create value and deliver on our purpose of Advancing and Inspiring Society.

Frequency

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

Board of Directors

Descriptor

Responsible for setting strategic priorities and providing guidance to the management to act in the interest of the company and its stakeholders

Engagement Channels

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

Stakeholders' Expectations

- Financial and non-financial performance
- Oversight on ESG-related matters and performances
- Meeting shareholder interests and stakeholders' expectations

Our Response

- Updates on CelcomDigi's purpose, strategy, company scorecard, risks, and emerging opportunities
- Updates on CelcomDigi's refreshed ESG strategy, including climate ambition
- Maintaining accuracy, completeness and consistency of CelcomDigi's disclosures

Frequency

- M**
- Q**
- Y**

Government and Regulators

Descriptor

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 regulatory and industry meetings
- Company website
- Integrated Annual Report and Financial Reports
- Yearly site audits and visits

Stakeholders' Expectations

- National digitalisation ambitions
- Digital inclusion (Equitable and affordable access, improved coverage)
- Digital integrity and digital resilience (privacy and data protection, cybersecurity)
- Compliance to regulatory standards and requirements

Our Response

- Affordable, inclusive, and innovative products and services to drive digital adoption and uptake
- Network integration and modernisation to enhance service reliability and quality
- Building a future-ready 5G network

Frequency

- W**
- Q**
- Y**

Key Relationships

Customers

Descriptor

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
- Enterprise sales and support, account servicing managers

Stakeholders' Expectations

- Consistent network experience
- Affordability
- Flexible plans
- Transparent billing
- Data security and privacy
- Responsive and efficient customer service

Our Response

- Widespread retail touchpoints - operating 365 days, digital platforms, and self-serve kiosks
- Becoming a trusted brand by employing fair and transparent business practices
- Establishment of Trust Circle to advocate responsible business practices
- Nationwide anti-scam awareness and online safety programmes

Frequency

- D
- W
- M
- Q
- Y

Employees

Descriptor

Individuals directly and indirectly (through contracted parties) employed by CelcomDigi

Engagement Channels

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

Stakeholders' Expectations

- Career development opportunities
- Work-life balance
- Competitive compensation
- Recognition and appreciation
- Inclusive and diverse culture
- Healthy and safe work environment

Our Response

- Established team structures (CD-Management, CD-Leadership, CD-Experts)
- Clear succession and talent pipeline
- Company-wide events to foster collaboration (Customer Engagement Day, Teambuilding, CDlympics)
- First-aider training to develop health ambassadors among employees
- Mental health and well-being programmes
- Benchmarking pay, compensation, and benefits competitiveness

Frequency

- D
- W
- M
- Q
- Y

Shareholder, Analysts, and Investors

Descriptor

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
- Analyst briefings

Stakeholders' Expectations

- Financial and non-financial performance
- Effective leadership, transparent decision-making processes, and accountability
- Regular updates and communication
- Environmental responsibility




Our Response

- Gaining market share and earnings consistency in a highly competitive industry
- Maintained strong stock market performance and investment portfolio
- Effective cost-management strategies
- Clear communication on company's strategy, risks, and performance
- Commitment to Net Zero target

Frequency

- M
- Q
- Y

Key Relationships

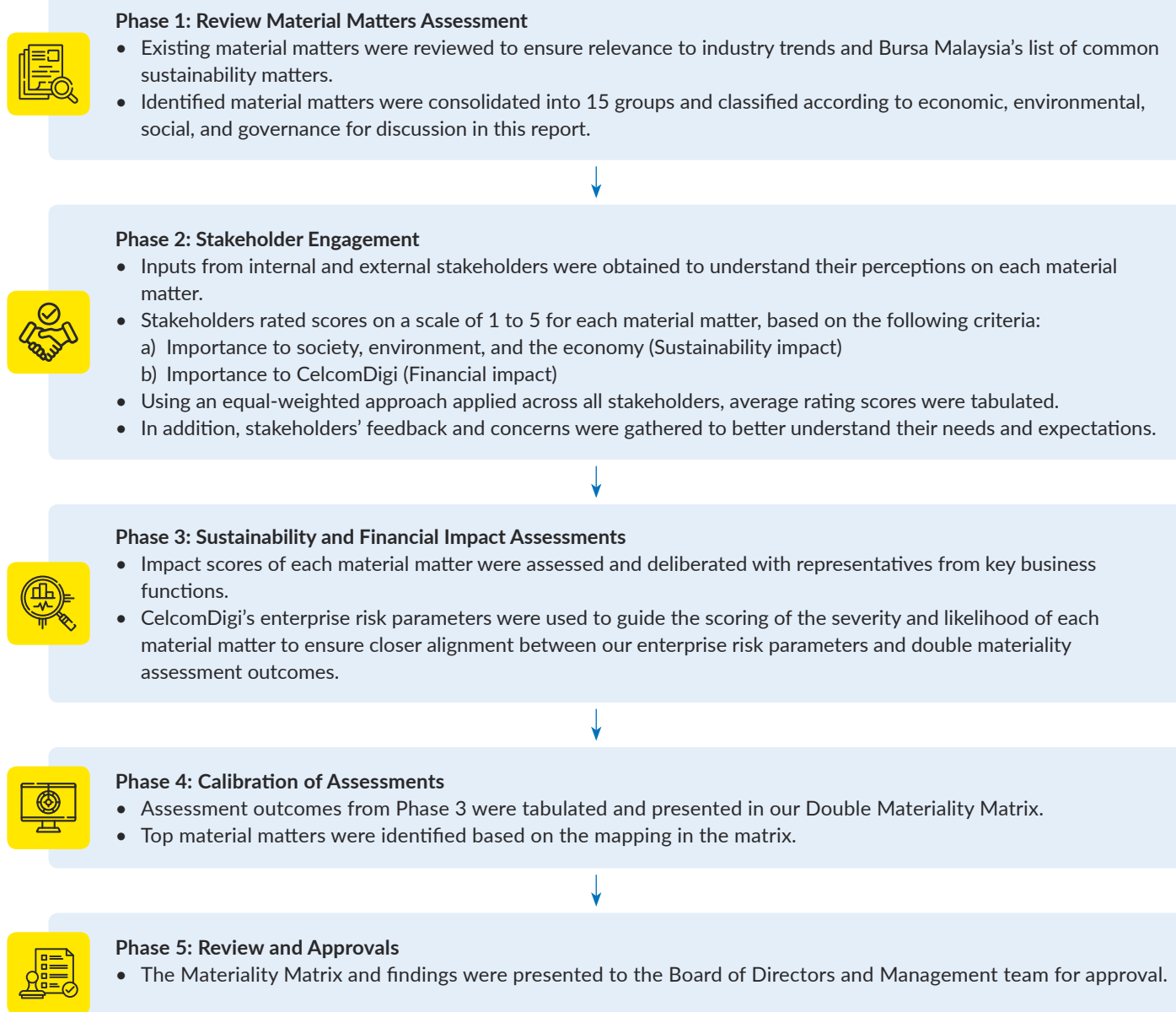
 Community, Sustainability Partners, and Non-Governmental Organisations (NGOs)	 Media	 Suppliers and Business Partners
<p>Descriptor</p> <p>Collaborative partners we engage with, united by common aspirations to advance our sustainability agenda, which is anchored on achieving the Sustainable Development Goals (SDGs)</p>	<p>Descriptor</p> <p>Public and private agencies that cover print, broadcast, and online media</p>	<p>Descriptor</p> <p>Businesses that have direct and indirect contractual relationships with CelcomDigi and deliver business value to us by co-developing/deploying products and services for our customers</p>
<p>Engagement Channels</p> <ul style="list-style-type: none"> • Programme collaborations • Advocacy, public engagements, and forums • Collaborative research, surveys, academic studies, and consultation papers 	<p>Engagement Channels</p> <ul style="list-style-type: none"> • Strategic and operational media interviews and events • Formal and informal briefings • On-demand requests • Press releases • Monitoring and sentiment analysis 	<p>Engagement Channels</p> <ul style="list-style-type: none"> • Exploratory meetings • Tenders and commercial agreements or partnerships • Regular check-in discussions • Site inspections and audits • Supplier training • Product presentations
<p>Stakeholders' Expectations</p> <ul style="list-style-type: none"> • Partnerships for Impactful Projects • Efforts aligned towards UN SDGs • Education and Digital Literacy Programmes • Emergency Response and Public Safety 	<p>Stakeholders' Expectations</p> <ul style="list-style-type: none"> • Customer satisfaction • Adherence to industry regulations • Innovation and technology updates • Industry thought leadership • Crisis communication preparedness 	<p>Stakeholders' Expectations</p> <ul style="list-style-type: none"> • Fair and timely payment • Mutually beneficial partnerships • Training and enablement • Market development support • Ethical business practices • Access to resources (e.g. seamless technological integration)
<p>Our Response</p> <ul style="list-style-type: none"> • Capacity-building programmes (CelcomDigi Young Digital Innovators Programme, Future Skills For All) to empower societies • Nurturing strong collaborations with like-minded partners • Internet access (Fixed Wireless Access) for flood evacuation centres and relief aids • Refurbished laptops distribution to schools and community centres 	<p>Our Response</p> <ul style="list-style-type: none"> • Positive stories about customer satisfaction, successful service implementations, and innovative customer-centric approaches • Providing media access to company events, product launches, and major announcements • Expert opinions, and contributing to industry discussions 	<p>Our Response</p> <ul style="list-style-type: none"> • Training for vendors • Perform Integrity Due Diligence prior to the appointment of vendors • Requirements for all business partners to adhere to CelcomDigi's Business Partner Conduct Principles • Integrity hotline to report on alleged misconducts, bribery, and corruption within CelcomDigi • My5G SME Digital workshop • Partnerships to enable next-gen connectivity solutions
<p>Frequency</p> <p>M Q Y</p>	<p>Frequency</p> <p>W M Q Y</p>	<p>Frequency</p> <p>W M Q Y</p>

Materiality

We recognise the pivotal role of materiality assessment in our sustainability management efforts. Through this exercise, we are able to engage with our diverse stakeholders and attain feedback on issues that should be considered relevant and prioritised.

In 2024, we refreshed our materiality assessment to validate the importance of economic, environmental, social, and governance matters to our business and stakeholders. Throughout this process, we ensured that our enterprise risk parameters closely aligned with business priorities. We also adhered to best practices as outlined in standards such as the Bursa Sustainability Reporting Guide and Toolkits and the Global Reporting Initiative (GRI).

Our Approach to Materiality Assessment



Materiality

Materiality Matrix

Our Materiality Matrix represents the level of importance of our 15 consolidated material matters from the perspectives of stakeholders, business, and financial impact. The Matrix provides a practical overview of the risks and opportunities across the business value chain, guiding our strategic decisions and development processes.



Commentaries

- CelcomDigi prioritises 24/7 customer support to meet the demand for an always-on digital lifestyle, gathering feedback through multiple channels and promptly addressing concerns to ensure customer satisfaction.
- CelcomDigi dedicates separate focus and resources to promoting a safe internet experience and mitigating heightened risks associated with online safety and scams.
- Guided by existing good practices, CelcomDigi implements strong mitigation strategies and remediation plans to uphold human rights across the company, ensuring ongoing due diligence for maximum visibility and monitoring of ground-level issues.
- CelcomDigi remains committed to stringent regulatory compliance, continuously engaging with relevant agencies and government bodies to meet evolving standards and best practices.
- CelcomDigi recognises energy management's crucial role in mitigating climate change and commits to prioritising energy efficiency, low-carbon energy generation, and sustainable transportation in the short to mid-term.
- CelcomDigi prioritises people matters, focusing on developing a progressive talent pipeline, core competencies, and cultural integration to strengthen its position as one of Malaysia's Top 5 Employer Brands.

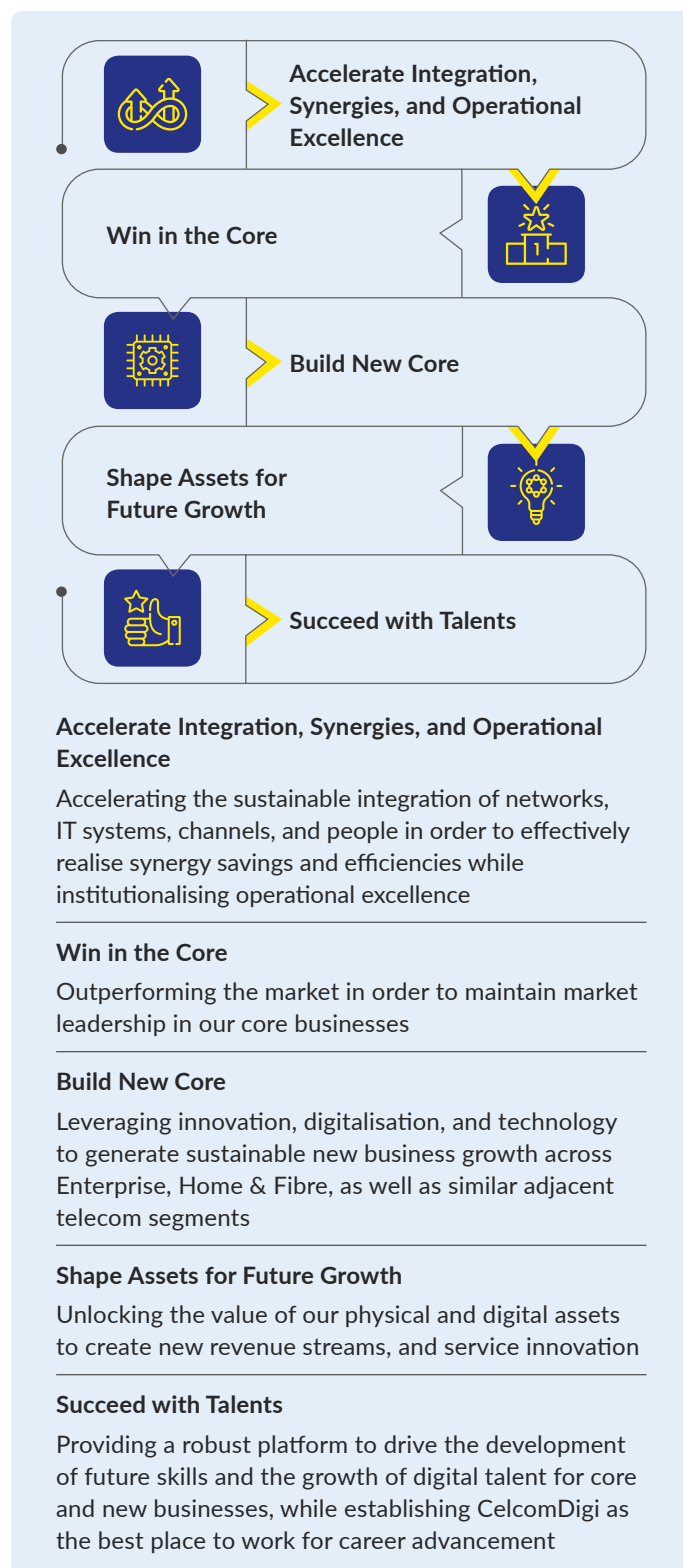
Please refer to next page

Materiality

Legend	Material Matters	Description	Movements (vs FY2023)
Very High Importance			
EC1	Service Reliability and Quality	Providing quality and consistent network experiences to customers.	▲
S1	Customer Satisfaction ¹	Employing customer-centric solutions for a differentiated user experience in our highly competitive markets.	▲
G2	Data Privacy and Cybersecurity	Upholding strong governance to strengthen privacy controls and to protect stakeholders' data and information against cyberattacks.	▼
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, and clear lines of reporting.	▲
High Importance			
S6	Online Safety ²	Nurturing safe internet skills among stakeholders.	▲
S4	Respecting Human Rights and Freedom of Expression ³	Upholding human rights by mitigating the risk of potential abuse across our value chain and ensuring access to the right information.	▲
EN1	Climate Change and Environmental Action	Protecting the environment by transitioning towards a low-carbon economy and employing effective waste management within business operations.	▲
S3	Occupational Safety and Health	Providing a conducive environment with improved health and safety conditions for employees and contracted workers across the supply chain.	▼
EC2	Business Development, Expansion, and Investments	Robust strategies to acquire and expand businesses and value creation to drive growth and profitability.	▲
S5	Digital Inclusion	Enabling greater access to enhance digital inclusion among stakeholders.	▲
G1	Regulatory Compliance ⁴	Maintaining robust controls to meet existing and emerging legislation and regulations.	▼
EN2	Energy Consumption ⁵	Implementing measures to improve energy efficiency and promote sustainable practices to mitigate environmental impact.	NEW
S7/ EN3	Supply Chain Management	Raising standards in our supply chain to positively influence social equality and environmental protection.	▼
S2	Talent and Culture ⁶	Fostering an environment that attracts and retains high-performing talents while encouraging continuous development of digital competencies.	▼

Strategy

Our strategic pillars underscore our dedication to Advancing and Inspiring Society, driving us to create value for our stakeholders and foster sustainable long-term growth. This is achieved through the five key priorities outlined in our growth strategy.



Our Strategy Progress

CelcomDigi has developed a comprehensive five-year strategic blueprint to guide our growth journey and secure long-term success. Our strategy focuses on expanding the market, capitalising our operational strengths, and embracing innovation as a key value driver to future-proof our business. This year, we made significant strides in Advancing and Inspiring Society across our five strategic pillars.



Read more on our progress activities in Section 4: Performance Review, pages 56 to 91.



Accelerate Integration, Synergies, and Operational Excellence

Capitals:



The Strategy

- 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, evolving operating models, structural changes, technology-driven efficiencies, and embracing an Operational Excellence mindset

Our Initiatives

- Achieved integration and synergy milestones planned for 2023:
 - Completed organisational integration for business continuity
 - Harmonised channels with integrated Sales teams
 - Embraced new CelcomDigi culture integration
 - Integrated more than 5,000 sites ahead of schedule
 - Improved free cash flow with efficient cost management
 - Realised gross synergy of RM366 million
- Achieved our Operational Excellence target for 2023 through internal programmes

Strategy



Win in the Core

Capitals:



The Strategy

- Continuing to lead and win across all regions and segments while prioritising the growth of high-value and differentiated customer segments
- Strengthening convergence by cross-selling and upselling to our existing customer base
- Establishing a leadership position in the 5G race across both mass consumer and business segments
- Enabling our teams through analytics and delivering on our brand and customer promise through differentiated product offerings, exceptional service, support, and digital and retail experiences

Our Initiatives

- Strengthened and optimised our retail and distribution presence to better serve our segments:
 - Streamlined channels and integrated sales team under one umbrella
 - Ensured Celcom Bluecubes and Digi Stores remained open 365 days a year
 - Introduced a new CelcomDigi brand
 - Rolled out over 50 product campaigns, including unified 5G offerings, which resulted in more than 636,000 net additions in consumer mobile



Build New Core

Capitals:



The Strategy

- Driving accelerated growth in the Home & Fibre segment within the market
- Expanding significant market share across all Enterprise segments through strategic partnerships enabled by beyond connectivity solutions
- Leveraging our Innovation Centre to spearhead new innovations in the local digital ecosystems through partnerships with global technology players
- Fostering a culture of innovation within our workplace by exploring new technologies and innovative solutions

Our Initiatives

- Accelerated our Home & Fibre initiatives and revitalised our Enterprise Business:
 - Introduced a new CelcomDigi brand for both Home & Fibre and Enterprise propositions
 - Grew subscriber base to 131,000
 - Secured key contract wins in Enterprise Business
 - Conducted multiple MY5G CEO workshops with Enterprise clients to drive thought leadership on 5G technology
- Establishing the Innovation Centre, and forming over 12 collaborations with major global technology partners and local institutions, introducing groundbreaking use-cases in logistics, electrification, and leveraging X-as-a-Service in fintech and data analytics

Strategy



Shape Assets for Future Growth

Capitals:



The Strategy

- Driving overall efficiencies through the optimisation of costs and capital allocation in our assets, while exploring new technologies to enhance asset efficiency and utilisation
- Modernising and integrating our network and IT systems to establish a future-proof and efficient technology stack

Our Initiatives

- Prioritised the security of our customers' data by implementing identity lifecycle, privilege, and access management protocols internally
- Introduced the NextGen Self-Serve Kiosk, setting a new standard in customer service by offering self-directed interactions within a technology-driven retail environment
- Adopted the Digital Telco Enabler (DTE) as our enterprise integration platform, supporting new telco business models and ensuring seamless digital experiences for our customers
- Transformed our Core Customer Relationship Management and Billing systems, enhancing the customer experience, strengthening customer relationships, and boosting satisfaction levels



Succeed with Talents

Capitals:



The Strategy

- Completing organisation design and putting in place the Top 400 leaders across the company
- Activating 10/100/1,000 initiative to build future talent pipeline for CXOs, leaders, and next-generation talent
- Rebuilding our core competencies to ensure a comprehensive skill set that meets both current and future business needs
- Developing next-generation talent programmes and offering internal job mobility options to create more avenues for career advancement
- Fostering innovation and embracing new ways of work to cultivate a distinctive CelcomDigi culture, contributing to the development of a strong employer brand

Our Initiatives

- Completion of people integration efforts:
 - Harmonised and established CelcomDigi leadership and a new organisational structure to ensure the successful and stable integration of employees
 - Initiated the development of new CelcomDigi values and culture

Innovating new possibilities

Advancing your business with 5G and AI-powered technologies, so you can enjoy the freedom to focus on the things that truly matter





Financial Capital



Financial Capital

Our approach

Guiding Factors

Material Matters

G1

EC2

S1

Strategic Pillars



UNSDGs



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

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

Key inputs in 2023

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

Outputs

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

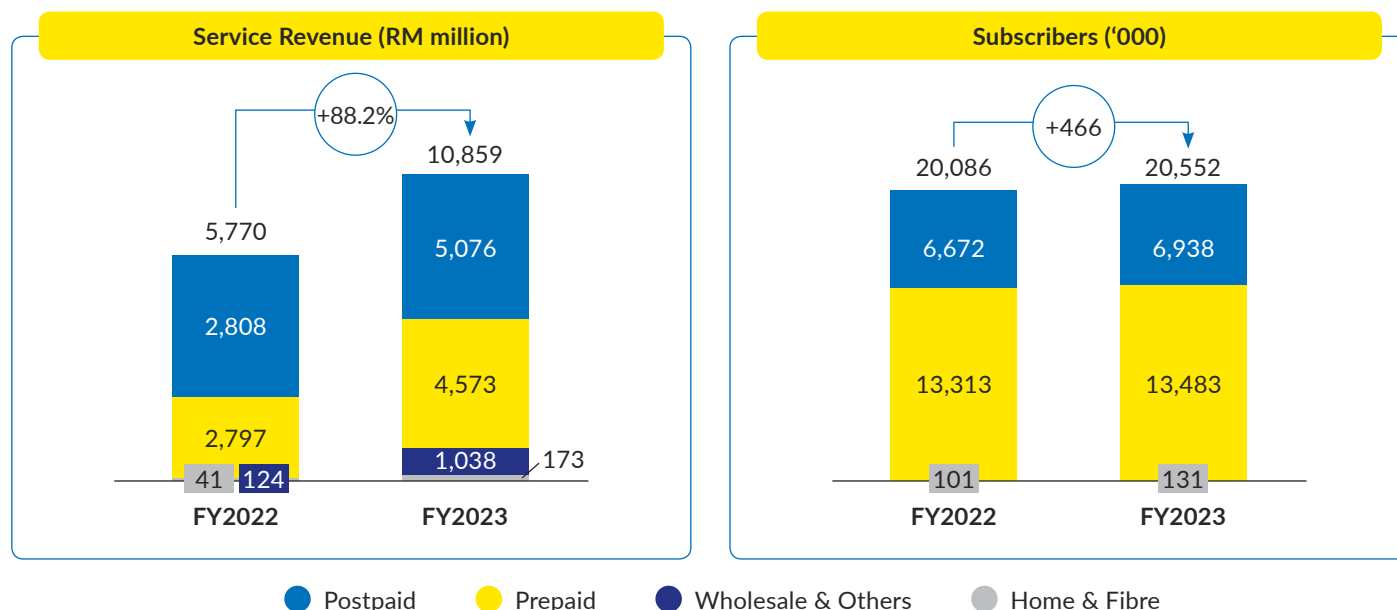
Looking ahead

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

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

Financial Capital

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



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

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

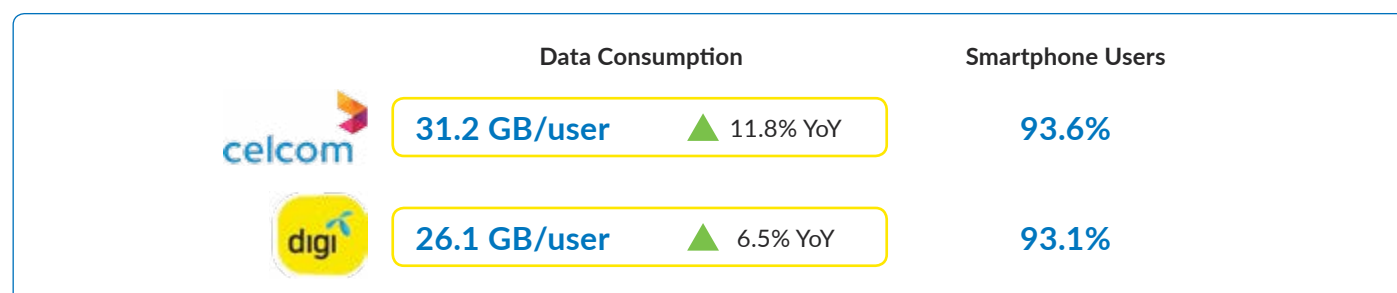
Prepaid revenue increased by 63.5% YoY from RM2,797 million to RM4,573 million due to the high demand for data services as well as the effect of the merger.

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

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

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

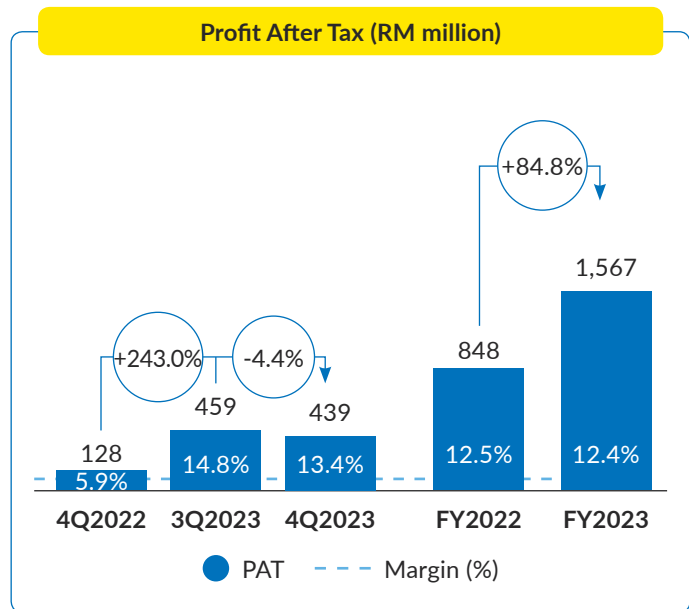
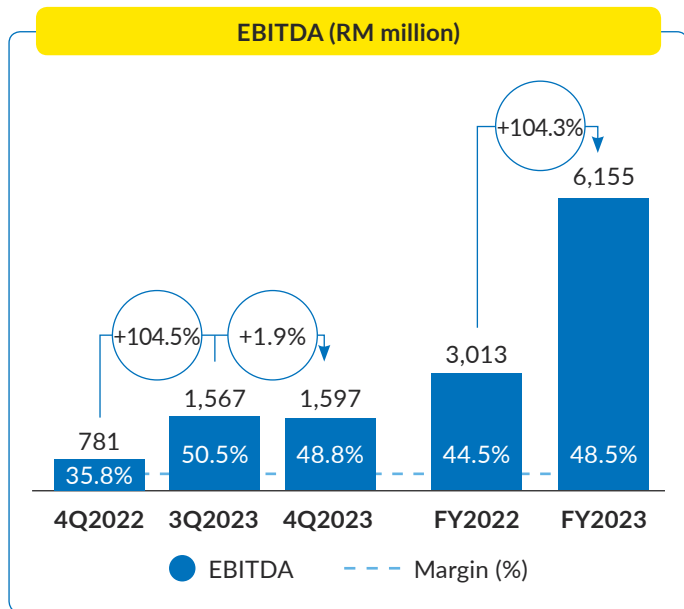
With the increasing number of smartphone users and ongoing enhancements of our network quality and coverage, the average monthly data usage per user reached 31.2 GB for Celcom and 26.1 GB for Digi.



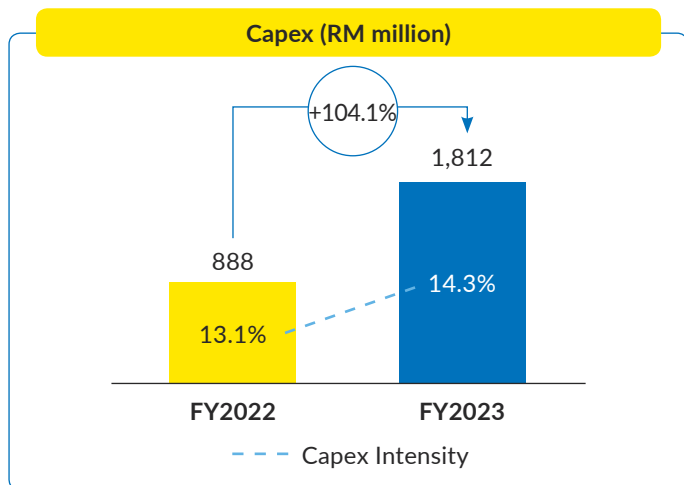
Financial Capital

Sustaining core profitability margins driven by strong underlying performance

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



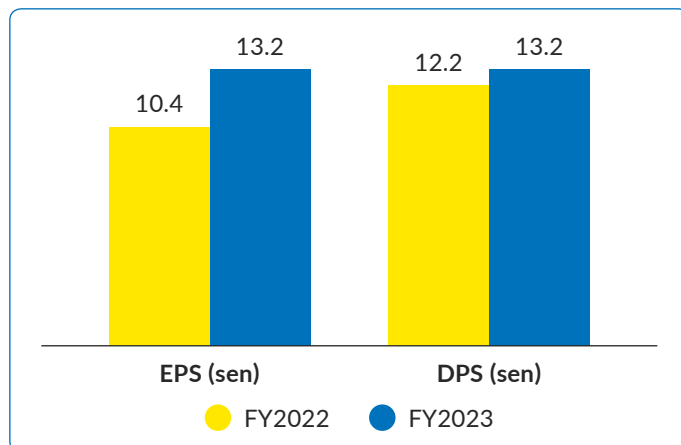
Optimising capex efficiencies to deliver network integration and modernisation initiatives



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

Financial Capital

Delivering sustainable returns to shareholders

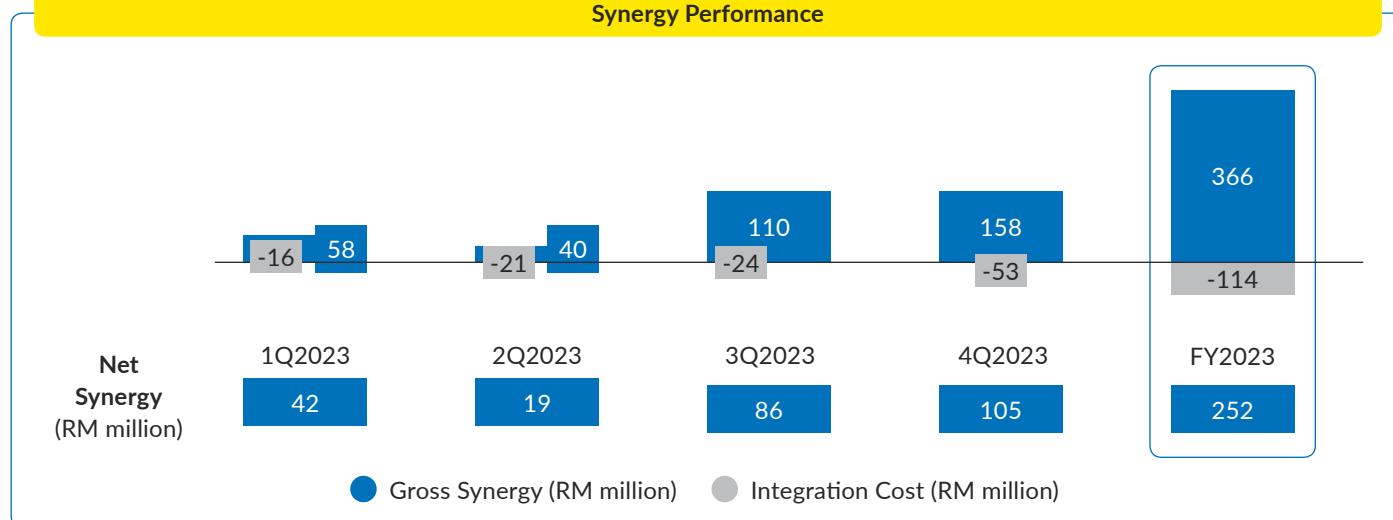


- Higher Earnings Per Share (EPS) and Dividend Per Share (DPS) from topline improvements and effective cost management.
- The total FY2023 dividend payout amounted to RM1,549 million, reflecting a 99% dividend payout ratio, which exceeds the company's dividend policy of a minimum of 80% of net profits.

Realising gross synergies from structural initiatives and sourcing efficiencies

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

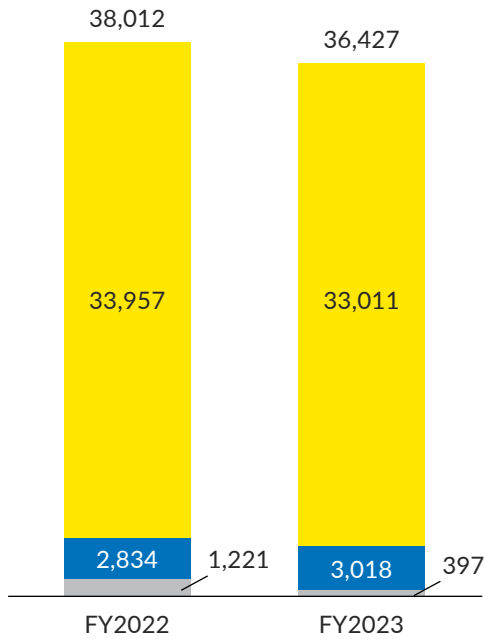
Synergy Performance



Financial Capital

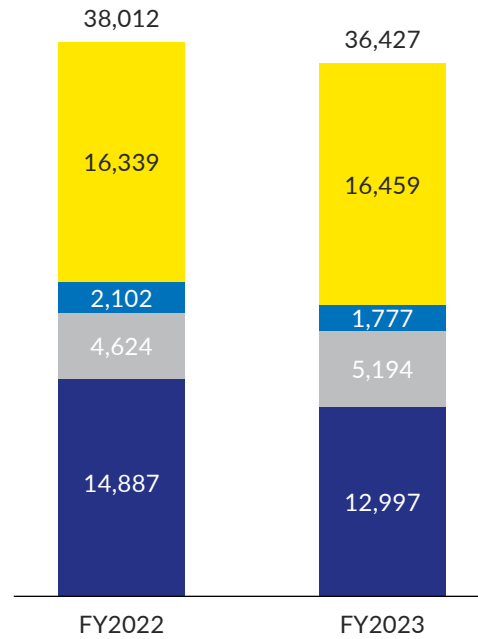
Solid balance sheet management in maintaining financial strength for future growth

Assets (RM million)



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

Equities and Liabilities (RM million)



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

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

Manufactured Capital



Manufactured Capital

Our approach

Guiding Factors

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G4

EC1

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S5

S6

Strategic Pillars



UNSDGs



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

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

Key inputs in 2023

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

Outputs

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

Looking ahead

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

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

Manufactured Capital

Building Malaysia's future digital network

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

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

Network integration and modernisation exercise

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

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

Improved customer experience in post-consolidated areas

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

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

Population coverage

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

Combined fibre footprint

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

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

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

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

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

Manufactured Capital

Building Malaysia's future digital network (Continued)

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

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

Driving modernisation and automation initiatives towards operational excellence

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

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

Our transformation towards touch-free operations

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



Process-driven via Robotic Process Automation (RPA)



Data-driven via AI/ML



Proactive detection & self-healing in cybersecurity



Energy efficiency



Development Security & Operations (DevSecOps)

Improving Service Levels, Resilience, and Recovery

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

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

Manufactured Capital

Connecting with our customers through our digital and physical touchpoints

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

Largest retail network in Malaysia



12,000+
retailing touchpoints



400+
branded stores



8.9 million users
on Celcom Life and MyDigi apps



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



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



Celcom Bluecubes and Digi Stores
open 365 days a year

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



69.7% CSAT* score
with a +3.9pp improvement



CelcomDigi mobile plans available in
all retail stores



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



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



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

Notes:

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

Intellectual Capital



Intellectual Capital

Our approach

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Strategic Pillars



UNSDGs



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

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

Key inputs in 2023

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

Outputs

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

Looking ahead

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

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

Intellectual Capital

Advancing our reputation as a trusted brand

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

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

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

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

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

Intellectual Capital

Enabling digital inclusion for underserved communities

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

Pakej Rahmah

affordable bundles with 5G-enabled devices

Pakej Mega Jimat

mobile offering programme with device

Pakej Perpaduan (Prepaid)

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

Fibre broadband

(30mbps) for only RM69/month in Sabah

Easy360

device installment or ownership programme

Accelerating business and SME digitalisation

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

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

Highlights of new business digitalisation and innovation initiatives in 2023

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

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

MY5G CEO Series

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

MY5G SME Digital Workshops

and over 250 other engagements with Malaysian businesses

Pursuing strategic partnerships for new growth opportunities

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

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

Intellectual Capital

Pursuing strategic partnerships for new growth opportunities (Continued)

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



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



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



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



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

Strong governance and robust internal controls

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

Code of Conduct

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

Whistleblowing Policy

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

Compliance Programme

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

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



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

Intellectual Capital

Strong governance and robust internal controls (Continued)

Consistently improving the monitoring of governance risks across our value chain

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



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

Tightening data protection and cybersecurity controls

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

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

Our Data Protection Practices

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



Data Collection

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



Data Access

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



Data Security

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



Data Sharing

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



Data Retention & Deletion

CelcomDigi does not store your personal data longer than necessary.



Individual Rights

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

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

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

Intellectual Capital

Tightening data protection and cybersecurity controls (Continued)

Active engagements with our Stakeholders

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

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

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

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



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



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



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



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



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

Business Continuity Management System (BCMS)

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

Human Capital



Human Capital

Our approach

Guiding Factors

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Strategic Pillars



UNSDGs



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

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

Key inputs in 2023

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

Outputs

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

Looking ahead

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

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

Human Capital

Establishing one unified workforce

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

New organisation structure and development focus

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

Harmonisation of rewards and benefits

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

Deployment of unified HR systems

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

Building a diverse, inclusive, and responsible workforce

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

Prioritising DEI

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



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

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



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

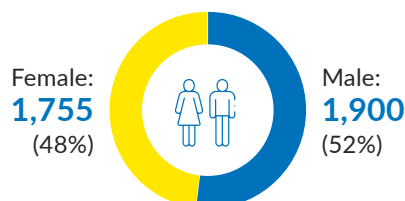
Human Capital

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

Our workforce

Breakdown by gender and category

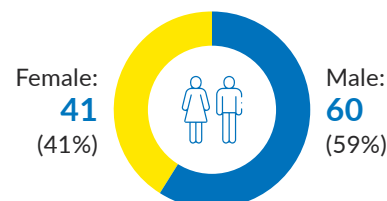
Total Employees:
3,655



CelcomDigi Management
(CXOs)



CelcomDigi Leadership
(Top 100 leaders)



Breakdown by age and category

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

Integrating the Code of Conduct into our way of work

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

100% employee completion

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

100% employee pass rate

Year-end Compliance assessment

Continuous Education

Regional roadshows and monthly awareness newsletters

Notes:

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



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

Human Capital

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

Encouraging a Speak-Up culture

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



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



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

Nurturing industry-best talents

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

Employee learning hours

Total learning hours: 65,404 hours*

Average for
male employee
15.9 hours

Average for
female employee
12.2 hours

Average for
management
12.9 hours

Average for
non-management
14.1 hours

Notes:

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

Access to learning platforms

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

Learning Day 2023:
~540 employees participated

Launched core competency programme

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

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

Unveiled new performance and development framework

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

Succession planning for leadership positions

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

Human Capital

Focusing efforts on collaboration and engagement

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

Creating conducive, collaborative workspaces

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

Organising frequent, transparent communication through various platforms

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

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

Focused efforts on employee engagement activities

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

CDlympics

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

Customer Engagement Day

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

Support labour rights and standards

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

2 unions under CelcomDigi

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

81 employees

fall within scope of representation



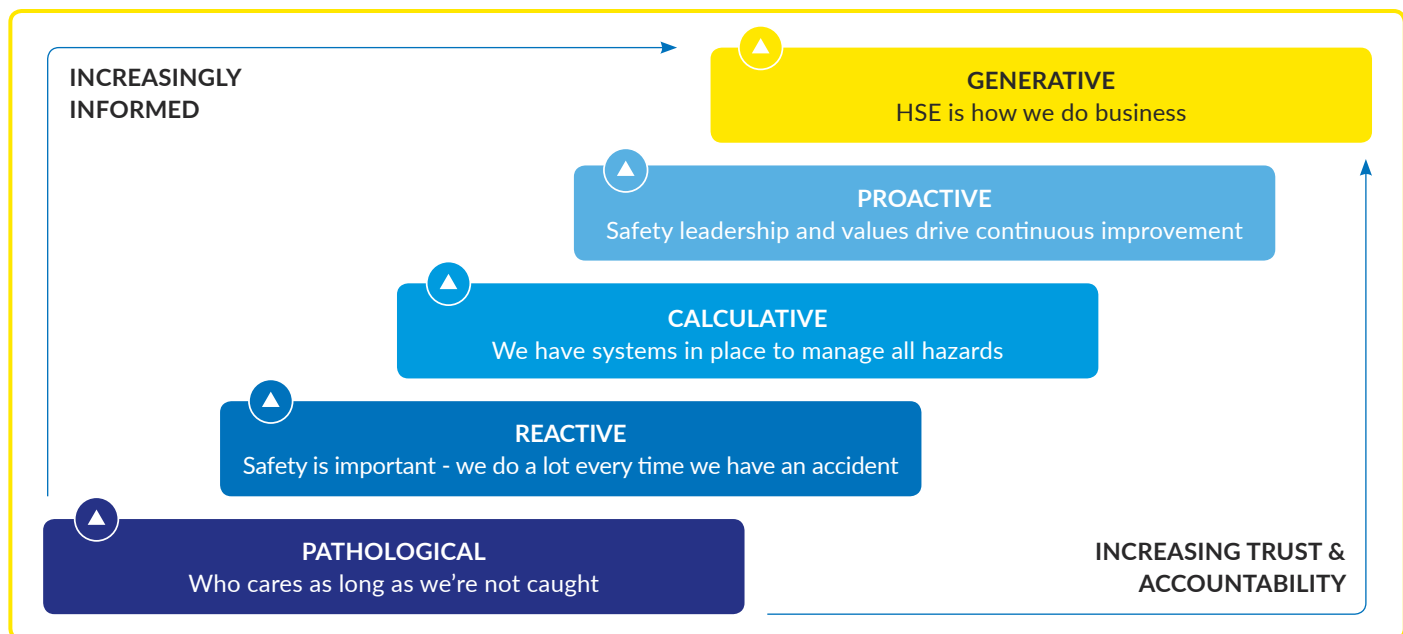
For more information on our approach towards Labour Rights and Standards, visit https://celcomdigi.listedcompany.com/human_rights.pdf

Human Capital

Building a healthy and safe workplace environment

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

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



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

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

Human Capital

Building a healthy and safe workplace environment (Continued)

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

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

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

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

Strengthening OSH governance and monitoring

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

Notes:

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

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



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

Natural Capital



Natural Capital

Our approach

Guiding Factors

Material Matters

EN1

EN2

G1

Strategic Pillars



UNSDGs



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

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

Key inputs in 2023

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



Outputs

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

Looking ahead

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

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

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

Natural Capital

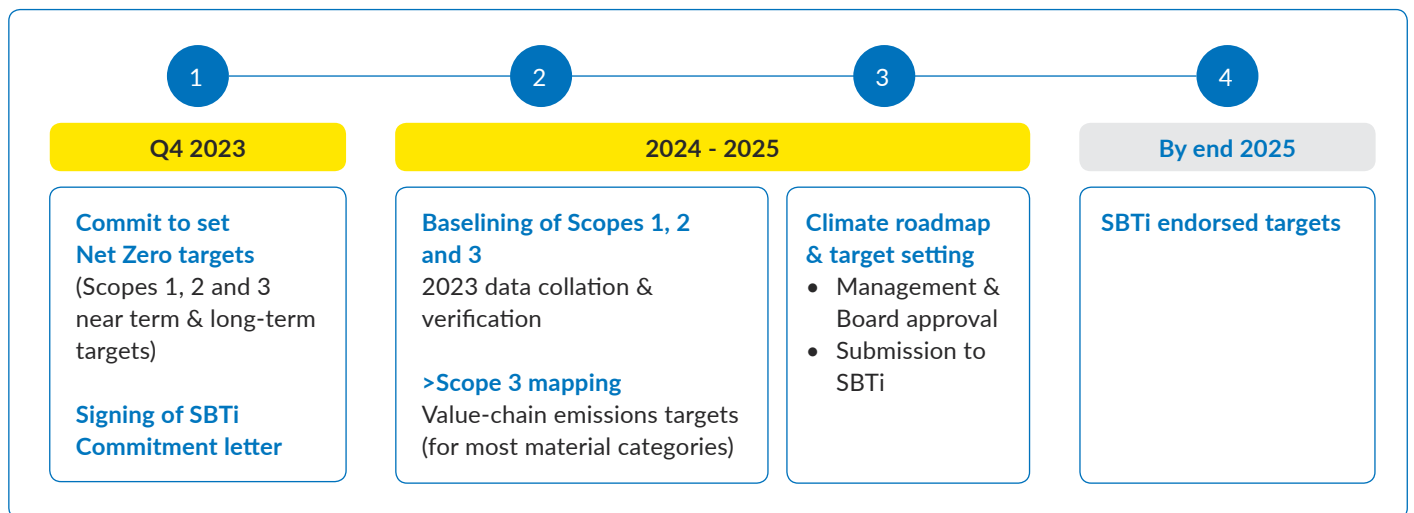
Committing to Net Zero 2050



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

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

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



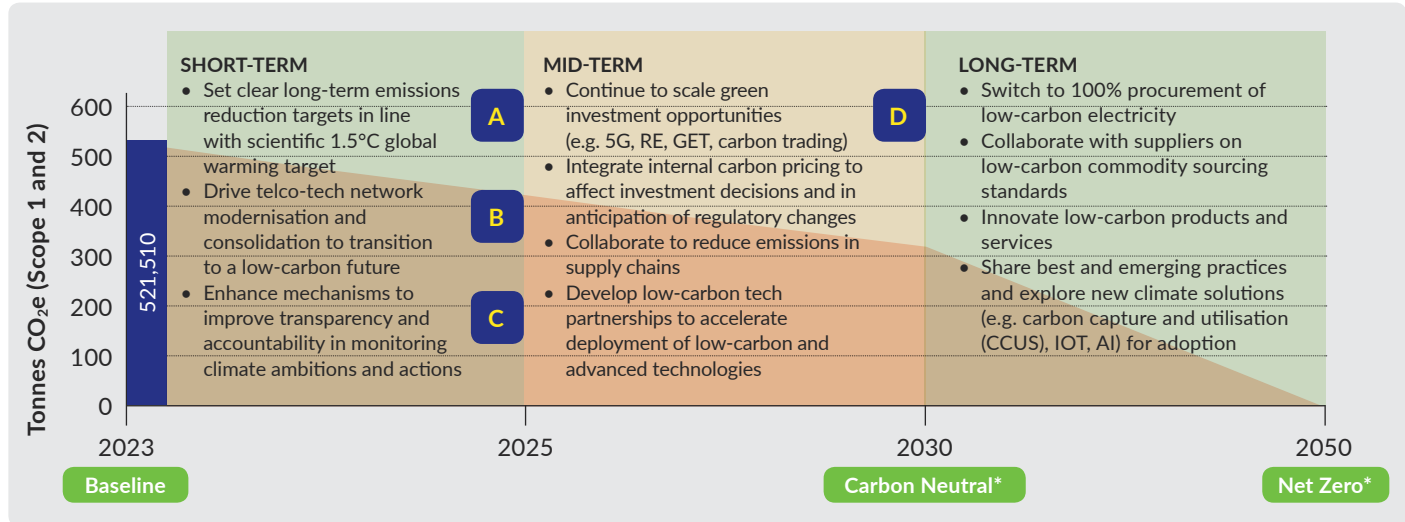
For more information on our approach towards Climate Action and Environmental Management, visit https://celcomdigi.listedcompany.com/climate_environmental_action.pdf

Natural Capital

Managing our environmental impact positively

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

Carbon emissions roadmap for CelcomDigi



Notes:

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

A

Reduction targets

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

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

Natural Capital

Managing our environmental impact positively (Continued)

B

Network integration and modernisation

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



12% improvement in power efficiency



8% reduction in average power consumption



Decommissioning of **15** generator sets

Note:

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

C

Strengthened governance of climate action

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

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

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

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

Environmental management excellence

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

Strengthening climate reporting integrity

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

Natural Capital

Managing our environmental impact positively (Continued)

D Greening the network and data centre operations

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

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

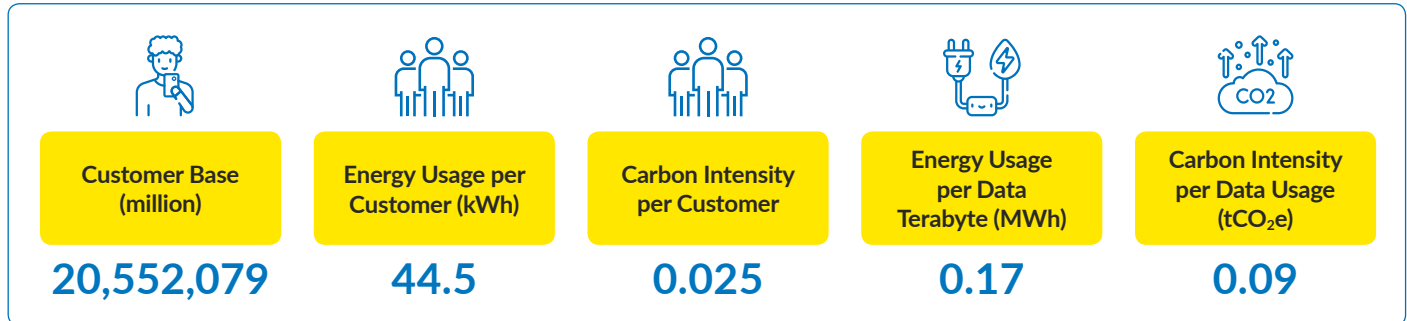
Greenhouse Gas (GHG) Emissions

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

Natural Capital

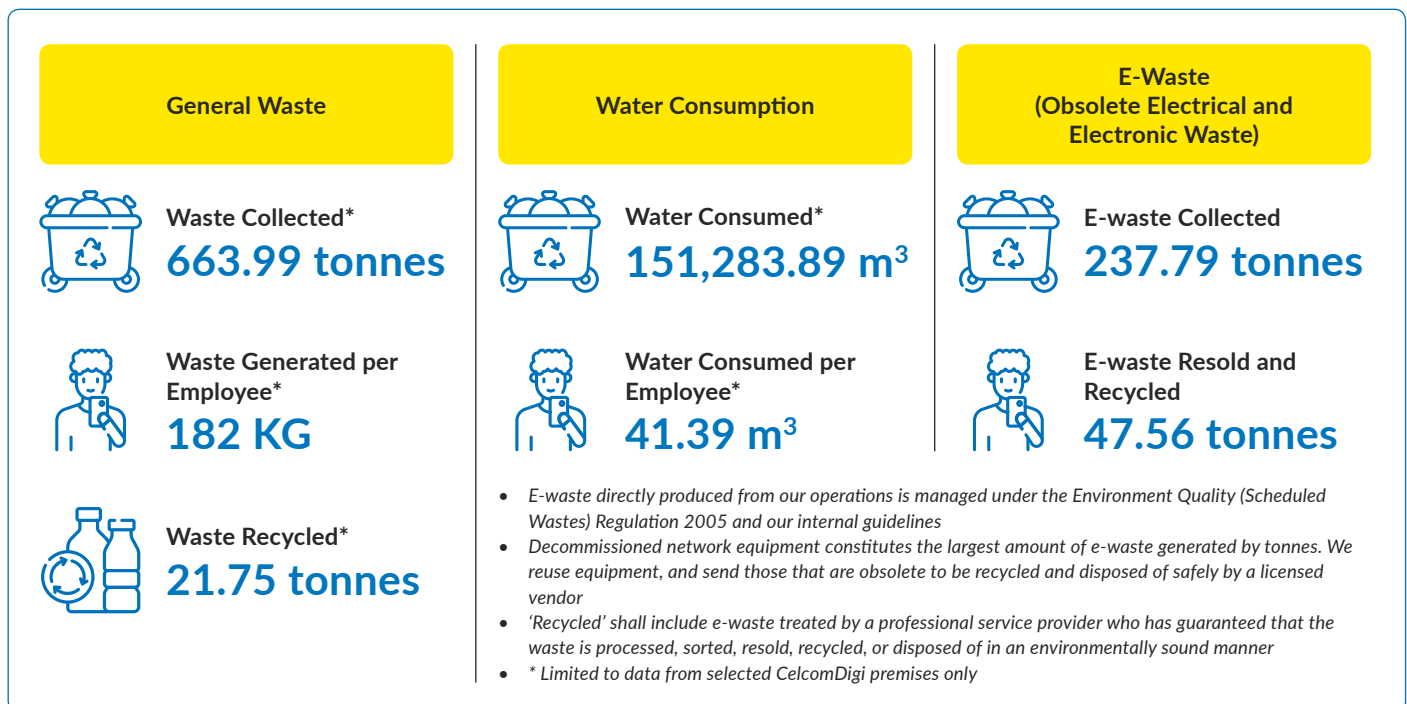
Managing our environmental impact positively (Continued)

Greenhouse Gas (GHG) Emissions (Continued)



Notes:

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



Natural Capital

Risk and opportunities aligned with the recommendations of the TCFD

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

Climate-related physical risk mitigation

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

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

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

Promoting eco-friendly workspaces and stores

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

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

Natural Capital

Adopting whole-of-society approach towards decarbonisation opportunities

Partnerships to stimulate green growth

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



A Yinson GreenTech Business

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



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



Supporting the National Climate Governance Malaysia Summit

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

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



CEO Action Network (CAN)

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

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



Race to Net Zero!

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

Social and Relationship Capital



Social and Relationship Capital

Our approach

Guiding Factors

Material Matters



Strategic Pillars



UNSDGs



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

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

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

Key inputs in 2023

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

Outputs

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

Looking ahead

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

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

Social and Relationship Capital

Trusted partner to the government, consumers, and businesses

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

These are several partnerships we have established in 2023:

CelcomDigi and Time dotcom collaborate to boost fibre accessibility for Malaysians



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



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



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



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



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



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



CelcomDigi partners Huawei and ZTE for nationwide network integration and modernisation



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



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



Social and Relationship Capital

Upholding human rights across the value chain

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

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

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



Implementing Human Rights Due Diligence 2023-2024

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



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

Managing our supply chain responsibly

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

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

Social and Relationship Capital

Managing our supply chain responsibly (Continued)

Compliance

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



Capacity Building

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



Inspection

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



Assessments

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



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



New suppliers who signed the ABC

242*

(FY2022: 155)



Total suppliers who have signed the ABC to date

2,487

(FY2022: 2,245)



Total supplier training hours

23,478

(FY2022: 16,691)

Number of inspections conducted

Unannounced

795

(FY2022: 504)

Announced

10

(FY2022: 8)

Total

805

(FY2022: 512)

Number of findings

Major

17

(FY2022: 11)

Minor

84

(FY2022: 65)

Number of suppliers terminated

0

(FY2022: 0)

Number of suppliers suspended

1

(FY2022: 0)

Number of suppliers awarded contracts

607 local suppliers

212 foreign suppliers

Note:

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

Social and Relationship Capital

Empowering societies through nation-building initiatives

Digital Safety

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

War Against Scams

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

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

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

S.A.F.E Internet

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

CelcomDigi Anti-Scam Campaigns

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

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

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

Social and Relationship Capital

Empowering societies through nation-building initiatives (Continued)

Digital Empowerment

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

Future Skills for All

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

CelcomDigi Young Digital Innovators Programme

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

Siswapreneur Bootcamp

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

Note:

* Total enrolment has been independently assured by SIRIM QAS International

Corporate Citizenship

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

Laptop distribution to schools

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

Flood preparedness, relief, and recovery

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

Provisioning of Fixed Wireless Access (FWAs)

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

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

CelcomDigi Corporate Raya Celebration

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

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



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

BEYOND SPACE

Sci-Fi

Astronauts on a mission face unimaginable dangers and revelations that test their survival skills. A daring plan to explore the unknown challenges the boundaries of reality.

Watch



New Episodes



The Cyber Guardian



Team Force

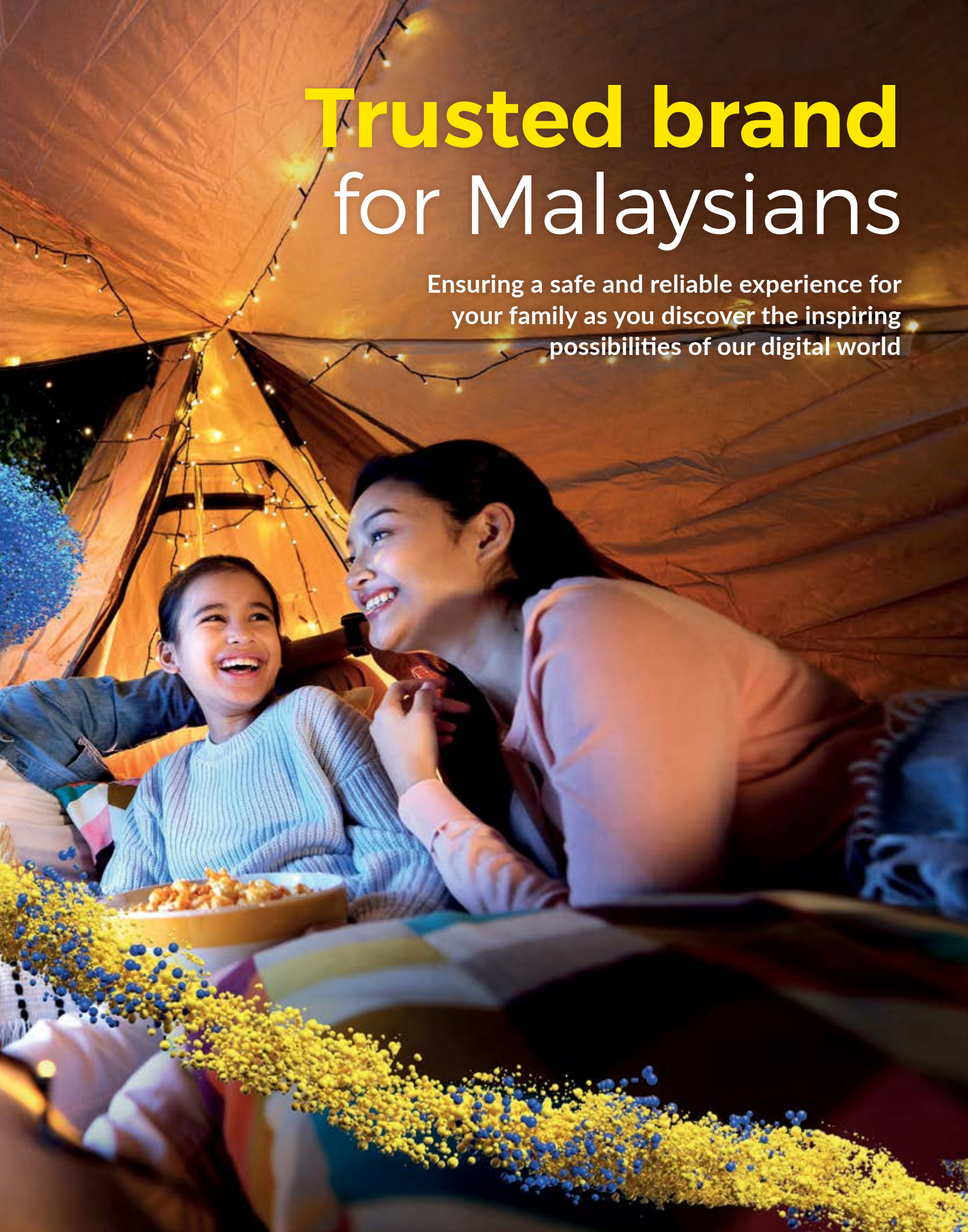


Dance Hope



Trusted brand for Malaysians

Ensuring a safe and reliable experience for
your family as you discover the inspiring
possibilities of our digital world



Corporate Governance Overview Statement

The Board of CelcomDigi Berhad upholds a strong corporate governance framework that empowers effective leadership amid various internal and external challenges, emphasising on long-term value creation and transparent ESG reporting. The Governance Framework follows the principles and best practices of corporate governance prescribed by the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad (Bursa Malaysia), Malaysian Code on Corporate Governance (MCCG) 2021, Corporate Governance Guide, international best practices, and standards on corporate governance. Our Governance Framework delegates responsibilities to the Board and Management Committees. Supported by the Board Charter, Limits of Authority Matrix (LOA), and Business and Governance policies, an annual review aligns the Governance Framework with internal reorganisation and transformation initiatives.

It is imperative to review the Corporate Governance Overview Statement (CG Overview Statement) alongside the comprehensive Corporate Governance Report (CG Report). The CG Report provides in-depth insights into the application of each governance practice, including details on any departures and alternative measures implemented within the Group. The CG Report is available on our website at <https://corporate.celcomdigi.com/annualreport>.

As of 31 December 2023, CelcomDigi has applied all Practices of MCCG 2021 within our Corporate Governance Framework, with exceptions for Practice 5.2 (requiring at least half of the board to comprise independent directors, or a majority for large companies) and Practice 8.2 (disclosure of the top five Senior Management's remuneration component in bands of RM50,000).

The Board acknowledges these departures and is actively working towards achieving a majority of independent directors. CelcomDigi is undertaking reasonable efforts to achieve this Practice within two years, subject to the progress of the integration and the overall aim of securing a board composition with an optimal balance of competencies, diversity, and independence. CelcomDigi currently does not plan to fully disclose detailed Senior Management remuneration.

Statement by the Board on Corporate Governance

The CelcomDigi Board remains steadfast in its commitment to strong leadership and effective governance. Our Board, comprising of industry experts, corporate professionals, bring diverse perspectives and deep knowledge to reinforce our position as Malaysia's leading telecommunications provider.

Looking ahead, CelcomDigi's Board has outlined top priorities to deliver in 2024:

- **Integration & Synergies:** Streamlining operations and maximising merger synergies
- **Strategy Execution:** Implementing strategic plans to protect core business and deliver market growth with a focus on 5G
- **Billing Systems Optimisation:** Ensuring smooth migration for enhanced efficiency
- **Stakeholder Engagement:** Managing relationships effectively to support organisational goals
- **Governance & Compliance:** Upholding strong governance, regulatory adherence, risk management, sustainability, and operational excellence

Internalising Governance and Integrity

The Board believes that strong ethics and integrity standards are essential for sustainable business practices. Upholding these values enables our Board to protect the interests of our stakeholders and partners from fraud and corruption, and foster increased business growth. The Board adopts a top-down approach to incorporate CelcomDigi's values of good governance and accountability from leadership levels to all individuals across the Group.

Corporate Governance Overview Statement

The Group has in place a robust Anti-Corruption Policy, Whistleblowing Policy, and Business Party Conduct Policy that sets out sound principles and standards of good practice, to be adhered to by Directors, employees, and business partners. Consistent efforts to promote these policies fosters a culture of good governance and upholding the values of integrity, transparency, and accountability of our operations.

Embedding Sustainable Business Practices

CelcomDigi is committed to integrating sustainability performance into its overarching business strategy. This commitment entails considering environmental and social impacts in decision-making and aligning objectives with the Company's purpose and values.

In the short to mid-term, CelcomDigi will focus on:

- a) Defining and setting measurable ESG targets including setting a near-term company-wide emissions reduction target in line with the SBTi.
- b) Continuing engagement with stakeholders, including customers, regulators, investors, and communities to address concerns, and transparently communicate sustainability initiatives. A double materiality assessment conducted in early 2024 reevaluated our stakeholders' expectations and potential areas of impact on the environment and society.
- c) Fostering a culture of continuous improvement in sustainability efforts by regularly reviewing and updating strategies based on evolving industry standards, technologies, and stakeholder expectations.
- d) Maturing in our disclosure journey by proactively complying to regulatory requirements and demonstrating a strong commitment to advocate responsible business practices.
- e) Assessing and enhancing sustainability across the value chain including engaging suppliers for our scope 3 baseline and supply chain emissions reduction plan.

Principle A – Board Leadership and Effectiveness

Our Board plays a pivotal role in realising our purpose—Advancing and Inspiring Society. As the ultimate custodian of good corporate governance, the Board is steadfastly committed to fostering an ethical culture that champions integrity, effective internal controls, and robust decision-making processes.

Board Charter

Adhering to its Charter, the Board follows the Terms of Reference (TOR), delineating roles and responsibilities for both the Board and its Committees. This comprehensive guide serves as a reference for Board members, providing clarity on individual roles and responsibilities, as well as outlining intentions and expectations for fulfilling duties and obligations.

The Board updated its Charter on 17 August 2023, aligning it with the revised definition of an Independent Director by Bursa Malaysia. CelcomDigi is committed to conducting an annual review, ensuring its Charter remains competitive within the industry and adheres to the latest rules and regulations set forth by relevant authorities.



Read more about our Board Charter:
https://celcomdigi.listedcompany.com/corporate_governance.html

Code of Conduct

CelcomDigi's Code of Conduct outlines the expected business culture and conduct for all Board members and employees. This framework fosters a robust corporate culture, reinforcing our commitment to integrity in carrying out duties and responsibilities. The Code aims to guide decision-making, offering clarity and setting expectations for daily conduct. The Board steadfastly follows the Code, observing high standards of conduct and accountability in driving our business responsibly.



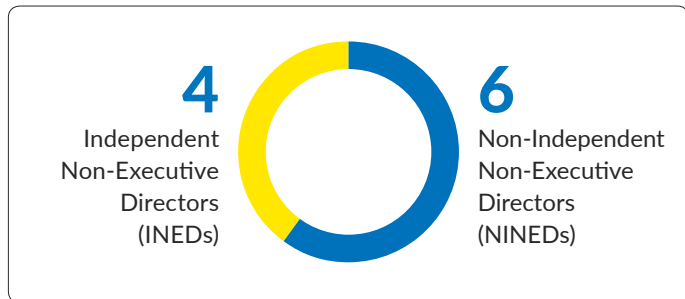
Read more about our Code of Conduct:
<https://corporate.celcomdigi.com/company/governance>

Corporate Governance Overview Statement

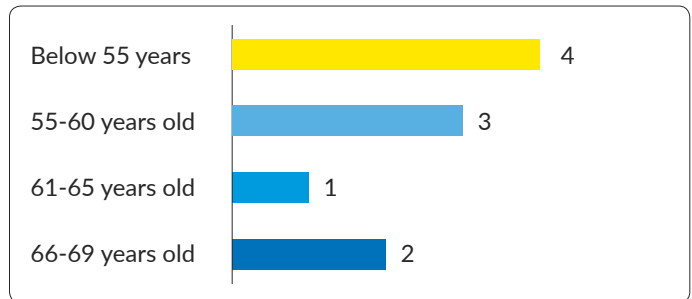
Board Composition

CelcomDigi's Board composition is carefully assembled, creating a balance between objectivity and diversity. This arrangement ensures the efficient performance of collective responsibilities, upholding good corporate governance, and facilitating holistic and strategic decision-making. The Board Nomination and Remuneration Committee (BNRC) conducts regular reviews of the Board's composition, providing recommendations to improve its effectiveness. More details on the BNRC's activities can be found in the BNRC Report.

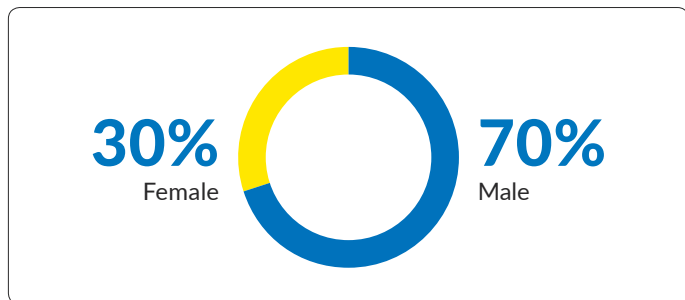
Board Balance and Composition



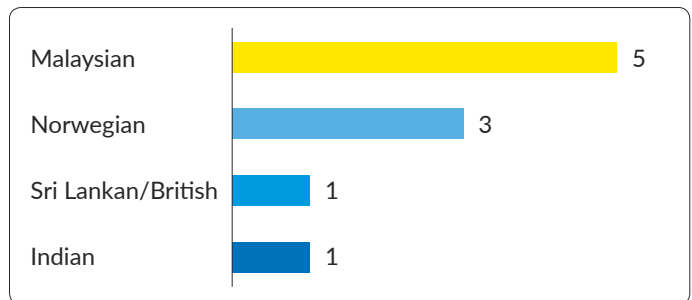
Age



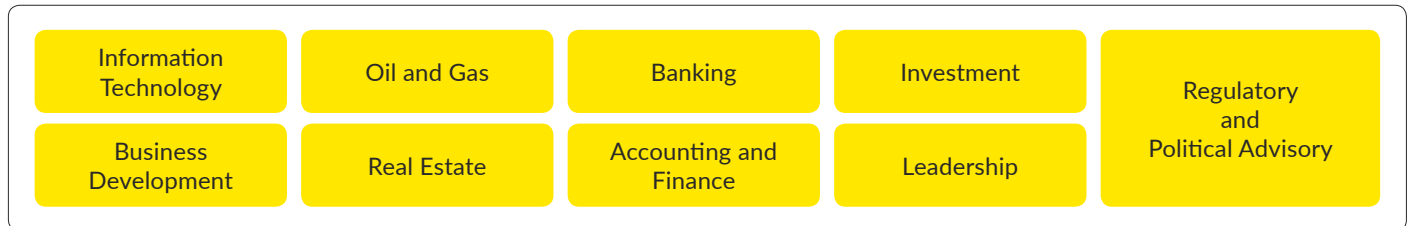
Gender



Ethnic Diversity



Board Skills and Expertise



Length of Service



The Board area of skills and experience are based on the Director's BEE 2023 Self-Assessment

* The above is based on information as at 15 March 2024

Corporate Governance Overview Statement

Board Roles and Responsibilities

The Board is responsible for ensuring the Group's success by managing its business in a responsible and efficient way. Directors have a duty to act in the Company's best interest, fulfilling collective and individual duties to shareholders. The Board works closely with Management to create long-term opportunities for the business, with a distinct separation of roles between the Chair and the CEO to keep a balance and avoid a concentration of power.

Tengku Dato' Sri Azmil Zahrudin, as Chair of the Board leads the Board in steering the Company's strategy and business direction leveraging his extensive experience. The Deputy Chair supports and chairs Board Meetings in the Chair's absence. Haakon Bruaset Kjoel assumed the role of Deputy Chair upon the resignation of Petter-Børre Furberg on 15 March 2024. The CEO manages day-to-day operations, leading the Group Senior Management team. The CEO oversees policies, strategies, and corporate culture across the Company, with the Deputy CEO ensuring operational and go-to-market efficiency aligned with the approved strategic plan of CelcomDigi.

The Board Committees, namely the Board Audit Committee (BAC), the BNRC, and the Board Governance and Risk Management Committee (BGRMC), assists the Board in its oversight function. The Board Committee Chairs report outcomes to the Board, presenting recommendations for approvals. The Board is kept informed of Board Committee activities through the circulation of meeting minutes and updates from respective chairpersons on deliberation and outcomes, ensuring transparency and alignment with organisational goals.

Overview of the Roles of our Board

Roles and Responsibilities	
1. Chair of the Board	<ul style="list-style-type: none"> Ensures orderly Board conduct and function. Manages effectiveness in strategy, governance, risk, and compliance. Leads meetings, sets agendas, and foster open debate among Directors. Engages regularly with the CEO and Deputy CEO for operational insights. Ensures effective communication with shareholders.
2. Deputy Chair of the Board	<ul style="list-style-type: none"> Assists the Chair. Chairs Board Meetings in the Chair's absence.
3. Independent Non-Executive Directors	<ul style="list-style-type: none"> Bring independent and objective insights, challenging Senior Management unbiasedly. Free of relationships interfering with judgement, prioritising minority shareholders. Scrutinise and challenge Senior Management performance in executing CelcomDigi's strategies.
4. Non-Independent Non-Executive Directors	<ul style="list-style-type: none"> Contribute to managing effectiveness in strategy, governance, risk and compliance. Act objectively in the Company's interest, independent of Senior Management. Scrutinise and challenge Senior Management performance in executing CelcomDigi's strategies.

Matters Reserved for the Board

- Review, approve, and adopt CelcomDigi's strategic plans and annual targets.
- Oversee and evaluate the conduct and performance of CelcomDigi's business.
- Declare dividends, approve financial statements, annual and quarterly reports, ensuring integrity in reporting.
- Review and approve strategic investments, mergers and acquisitions, divestment and corporate exercises.
- Oversee material acquisitions and disposition of assets not in the ordinary course of business.
- Review the adequacy and integrity of CelcomDigi's internal control system.
- Approve changes in CelcomDigi's policies, procedures, and limits of authority.
- Identify and manage principal risks affecting CelcomDigi.

Key Features of the Board

- Separation of roles between the Chair of the Board and CEO.
- The Chair of the Board is not a member of the Board Committees.
- Meets Board Diversity requirements, particularly gender diversity, with three women serving as Board members (30% female representation).
- The Senior Management team does not sit on the Board.

Corporate Governance Overview Statement

We ensure that the Board Chair is independent by refraining from committee memberships, enhancing our board governance. This intentional approach prevents self-review and mitigates the risk of compromising objectivity, especially concerning observations and recommendations from Board Committees.

Board Access to Management, Company Secretaries, Information and External Experts

The Board maintains direct access to the Senior Management team, ensuring transparency and effective decision-making through unrestricted access to CelcomDigi's business information.

Our Company Secretaries, who are qualified under Section 235 of the Companies Act 2016 (Act), provide complete support, which includes participating in Board and Board Committees meetings, preparing minutes, and giving regulatory advice, such as the Act, MMLR, and other requirements, to help the Directors fulfil their duties.














Meeting materials are securely delivered through an electronic Board portal at least 12 days prior to the board meetings. Board calendars and agendas are set in advance, and all Board members are expected to attend the scheduled Board meetings and relevant Board Committees meetings as well as the general meetings.

Urgent ad hoc meetings are arranged in consultation with the Chair and Deputy Chair. The Board and Board Committees can access external information and expert advice, when necessary, facilitated by independent external experts at the Company's expense.

The Company Secretaries keep abreast of regulatory changes and corporate governance developments through continuous training. The Board is satisfied with the performance and support rendered by the Company Secretaries to the Board in fulfilling their duties.

Board Meetings

Directors demonstrated full commitment with attendance at Board meetings during the financial year. There were 18 Board meetings held during the year 2023, focusing on post-merger activities. Similarly, the BAC, BGRMC, and BNRC meetings were held in 2023 and attended by all Board Committee members.

Current Directors	Board Meetings	
	Attendance	%
Tengku Dato' Sri Azmil Zahrudin Raja Abdul Aziz ¹ (Chair of the Board)	17/17 	100
Haakon Bruaset Kjoel (Deputy Chair of the Board)	18/18 	100
Vivek Sood ¹	17/17 	100
Rita Skjaervik	18/18 	100
Dr Shridhir Sariputta Hansa Wijayasuriya	18/18 	100
Tan Sri Abdul Farid Alias	18/18 	100
Vimala V.R. Menon	18/18 	100
Datuk Iain John Lo	17/18 	94
Khatijah Shah Mohamed	18/18 	100
Kasper Wold Kaarbø ²	N/A	N/A
Former Directors		
Tan Sri Halim Shafie ³	1/1 	100
Thayaparan S Sangarapillai ³	1/1 	100
Jørgen Christian Arentz Rostrup ⁴	14/14 	100
Petter-Børre Furberg ⁵	4/4 	100

Notes:

¹ Appointed on 19 January 2023

² Appointed on 15 March 2024

³ Resigned on 19 January 2023

⁴ Resigned on 1 October 2023

⁵ Appointed on 1 October 2023 and Resigned on 15 March 2024

51 hrs

Total hours of the Board meetings

99.8%

Overall % of the Board meetings attended by Directors

90 hrs

Total hours of the Board and Board Committee meetings

Corporate Governance Overview Statement

Board Activities

During the review year, the Board focused on five key areas, as outlined below:

	Activities
Strategy	<ul style="list-style-type: none"> Reviewed and approved Group strategy, ambitions, and targets. Oversaw the implementation of Group strategy, and business plan. Reviewed and approved Strategic Projects: M&A and inorganic proposals. Discussed DNB Equity Participation and Access Agreement. Approved a future ready Brand Architecture. Approved the 2024 Business Plan and Corporate Scorecard. Discussed Succession Planning. Discussed Organisation Plan, people, and culture integration. Reviewed and discussed on IT/system integration.
Financial Performance	<ul style="list-style-type: none"> Reviewed and approved 2024 Capital Expenditure. Approved Quarterly Financial Results and Quarterly Interim Dividend. Reviewed and approved Audited Financial Statements for financial year ended (FYE) 31 December 2022. Approved Related Party Transactions and/or Recurrent RPTs by CelcomDigi Group. Recommended re-appointment of Ernst & Young PLT as external auditor for FYE 31 December 2023. Approved the establishment of Executive Share Grant Plan for Senior Management.
Risk and Internal Controls	<ul style="list-style-type: none"> Reviewed Enterprise Risk and Opportunities status update. Evaluated risk assessment encompassing financial and non-financial aspects. Reviewed internal controls and mitigation measures. Reviewed strategic investment proposals in relation to assessment related key risks and mitigation plans. Approved Internal Audit Plan 2023. Approved the Statement on Risk and Internal Control for the Integrated Annual Report 2022.
Governance	<ul style="list-style-type: none"> Reviewed compliance with the MCCG, the Act, and MMLR. Approved the Integrated Annual Report 2022 and CG Report. Approved Circular to shareholders in relation to the Proposed New and Renewal Shareholders' Mandate for Recurrent RPTs, proposed change of company name from 'Digi.Com Berhad' to 'CelcomDigi Berhad' and proposed adoption of new constitution for shareholders' approval. Analysed Performance Evaluation for Board and Board Committee members. Reviewed Anti-Corruption and compliance updates. Approved Board Calendar and Meeting plans 2023. Received Minutes of Meeting of Board Committees. Recommended payment of Directors' fees and benefits payable to Non-Executive Director (NED) for shareholders' approval. Approved convening the 26th Virtual Annual General Meeting (AGM) and Extraordinary General Meeting (EGM). Recommended Directors standing for re-election at the AGM. Approved Board Annual Wheel and Board calendar 2024. Approved TOR of BAC, BGRMC and BNRC, Board Charter, CEO Charter, Fit & Proper Policy, and other policies and manuals. Approved Conflicts of Interests Policy. Reviewed and approved changes in directors across the Company, subsidiaries, and investment companies.
Sustainability	<ul style="list-style-type: none"> Reviewed and discussed Sustainability Framework. Reviewed ESG Programme and Activities. Reviewed 2023 material matters through Materiality Assessment exercise conducted with external and internal stakeholders. Discussed short, medium, and long-term climate actions and roadmap.

Corporate Governance Overview Statement

Board Appointment Process

Board appointments are a meticulous and thorough process, ensuring the selection of Directors are aligned with the Company's values and strategic goals. The responsibility of appointments lies with the Board, acting upon recommendations from the BNRC. Appointments have due regard to our Fit and Proper (F&P) Policy taking into consideration the benefits of diversity. Appointments are made based on merit against objective criteria, with a focus on ensuring a well-balanced mix of personality, skills, and experience in line with approved selection criteria.

The BNRC plays a crucial role in developing specifications for required skills and experience, and external recruitment consultants are engaged when necessary. The existing appointment process is deemed adequate by the Board, involving thorough assessment of skills, experience, competency, and knowledge of individual candidates.

Process Summary:



Board Effectiveness Evaluation (BEE)

The internally conducted BEE 2023 aimed at assessing the overall effectiveness of the Board and identifying areas for improvement. To ensure the independence of our Independent Non-Executive Directors (INEDs), this annual self-assessment on independence is mandatory. All 10 directors participated, with results kept confidential by the Company Secretary, and a summary is presented to the BNRC and the Board for discussion.

Key Assessment Sections:

Section 1

Board Leadership and Effectiveness

Section 2

Board Committees' Evaluation

Section 3

Board and Directors' Self/Peer Assessment

Section 4

Self-Assessment of Board Skills Matrix and Experience

Section 5

Level of Independence for Independent Director

The BEE 2023 findings indicated the Board's success in providing strategic guidance, effective monitoring, and astute evaluation of management proposals. The Board demonstrated commitment to aligning company integrity with financial, regulatory, and internal processes. Furthermore, the Board remained consistent in the need to stay informed about developments and initiatives related to ESG. The BEE also highlighted that the management and operation of the Board were sufficiently addressed in 2023.

The Board expressed satisfaction with the BEE 2023 findings, acknowledging their continued effective discharge of duties. The diligent and efficient performance of respective Board Committees was noted, and the Board believes the overall process was well managed.

Corporate Governance Overview Statement

Achievement of 2023 Priorities

The Board focused on continuing priorities in the first year post-merger, and accomplished the following:

Merger Integration and Synergies Strategy	Organisation Development	Sustainability and Corporate Responsibility
Successful implementation of Year 1 initiatives of a comprehensive merger integration plan resulting in increased operational efficiencies and synergies.	Established new culture and values, placement of key leadership layers, and the right organisation structure.	Integration of sustainability practices into the business strategy, emphasising environmental and social responsibility, and maintaining a long-term commitment to sustainability.

Induction and Continuous Professional Development

The BNRC facilitates and reviews internal and external training programmes annually, ensuring our Directors stay abreast of the latest knowledge and skills. Additionally, CelcomDigi organises market visits, providing insights into business operations and market outlook.

All directors have fulfilled the requirements of the Mandatory Accreditation Programme Part I, except for Kasper Wold Kaarbø, who was recently appointed on 15 March 2024, and has not yet completed the programme. The Directors have acknowledged the amendments to the MMLR related to sustainability training and have committed to attending the Mandatory Accreditation Programme Part II on Leading for Impact within the stipulated timeline. Throughout the financial year 2023, our Directors actively participated in various training programs listed below:

Name of Director	Training Programmes Attended
Tengku Dato' Sri Azmil Zahrudin Raja Abdul Aziz	<ul style="list-style-type: none"> • UEM Edgenta Berhad Annual Management Dialogue – GLCs Role in Malaysia's Economic Transformation • Board ESG Governance: Navigating the Board's role in ESG KPIs, GRC, and Executive Compensation • A Leadership agenda: Driving trust from the top • IASB-MASB Virtual Outreach on Post-implementation Review of IFRS9 Financial Instrument - Impairment • PNB Knowledge Forum – Harnessing Innovation and Technology for Sustainable Business • CelcomDigi MY5G CEO Roundtable – Realising the True Potential of 5G for Malaysian Businesses • Mandatory General Offer – Duties of the Offerer and Ultimate Offerer • EPF Strategy Meeting – Panel Session – Organisational Culture Transformation • Khazanah Megatrend Forum – Orchestrating a New Development Bargain for Sustainable Growth • CelcomDigi: Introduction to 5G Opportunities • CelcomDigi: Board Strategy Workshop
Haakon Bruaset Kjoel	<ul style="list-style-type: none"> • CelcomDigi: Board Strategy Workshop • CelcomDigi: Introduction to 5G Opportunities • EY Management of Cyber Risk • Singapore Institute of Directors (SID) Directors Conference 2023 • Board ESG Governance: Navigating the Board's role in ESG KPIs, GRC, and Executive Compensation • INSEAD International Directors Programme
Vivek Sood	<ul style="list-style-type: none"> • Mobile World Congress 2023 Barcelona • CelcomDigi: Board Strategy Workshop • CelcomDigi: Introduction to 5G Opportunities • Board ESG Governance: Navigating the Board's role in ESG KPIs, GRC, and Executive Compensation • Advocacy Sessions for Directors and CEOs of Main Market Listed Issuers • Axiata GR&C Annual Conference 2023 • Artificial Intelligence • Board Briefing on M&A Framework • What Worked for Deutsche as guest speaker session

Corporate Governance Overview Statement

Name of Director	Training Programmes Attended
Rita Skjaervik	<ul style="list-style-type: none"> • CelcomDigi: Board Strategy Workshop • CelcomDigi: Introduction to 5G Opportunities • Advocacy Sessions for Directors and CEOs of Main Market Listed Issuers • Board ESG Governance: Navigating the Board's role in ESG KPIs, GRC, and Executive Compensation • Finance – Profit and Balance, Calculates key figures, Hidden value items, Crisis symptoms, etc • How to Develop Resilient Businesses, Teams, and Leaders
Dr Shridhir Sariputta Hansa Wijayasuriya	<ul style="list-style-type: none"> • CelcomDigi: Board Strategy Workshop • CelcomDigi: Introduction to 5G Opportunities • Board ESG Governance: Navigating the Board's role in ESG KPIs, GRC, and Executive Compensation • Mobile World Congress 2023 Barcelona • TM Forum in Bangkok as a speaker • What Worked for Deutsche as guest speaker session • Axiata GR&C Annual Conference 2023 • M360 APAC Seoul • Artificial Intelligence • Board Briefing on M&A Framework
Tan Sri Abdul Farid Alias	<ul style="list-style-type: none"> • CelcomDigi: Board Strategy Workshop • CelcomDigi: Introduction to 5G Opportunities • Board ESG Governance: Navigating the Board's role in ESG KPIs, GRC, and Executive Compensation • Invest Malaysia Kuala Lumpur – Reshaping Malaysia's Narrative • Cloud Adoption – Overview and Trends • Invest Malaysia Series 2 – Digital Malaysia • Mandatory Accreditation Programme Part II: Leading for Impact • IMKL: Launch of the National Energy Transition Roadmap • Conflicts of Interest and Governance of COI • Global Market and Economic Outlook • Global Capital Market Trends & Opportunities for Malaysia • Guardians of Integrity Elevating Board Oversight in Anti-Fraud, Bribery, and Corruption • Capacity Building Workshop on ESG and Corporate Greenhouse Gas Accounting and Reporting • LED 1 – Listed Entity Director Essential • LED 2 – Board Dynamics • LED 3 – Board Performance • LED 4 – Stakeholder Engagement • LED 5 – Audit Committee Essentials • LED 6 – Board Risk Committee • LED 9 – Environmental, Social & Governance Essentials (Core) • BPMB Leadership – Leadership Metamorphosis: Embrace Inspiring Progress
Vimala V.R. Menon	<ul style="list-style-type: none"> • Mandatory Accreditation Programme Part II: Leading for Impact • MFRS Updates 2023 • CelcomDigi: Board Strategy Workshop • Management of Cyber Risk • CelcomDigi: Introduction to 5G Opportunities • Advocacy Sessions for Directors and CEOs of Main Market Listed Issuers • Board ESG Governance: Navigating the Board's role in ESG KPIs, GRC, and Executive Compensation • Economic Update 2023 Volatility and Opportunity • ICAEW Regional Forum CPTPP and RCEP




Corporate Governance Overview Statement

Name of Director	Training Programmes Attended
Datuk Iain John Lo	<ul style="list-style-type: none"> • BNM Climate Change Principle Based Taxonomy (CCPT) Classification and RHB ESG Risk Assessment Process • Anti Money Laundering and Countering Terrorism Financing (AML/CFT) • Risk Management in Share Margin Financing • Board ESG Governance: Navigating the Board's role in ESG KPIs, GRC, and Executive Compensation • Key Updates on Malaysian Taxation and Budget 2023 • Cloud Awareness Engagement • Awareness on Zero Day Malware • Net Zero within Financial Institutions • Advocacy Session for Directors and CEOs of Main Market Listed Issuers • Management of Cyber Risks • Energy Transition and its Impact on the Future Workforce • CelcomDigi: Introduction to 5G Opportunities • What amounts to COI • Business Sustainability Programme • IFRS17, e-invoicing, IFRS S1 • Islamic Finance, Islamic Fintech and Digital Banking • Conversation with Audit Committees • Mandatory Accreditation Programme Part II: Leading for Impact
Khatijah Shah Mohamed	<ul style="list-style-type: none"> • CelcomDigi: Board Strategy Workshop • Management of Cyber Risk • CelcomDigi: Introduction to 5G Opportunities • Board ESG Governance: Navigating the Board's role in ESG KPIs, GRC, and Executive Compensation • Navigating Risk Horizons: Building Resilience for a Thriving Economy • Telekom Mobility Report Ericsson • IDCM Power Talk - Generative AI: An opportunity or Risk?
Petter-Børre Furberg ¹	<ul style="list-style-type: none"> • CelcomDigi: Board Strategy Workshop • CelcomDigi: Introduction to 5G Opportunities

Note:

¹ Resigned on 15 March 2024

Board Nomination and Remuneration Committee (BNRC) Report

Committee Membership	Meetings Attended	
Datuk Iain John Lo (Chair of BNRC)	6/6	
Tan Sri Abdul Farid Alias	6/6	
Vimala V.R. Menon	6/6	

The BNRC comprises of three INEDs and is chaired by Datuk Iain John Lo.

The principal duties of our BNRC are to:

- (i) lead succession planning and appointment of Board members in CelcomDigi;
- (ii) oversee the development of a diverse pipeline for Board and Senior Management's succession;
- (iii) lead annual review of Board effectiveness, ensuring that the performance of the Board, each individual Director and the Chair of the Board are independently assessed; and
- (iv) review the performance of Senior Management through company scorecards.

Corporate Governance Overview Statement

Functions of the BNRC and Related Activities in 2023

Board Succession Plan

The BNRC plays a crucial role in overseeing the Board Succession Plan, ensuring the proper succession planning for Directors and reviewing the necessary mix of skills and experience. This includes evaluating the tenure of Independent Directors, proposing retirement, and making recommendations for the re-election of Directors.

During the year under review, there were changes made to our Board composition. Tan Sri Halim Shafie, and Thayaparan S Sangarapillai both resigned on 19 January 2023, while Jørgen Christian Arentz Rostrup resigned on 1 October 2023. On 19 January 2023, Tengku Dato' Sri Azmil Zahrudin Raja Abdul Aziz assumed the role of Chair of the Board and Non-Independent Non-Executive Director, and Vivek Sood joined as Non-Independent Non-Executive Director on 19 January 2023. Subsequently, on 1 October 2023, Petter-Børre Furberg took up the role of Deputy Chair and Non-Independent Non-Executive Director. Kasper Wold Kaarbø was appointed as a Non-Independent Non-Executive Director on 15 March 2024. Petter-Børre Furberg stepped down on the same date, and Haakon Bruaset Kjoel became the Deputy Chair of the Board.

Stringent fit and proper criteria were applied to all board members. The BNRC conducted assessment, confirming that the individuals met the requirements outlined in the F&P Policy for their appointments as Directors.

In compliance with the MMLR, CelcomDigi restricts the tenure of independent directors to not exceed a cumulative term of 12 years. Annual assessments affirm their independence. As of FYE 2023, no Director has exceeded nine years as an Independent Director. The Board is satisfied with the level of independence demonstrated by all the Independent Directors and their abilities to act in the best interest of the Company.

Directors' Re-election

In adherence to relevant requirements, the Directors' retirement rotation list was presented to the BNRC for endorsement prior to recommendation to the Board, and subsequently, to the shareholders for approval. This recommendation is derived from their annual evaluation, independence assessment, and fit and proper criteria, all assessed by the BNRC before presenting for recommendations to the Board for deliberation and approval.

Directors retiring pursuant to Article 104(A) and 104(E) of the Company's Constitution are as follows:

Article 104(A)	Article 104(E)
(i) Haakon Bruaset Kjoel (ii) Datuk Iain John Lo (iii) Khatijah Shah Mohamed	(i) Kasper Wold Kaarbø

During the BNRC meeting held on 5 March 2024, the BNRC assessed whether all retiring Directors met the fit and proper criteria, noting their compliance with the policy to continue their services as directors. All the retiring Directors have given their consent for the re-election at the 27th AGM.

Corporate Governance Overview Statement

Directors' Remuneration

The Board remuneration structure is aligned to our strategic objectives, facilitating the attraction, motivation, and retention of high calibre talent. It incorporates market practices and trends, with specific focus on attracting and retaining high-performing NEDs. Each of the NEDs abstains from participating in discussions or voting on their individual remuneration. NEDs namely Haakon Bruaset Kjoel, Rita Skjaervik, Kasper Wold Kaarbø, Vivek Sood, and Dr Shridhir Sariputta Hansa Wijayasuriya, who are nominee representatives from our major shareholders, receive remuneration from their employing companies within the Telenor and Axiata Group, without any compensation from CelcomDigi.

Non-Executive Directors	Directors' Fees (RM)	Benefits-in-kind (RM)	Total
Tengku Dato' Sri Azmil Zahrudin Raja Abdul Aziz ¹	513,871	8,208	522,079
Haakon Bruaset Kjoel	Nil	Nil	Nil
Vivek Sood ¹	Nil	Nil	Nil
Rita Skjaervik	Nil	Nil	Nil
Dr Shridhir Sariputta Hansa Wijayasuriya	Nil	Nil	Nil
Kasper Wold Kaarbø ²	Nil	Nil	Nil
Tan Sri Abdul Farid Alias	459,000	10,661	469,661
Vimala V.R. Menon	391,500	4,940	396,440
Datuk Iain John Lo	445,500	9,343	454,843
Khatijah Shah Mohamed	405,000	6,126	411,126
Tan Sri Halim Shafie ³	26,129	4,735	30,864
Thayaparan S Sangarapillai ³	19,597	4,735	24,332
Jørgen Christian Arentz Rostrup ⁴	Nil	Nil	Nil
Petter-Børre Furberg ⁵	Nil	Nil	Nil
Total	2,260,597	48,748	2,309,345

Notes:

¹ Appointed on 19 January 2023

² Appointed on 15 March 2024

³ Resigned on 19 January 2023

⁴ Resigned on 1 October 2023

⁵ Appointed on 1 October 2023 and Resigned on 15 March 2024

CEO and Senior Management Performance Appraisal

The BNRC conducted a thorough review of the CEO and the Senior Management's 2023 scorecard, evaluating their performance against set targets in a meeting in February 2024. The remuneration packages and incentives are designed to align with best practices in remuneration, retention, and reward, ensuring the Group's ability to attract and retain top talents.

Moreover, the BNRC dedicated numerous meetings to examine and establish a Proposed Executive Share Grant Plan for Senior Management. In parallel, management succession planning received focused attention and underwent a comprehensive review throughout the year.

Corporate Governance Overview Statement

BNRC's Effectiveness Review and Performance

Based on the BEE 2023 findings, the Board affirms the effective performance of the BNRC in fulfilling its duties and functions throughout the year, thus providing valuable contribution to the Board. The Board is satisfied with the performance and effectiveness of the BNRC in providing sound advice and recommendations to the Board, particularly on managing competencies and succession planning for Directors and Senior Management.

Summary Activities of the BNRC as below:

Main Activities for 2023	
<ul style="list-style-type: none"> Conducted the annual assessment and review of the composition of the Board and Board Committees. 	<ul style="list-style-type: none"> Completed the assessment on Senior Management Remuneration.
<ul style="list-style-type: none"> Reviewed the 2023 and 2024 Corporate Scorecard and Management Priorities. 	<ul style="list-style-type: none"> Reviewed TOR of BNRC.
<ul style="list-style-type: none"> Reviewed the Directors' Fees and Benefits Payable. 	<ul style="list-style-type: none"> Reviewed the assessment on Job Architecture Implementation.
<ul style="list-style-type: none"> Reviewed Directors' training requirements. 	<ul style="list-style-type: none"> Reviewed Succession Planning for Senior Management.
<ul style="list-style-type: none"> Recommended the re-election of Directors retiring at the 26th AGM. 	<ul style="list-style-type: none"> Reviewed Senior Management Team and Structural Change.
<ul style="list-style-type: none"> Reviewed the BNRC Report for inclusion in the Integrated Annual Report. 	<ul style="list-style-type: none"> Reviewed the proposed new directors for the Company, its subsidiaries and investment companies.
<ul style="list-style-type: none"> Reviewed Senior Management Remuneration Policy. 	<ul style="list-style-type: none"> Conducted a comprehensive BEE.
<ul style="list-style-type: none"> Reviewed the establishment of the Proposed Executive Share Grant Plan for Senior Management. 	

Principle B – Effective Audit and Risk Management

Board Audit Committee (BAC) Report

The Board Audit Committee (BAC) is dedicated to supporting the Board in fulfilling its statutory and fiduciary responsibilities for the Company and its subsidiaries (the Group). The BAC plays a key role in enhancing overall efficiency by independently reviewing the Company's financial, operating, and compliance controls. This includes assessing the effectiveness of the internal and external auditors, guided by factors as prescribed under Paragraph 15.21 of the Main Market Listing Requirements (MMLR).

The BAC roles and responsibilities are set out in its revised TOR, which includes reporting on any Conflict of Interest (COI) or potential COI situations within the Company or Group during the financial year, together with measures to resolve, eliminate, or mitigate such conflicts. The BAC is guided by the Internal Audit Charter, approved by the Board, and aligned with the MMLR, to fulfil its duties and responsibilities.

Composition of the BAC and Attendance of Meetings

The BAC comprises the following Independent Non-Executive Directors:

Committee Membership	Meetings Attended	
Tan Sri Abdul Farid Alias (Chair of BAC)	9/9	■■■■■■■■■■
Vimala V.R. Menon	9/9	■■■■■■■■■■
Khatijah Shah Mohamed	9/9	■■■■■■■■■■

Corporate Governance Overview Statement

The BAC discharges its responsibilities through its scheduled meetings during the year which covers the matters under the purview of the BAC. A total of nine meetings were held for the financial year ended 31 December 2023.

Summary of BAC Activities

During the financial year under review, the BAC carried out the following activities in the discharge of its roles and responsibilities:

Activities	
Internal Audit	<p>a) Deliberated the risk-based Annual Audit Plan to ensure adequate scope and comprehensive coverage of CelcomDigi's activities, prior to recommending to the Board for approval. Monitored the progress of the planned audit reviews and approved changes to the Annual Audit Plan 2023, in response to changes in the risk environment and ad hoc requests from CelcomDigi Management.</p> <p>b) Reviewed and deliberated on the significant audit findings, audit recommendations, and the adequacy of the Management teams' corrective actions. Significant issues were discussed at length with the presence of relevant Senior Management team members to ensure satisfactory and timely remediation of agreed corrective actions, to address and mitigate identified risks.</p> <p>c) Monitored the progress of Management corrective actions on outstanding audit findings on a quarterly basis, to ensure that all corrective actions to close identified gaps had been implemented based on committed timelines, until the BAC was satisfied that adequate controls were in place.</p> <p>d) Provided guidance on ad hoc matters arising from ongoing internal audit reviews and activities.</p> <p>e) Evaluated the effectiveness of the Internal Audit function through evaluation of its performance and competencies, as well as monitoring the adequacy of resources and total costs, to ensure that it had the required expertise and professionalism to discharge its duties.</p> <p>f) Reviewed and deliberated on investigation findings and the CelcomDigi Management teams' recommendations on remedial actions that included disciplinary and/or corrective actions. Discussions were conducted on the root cause of the incidents and the risk exposure to the Company. Periodic updates were furnished to the BAC to ensure adequate and timely resolution of the remedial actions.</p> <p>g) Reviewed the COI policies and procedures on the reporting of any COI, or potential COI situations to the Board, pursuant to the MMLR.</p>
Financial Reporting	<p>a) Reviewed CelcomDigi unaudited quarterly financial results and audited annual financial statements, and related announcements, before recommending for Board approval, including:</p> <ul style="list-style-type: none"> • Deliberation on significant audit and accounting matters highlighted, comprising Management judgement, estimates or assessments made and the adequacy of disclosures in the financial statements; and • Discussion of significant financial matters to ensure compliance with the Malaysian Financial Reporting Standards (MFRS) and internal accounting policies.
External Audit	<p>a) Reviewed the scope of work of the external auditors confirming their independence and objectivity.</p> <p>b) Reviewed external auditors' Management Letter together with Management's responses, to ensure that appropriate actions have been taken.</p> <p>c) Monitored on a quarterly basis, all non-audit services and fees incurred in which the external auditors were engaged, taking into account external auditors' independence and objectivity. The amount incurred by CelcomDigi in respect of audit fees and non-audit related fees for services rendered by the external auditors is disclosed on page 120 in the Additional Compliance Information in this report.</p> <p>d) Met privately with the external auditors at the BAC meetings to ensure there were no restrictions to the scope of their audit and discussed significant matters that arose during audit.</p> <p>e) Evaluated the performance of the external auditors and made recommendations to the Board on the appointment of a single auditor, subject to the approval of CelcomDigi shareholders at the Annual General Meeting.</p>

Corporate Governance Overview Statement

Activities	
Related Party Transactions	<ul style="list-style-type: none"> a) Reviewed the mandate compiled for recurrent related party transactions. b) Reviewed related party transactions as disclosed in the financial statements and performed quarterly monitoring of the mandate for recurrent related party transactions to ensure compliance with the MMLR and internal policies and procedures. c) Reviewed and deliberated new related party transactions to ensure that the terms and conditions of the transactions are commercially based and performed at arm's length.
Conflict of Interest	<ul style="list-style-type: none"> a) Monitoring conflict of interest situations that persist or may arise within the Company, including any transaction, procedure, or course of conduct that raises questions of management integrity, and the measures taken to resolve, eliminate, or mitigate such conflicts, had been added to the BAC responsibilities. Further to the expanded BAC responsibilities covering conflict of interest, the BAC has reviewed the conflict of interest situations declared by directors and reported to the Board accordingly, ensured the interested directors abstained from deliberation and voting on the transactions.
Other Activities	<ul style="list-style-type: none"> a) Reviewed and recommended to the Board, the BAC Report, Directors' Responsibility Statement, and Statement on Risk Management and Internal Control, for inclusion into the Integrated Annual Report. b) Reviewed and recommended the revised TOR of BAC for Board's approval. c) Reviewed the proposed dividend payout on a quarterly basis, taking into consideration the cash flow requirements before recommending for Board's approval.

Internal Audit Function

The Internal Audit (IA) function operates based on the risk-based Annual Audit Plan approved by the BAC, that covers areas such as governance, risk management, and internal control processes, including regulatory compliance such as related party transactions.

IA employs a risk-based methodology in its preparation of the Annual Audit Plan, aligning with the Company's objectives, risk appetite, and profile, with input from BAC and Senior Management team.

At the quarterly BAC meetings, IA presents progress updates of its Annual Audit Plan, including the key findings from audit reports and the corresponding audit opinion, audit recommendations, and corrective actions. Agreed-upon corrective actions are tracked, ensuring resolution and closure within the specified completion date.

Scope and Coverage

In 2023, IA conducted 20 engagements (includes advisory and ad hoc reviews) covering areas such as Finance, IT systems and network, Enterprise cross-selling, warehouse operations, Universal Service Providers, dealer management, and Recurring Related Party Transactions, including ad hoc audits requested by the Senior Management team. Internal investigations into misconduct and breaches of the Code of Conduct were also conducted.

Quality Insurance and Improvement Programme

IA maintains a Quality Assurance and Improvement Programme (QAIP), appraising conformity with IA standards. Results are reported to the BAC annually. IA has adopted Audit Command Language (ACL) for data analytics, enabling data-driven and digital auditing and provided extensive coverage on the scope of the audit reviews. IA upgraded its Audit Management System, Pentana in December, which enables a systematic, digitalised, and consistent audit process and documentation of audit work.

Corporate Governance Overview Statement

Resources

The BAC regularly reviews human resource requirements to ensure IA is well-equipped with competent and proficient internal auditors. The educational background of the IA team is listed below:

Educational Background	Total Internal Auditors
IT/Information System/Computer Science	8
Accounting/Finance/Economics	8
Engineering	1
Quality Management	1
Others	2





The total operational costs of the IA department for FY2023 amounted to RM4.84 million.

Professional Qualifications and Continuous Development

Given the growing importance of digital technologies and data analytics in audits, internal auditors need broader skill sets and enhanced technological understanding to leverage technology effectively. The internal auditors are encouraged to obtain professional certifications to maintain a high level of proficiency. The IA team's professional qualifications are listed below:

Professional Qualification	Total Internal Auditors Certified
Certified Information Systems Auditor	5
Chartered/Certified Accountants	7
Certified Internal Auditor	1
Certified Accounting Technician	1
ISO Lead Auditor	1

Board Governance and Risk Management Committee (BGRMC) Report

Committee Membership	Meetings Attended
Vivek Sood ¹ (Chair of BGRMC)	5/5 
Datuk Iain John Lo	5/5 
Haakon Bruaset Kjoel	5/5 
Khatijah Shah Mohamed	5/5 
Thayaparan S Sangarapillai ²	N/A

Note:

¹ Appointed on 19 January 2023

² A former Chair of the Committee who had resigned on 19 January 2023

The BGRMC focuses on governance, compliance, and risk management, including sustainability. The BGRMC is led by Vivek Sood, a NINED, and oversees risk management, compliance, and governance frameworks, and integrating sustainability considerations into CelcomDigi's long-term strategy plans. The BGRMC comprises of two INEDs and two NINEDs. The BGRMC's roles and responsibilities are detailed in the BGRMC TOR available at https://celcomdigi.listedcompany.com/corporate_governance.html.

Corporate Governance Overview Statement

Summary of Activities

The BGRMC conducted the following activities in 2023:

Activities	
Risk Management and Internal Control	<ul style="list-style-type: none"> a) Reviewed top enterprise risks quarterly, assessing threats, opportunities, and mitigation progress. b) Evaluated overall adequacy and effectiveness of internal controls considering internal and external audit findings.
Compliance	<ul style="list-style-type: none"> a) Reviewed and provided a quarterly report on Compliance & Monitoring programme roadmap, training, awareness, and procedure including process and procedures for Integrity Due Diligence and all matters arising in dealing with Anti-Corruption matters. b) Oversaw corrective action upon Disciplinary Committee deliberations for consequence management. c) Reviewed Enterprise Risk Management, Compliance & Monitoring, Sustainability, Cybersecurity, Occupational Safety and Health & Supply Chain Management, Regulatory, and Privacy updates, wherever applicable, for discussion at Governance Risk & Compliance Committee Meeting before the next BGRMC Meeting. d) Organisation-wide policy and manual review, with periodic revision and updates by policy owners for Board approval.
Other Activities	<ul style="list-style-type: none"> a) Reviewed the circular on the change of name from 'Digi.Com Berhad' to 'CelcomDigi Berhad'. b) Reviewed the adoption of the new Constitution. c) Reviewed the Integrated Annual Report 2022 consisting of CG Overview Statement, CG report, and Statement of Internal Control and Risk Management. d) Reviewed the Quarterly Environmental, Social and Governance programme and strategy. e) Reviewed the Health & Safety preparations for the network consolidation and implementation work, Supply Chain, and Vendor Management. f) Reviewed the Quarterly Cybersecurity update.

Principle C – Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

Our Corporate Reporting Integrity

CelcomDigi is unwavering in its commitment to upholding corporate reporting integrity. Through stringent efforts, we ensure that the information presented in this report is not only truthful, reliable, and complete but also reflects our dedication to transparency and accountability. The cornerstone of these efforts is the Reporting Committee, a cross-functional team consisting of members from Company Secretary, Investor Relations (IR), Sustainability, Corporate Strategy, and Communications teams.

This committee meticulously reviews the report, aiming for a comprehensive representation of CelcomDigi's performance against local and international reporting standards. The multi-layered review process, involving the BAC and BGRMC, ensures compliance with established governance practices before the final approval by the Board.

Our Approach in Communicating with Stakeholders

The Board emphasises the pivotal role of stakeholder engagement in fostering good corporate governance, prioritising open and transparent two-way communications. We consider stakeholders' insights into the impact of our business strategies, ensuring their input significantly influences our disclosure practices. Our engagement practices align with the provisions of the MCCG concerning shareholder dialogue.

Corporate Governance Overview Statement

Our IR team utilises digital platforms to convey information on CelcomDigi's financial performance, business direction, and strategic development to the investment community. Our dedicated IR website serves as a comprehensive platform for the latest corporate information and actively encourages feedback and inquiries from stakeholders and the public. For further details, including digital engagement initiatives, refer to Section 3: Our Key Relationships on pages 45 to 47.

Conduct of General Meetings

CelcomDigi's commitment to transparent and engaging General Meetings, comprising the AGM and EGM, stands as a cornerstone for shareholder communication. Our general meetings serve as a pivotal platform for shareholders to actively engage with the Board and Senior Management team in a constructive two-way dialogue.

Building on our digital way of work and leveraging technological advancements for video conferencing, we successfully transitioned to a virtual format for both AGM and EGM. The virtual meetings not only ensured business continuity but were also well-received by our stakeholders who appreciated the efficiency and transparency brought about by the digital setting. Interactive features, including live Q&A sessions, online polling, and chat rooms, provided an enriched experience for shareholder engagement.

We are pleased to announce our AGM for CelcomDigi Berhad scheduled for 27 May 2024, as highlighted in the notice issued to shareholders 28 days prior to the meeting. This timeline ensures shareholders have sufficient time to review the Company's performance in the year under review, and the resolutions to be tabled during the AGM. The AGM minutes and summary of Q&A dialogues will be published on <https://celcomdigi.listedcompany.com/agm.html> for public viewing following the conclusion of the AGM.

Summary of IR activities

In 2023, CelcomDigi embarked on its inaugural year of operations following the successful merger of Celcom and Digi. Throughout this significant period, the company strategically designed a series of IR events ranging from quarterly results briefings to company roadshows to keep our IR stakeholders well-informed and updated on the Company's financial, operational, and strategic advancements. The IR team worked closely with internal stakeholders, to actively address shareholders' and investors' concerns and feedback. We express our sincere appreciation to all stakeholders who dedicated their time and effort to attend these events. The summary of our investor engagement activities during this pivotal first year is outlined below, while the comprehensive details of the IR calendar can be accessed at https://celcomdigi.listedcompany.com/financial_calendar.html.

Statement by the Board

The Board has approved this statement on 15 March 2024. The Board is pleased to report that, to the best of their knowledge, CelcomDigi adheres to the highest corporate governance standards. This commitment is evident through continuous adoption of principles and best practices outlined in the MCCG, MMLR, and relevant laws and regulations.

Statement on Risk Management and Internal Control

In adherence to Paragraph 15.26 (b) of the Main Market Listing Requirements stipulated by Bursa Malaysia Securities Berhad (Bursa Securities), the Board at CelcomDigi, in strict accordance with the guidelines delineated in the Statement on Risk Management and Internal Control - Guidelines for Directors of Listed Issuers, takes satisfaction in presenting a comprehensive statement outlining the details and extent of the enterprise risk management and internal control systems within the Group for the fiscal year under review.

RESPONSIBILITIES AND ACCOUNTABILITIES

The Board is dedicated to creating and sustaining a robust, efficient system for enterprise risk management and internal control, with the primary goal of safeguarding shareholders' investments and the assets of CelcomDigi and its subsidiaries (the Group). The meticulously designed enterprise risk management and internal control system aims to identify and address the Group's risks, ensuring alignment with the overall business objectives and corporate sustainability strategies.

The Board Governance and Risk Management Committee (BGRMC), through delegation of authority by the Board, regularly evaluates the adequacy and effectiveness of the risk management framework and internal controls. This evaluation involves identifying, assessing, monitoring, and reporting on key business risks, with the overarching goal of protecting shareholders' investments and the Group's assets.

The Senior Management team is entrusted with executing Board-approved policies related to risk management and internal control. This responsibility encompasses identifying and assessing the risks, monitoring the attainment of business goals and objectives, all while staying within the pre-defined risk appetite parameters.

The Board acknowledges that, while the risk management and internal control system can provide reasonable assurance, it cannot guarantee absolute protection against the possibility of significant loss or unexpected events.

Corporate Annual Statement on Risk Management and Internal Controls (SORMIC) Assessment

The management dedicates continuous efforts to enhance the governance process by instituting the SORMIC Working Team co-led by Enterprise Risk Management (ERM), Compliance, Finance, and Internal Audit functions. This is evident through the annual SORMIC assessments conducted across CelcomDigi's divisions and subsidiaries.

Furthermore, the management takes responsibility in preparing the comprehensive Statement on Corporate Governance and the SORMIC. These statements undergo review and approval by the Board.

Risk Management (Governance)

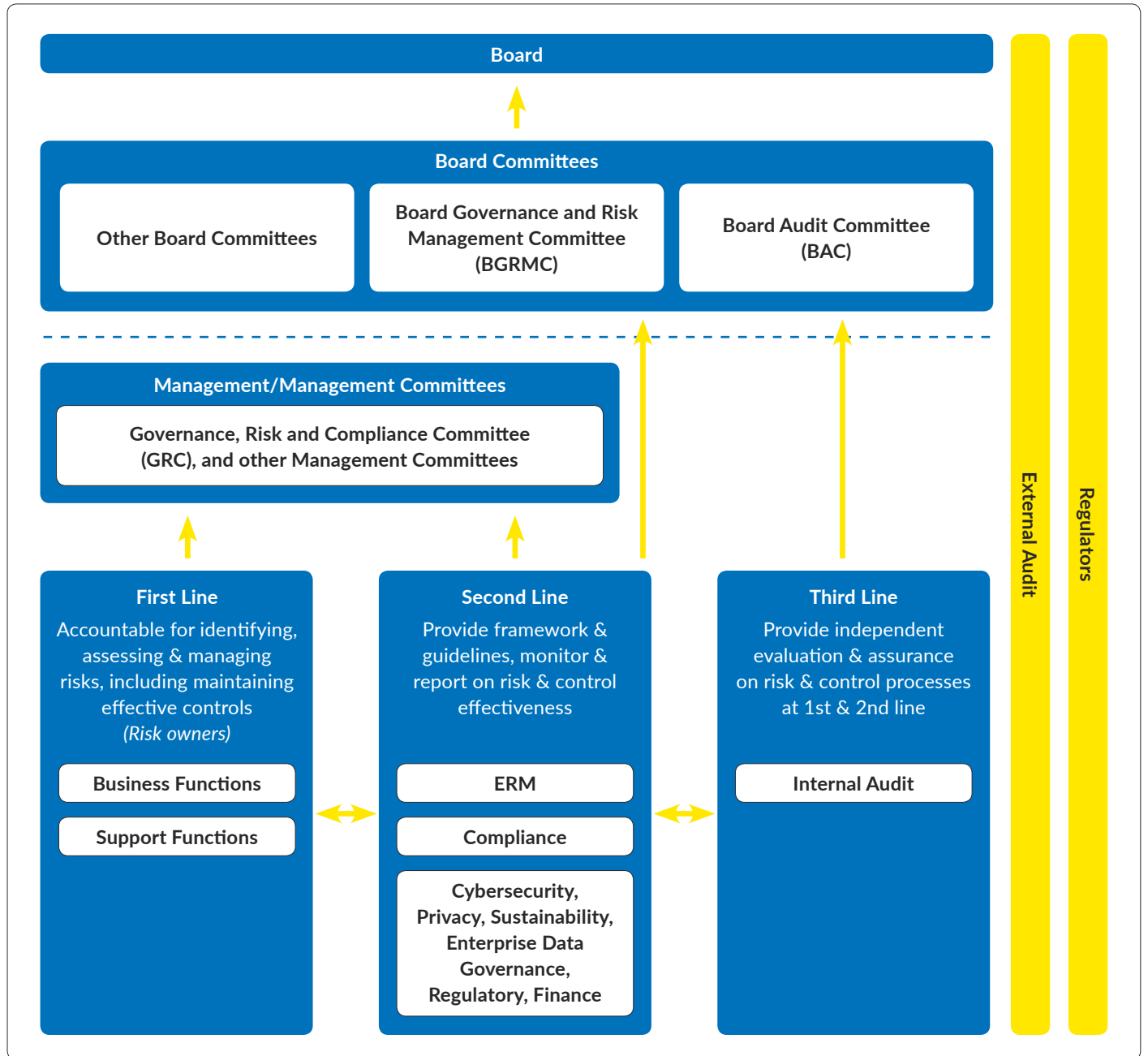
CelcomDigi's ERM framework serves as the foundation and procedural guide for effectively addressing risks throughout the Group. The ERM framework of the Group is based on ISO31000:2018 Risk Management Standards. The description of ERM responsibilities within CelcomDigi is an integral aspect of the framework, designating the ERM function as the entity responsible for executing the ERM programme and activities.

The Senior Management team assumes a pivotal role in consistently identifying significant threats, evaluating risk profiles, and actively steering mitigation strategies. Concurrently, all line managers uphold the responsibility of managing risks within their respective functions, ensuring the integration of risk management into day-to-day business operations and decision-making processes.

Statement on Risk Management and Internal Control

Diagram 1 below illustrates the roles and responsibilities of risk management practices across CelcomDigi.

Diagram 1: Roles and Responsibilities of Managing Risks



Statement on Risk Management and Internal Control

Risk Management (Methodology)

At CelcomDigi, our commitment to effective risk management is embedded in a strategic and comprehensive approach. We initiate the risk identification process through thorough assessments aligned with the overarching ambitions and strategic objectives outlined in our corporate plan and other emerging risks within the telecommunications industry to ensure relevance and robust risk coverage. These ensure that we are better-positioned to navigate potential risks and uncertainties that could impact the achievement of our organisational goals and capitalise on new opportunities.

Upon identification, these risks undergo meticulous evaluation and are subjected to in-depth deliberation by our experienced Senior Management team. The objective is to gain an understanding of each risk's potential impact and implications for our business. These identified risks are systematically integrated into a risk register and evaluated to ascertain their risk rating, categorised as Extreme, Significant, Moderate, or Low, on a quarterly basis. The risk rating process is conducted in accordance with a matrix that factors in the likelihood of occurrence and associated impacts, encompassing both financial and non-financial parameters. Subsequently, the owners of these risks will be responsible to implement effective risk mitigation measures, aiming to achieve a residual risk level that falls within the acceptable tolerance threshold.

Monitoring is a key component of our risk management strategy. We closely track the progress of our mitigation efforts to ascertain their effectiveness and make necessary adjustments and report to the Governance, Risk and Compliance Committee (GRC). This continuous monitoring is crucial for maintaining overall risk exposure within acceptable levels and for adapting our strategies to the evolving business landscape.

The Senior Management team plays a pivotal role in providing regular updates to both the Board and the BGRMC. This communication is facilitated through a detailed risk heat map presented on a quarterly basis. This transparent reporting mechanism ensures that key stakeholders are well-informed about the top risks facing CelcomDigi, fostering a culture of transparency and accountability.

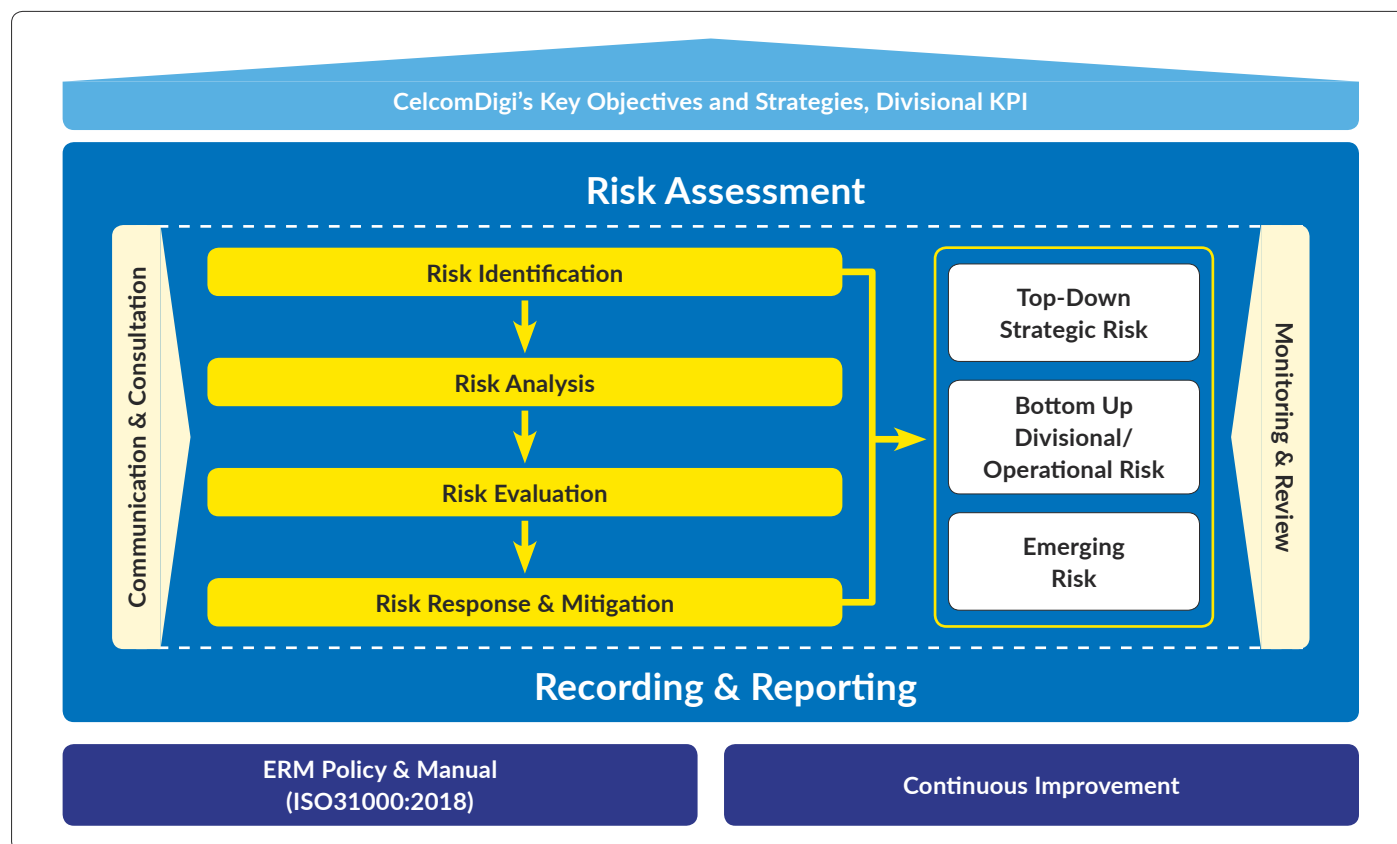
Moreover, the thorough review and deliberation on the movement and mitigation status of material risks underscore our commitment to robust oversight and effective risk governance. This rigorous approach ensures that our risk management processes are not only proactive but also responsive to emerging challenges.

In our pursuit of excellence, we acknowledge the importance of continuous improvement. As part of this commitment, we actively seek opportunities to enhance our risk management framework. This includes refining our practices and processes to align with industry best practices and emerging trends. Our dedication to continuous improvement reflects our proactive stance in managing risks and contributes to the overall resilience and success of CelcomDigi.

Statement on Risk Management and Internal Control

Kindly refer to the accompanying diagram 2 for a comprehensive overview of CelcomDigi's risk management framework and processes:

Diagram 2: Risk Management Framework



INTERNAL CONTROL SYSTEMS

The Board has implemented internal control systems to ensure effective governance and oversight across various functions of the organisation. The controls are outlined as such:

Cybersecurity

- CelcomDigi is committed to reducing the security risk of service disruption by ensuring its infrastructure is protected and services are not interrupted, thereby enabling continuous service to customers.
- The cybersecurity function is responsible for ensuring the confidentiality, integrity, and availability of information processing facilities, including telecommunications systems and IT infrastructure, by protecting against cyber-threats, data security, and other security risks and threats arising internally and externally.
- Security compliance and cyber maturity assessment activities in accordance with industry best practices - the Information Security Forum (ISF) and GSM Association (GSMA) standards encompass building cyber resilience and protecting critical organisational assets, technology, and networks. This includes executing a robust cybersecurity awareness programme, vulnerability management, red teaming activities, and security posture assessments, and continuing security assurance governance through internal audits, risk assessments, and independent body accreditation. CelcomDigi complies with ISO27001:2013 Information Security Management System and local authority regulations.

Statement on Risk Management and Internal Control

- Centralised governance and control conducted with periodic programmed forum with Cybersecurity Steering Committee (CSSC), GRC, and the BGRMC meeting with CelcomDigi's top management and Board Members.

Privacy

- CelcomDigi is committed to responsible stewardship of data entrusted to us by our customers, employees, and business partners. Our data privacy strategy incorporates strong governance around privacy controls and driving a responsible business culture, supported by continuous awareness of best privacy practices. CelcomDigi's Privacy Policy provides guidance on practices that prioritise trust, transparency, and accountability in managing and handling personal data throughout our value chain.
- We regularly review and update the Privacy Notice and present it in a simplified infographic format to keep customers informed on how CelcomDigi collects, uses, and shares information. We engage with various stakeholders to understand and address emerging regulations and future-proof our day-to-day data management practices.
- On a quarterly basis, privacy compliance matters will be reported and discussed in the GRC for escalation to the Board through the BGRMC.

Enterprise Data Governance (EDG)

The cornerstone of CelcomDigi's data ecosystem is our robust EDG function, which ensures the meticulous oversight, protection, and management of the Group's data assets. This dedication to data integrity, ownership, and proper governance fosters consistent, available, and usable data that empowers informed decision-making across the organisation. Our strategic focus rests upon three pillars:

- Data Governance and Operations (DGO):** We establish and enforce data policies, standards, and procedures, ensuring responsible data stewardship and compliance.
- Data Quality and Master Data Management (DQMDM):** We prioritise data accuracy and consistency through ongoing cleansing, standardisation, and integration across all domains.
- Data Strategy and Architecture (DSA):** We design and implement modern data architecture and technologies, aligning with business objectives and enabling seamless data access and utilisation.

Our comprehensive EDG Policy and Manual guide these efforts, providing a clear roadmap for responsible data management. Our commitment goes beyond mere policy. We

cultivate a data-aware culture through ongoing communication initiatives, training programmes, and impactful events like the *Global Information Governance Day 2023 (GIGD2023)* and *CelcomDigi Data-Driven Digital Forum (CD3F2023)*. This unwavering focus on awareness ensures data governance is not just a function, but a shared responsibility across the organisation.

Business Continuity Management (BCM)

Being the largest telecommunications company in Malaysia, CelcomDigi places a paramount emphasis on compliance with ISO22301: Business Continuity Management, reflecting a steadfast commitment to the establishment of resilient business continuity processes. The Management at CelcomDigi consistently takes the lead in the ongoing enhancement of these processes, encompassing critical aspects such as emergency response, crisis management, crisis communication, business continuity, and Network and IT disaster recovery.

In alignment with its commitment to continuous improvement, CelcomDigi implements a comprehensive annual BCM programme. This programme is multifaceted, comprising essential components such as awareness initiatives, targeted training sessions, and regular reviews and validations. These strategic activities are pivotal in meticulously evaluating the efficiency and effectiveness of CelcomDigi's BCM strategies. Such proactive measures not only fortify the organisation's preparedness, but also underscore its resilience in navigating potential disruptions with well-coordinated response and recovery capability.

Internal Control over Financial Reporting (ICFR)

The ICFR function plays an important role in evaluating and improving the effectiveness of key controls surrounding CelcomDigi's financial reporting processes. Its primary objective is to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements. Reviews on internal controls over financial reporting are performed in accordance with CelcomDigi's ICFR Framework, which requires an assessment based on the materiality of significant accounts, and the testing and evaluation of the design and operating effectiveness of key controls.

The function adopts a routine to continuously monitor and follow up on unaddressed risks and non-operating controls, including periodic reporting to Senior Management team and the BAC on the status of controls over the financial reporting processes.

Statement on Risk Management and Internal Control

ORGANISATIONAL STRUCTURE

CelcomDigi has established an organisational structure with clearly defined lines of responsibility and accountability, segregation of duties, and assignment of authority to ensure effective and independent stewardship.



Board and Senior Management Team Committees

The Board Committees, i.e. the BAC, BGRMC, and BNRC have been established to assist the Board in executing its governance responsibilities and oversight function. These Board Committees have been delegated specific responsibilities, all of which are governed by clearly defined Terms of Reference (TOR). The TOR of these Committees are accessible in the Corporate Governance section of CelcomDigi's website at https://celcomdigi.listedcompany.com/corporate_governance.html

Various committees comprising key Senior Management team members have been established to assist and support the Board Committees in overseeing core areas of business operations under their respective documented mandates. Some of these committees are:

Governance, Risk and Compliance Committee (GRC)

- Chaired by the CEO with relevant Senior Management Team members serving on the GRC.
- Meets quarterly.
- Ensures the effectiveness of governance, risk management and compliance, including overseeing business conduct practices across the three lines of defence.
- Reviews and deliberates on emerging significant risks.
- Makes decisions on coordinated action plans to mitigate risks.
- Oversees Environmental, Social, and Governance performance.

Regulatory Steering Committee (RSC)

- Chaired by the CEO, with key Management members serving on the committee.
- Meets monthly.
- Sets the direction and makes decisions on regulatory and industry-related projects/topics that have a significant impact on the Group. The RSC provides guidance, opinions, and views regarding CelcomDigi's relationship with external stakeholders on issues or topics that could potentially impact CelcomDigi in the future. These issues or topics include technology, revenue, customer experience, branding, and corporate image.

Climate Working Committee (CWC)

- Co-chaired by the Chief Corporate Affairs Officer (CCAO) and Chief Technology Officer (CTO).
- Meets quarterly.
- Oversees climate-related risks and opportunities in CelcomDigi.
- Ensures climate mitigation and adaptation strategies, and alignment with the Task Force on Climate related Financial Disclosures (TCFD).
- Recommends environmental actions and initiatives, anchored on CelcomDigi's Net Zero 2050 ambition.
- Reports to the GRC for onward escalation to the BGRMC.

Investment Committee (IC)

- Chaired by the Investment Controller with the IC members as assigned/depicted in the Investment Approval Manual, in accordance with CelcomDigi's Authority Matrix, to ensure a sufficient quorum for all investment approvals.
- Meets biweekly or on an ad hoc basis when necessary.
- Governs the approval process regarding material capital investments and operating expenditure in accordance with CelcomDigi's Authority Matrix.

Statement on Risk Management and Internal Control

Compliance and Monitoring

CelcomDigi's Compliance function plays a critical role to assist the BGRMC and GRC to ensure the effectiveness of governance, risk, compliance, and monitoring programme.

Compliance developed the OneCompliance model to emphasise the importance of building and embedding a sustainable culture of compliance that will be evidenced in CelcomDigi's uniformity and synergy in the practice of a single language of Compliance. This is also to ensure good governance by providing hands-on support to the business/ functions to comply with the applicable laws and regulations. The OneCompliance model comprises of four Strategic Compliance Pillars as below:

1. Training and Communication

- Training and awareness programmes for employees and business partners are carried out on the topics of the Code and ABC.
- The high level of awareness and accountability of employees and Management are maintained through a consistent tone from the top, which is measured using Chief Executive Officer Key Performance Indicator (CEO KPI) as below:
 - i) 100% completion of Compliance Awareness and Training in three core modules which are, Code of Conduct, Anti-Corruption, and Conflict of Interest.
 - ii) 100% workforce pass rate of the year-end Compliance assessment.

2. Risk and Monitoring

- The 'three line of defense system' is formalised to strengthen risk management and controls across CelcomDigi. Compliance performs oversight reviews to those in first line roles which are crucial to management decision and actions to protect the employees and CelcomDigi.
- Compliance, anti-corruption, and business partner risk assessments are conducted annually to prevent incidents from occurring through effective remediation and mitigation steps.
- Periodic risk-based monitoring and routine testing of key controls are conducted to assess compliance with internal policies and manuals.
- Monitoring and follow-up activities performed on the status of Compliance's recommendations on corrective actions identified are effectively implemented in a timely manner.
- Reports on material breaches of the Code and ABC are presented to the BGRMC and GRC on a quarterly basis.

3. Compliance Transformation

- Exploring new digital ways of work that drive compliance via integrated and automated data analytics systems.
- Conflict of interest declaration is automated, for effective documentation and management.
- Gift and hospitality records are diligently maintained and tracked.
- Background screening of new business partners is conducted via the implementation of the automated business partner due diligence system prior to onboarding.
- Due diligence mitigation actions for high-risk business partners are recommended and closely monitored for implementation.

4. Board, Management, and Principal Reporting

- Document, compile, and develop reports, metrics, and dashboards to update the Board and Senior Management team on Compliance updates to the BGRMC and GRC.
- Annual reviews of the Code, policies, and manuals are carried out to keep the Group up to date with the latest regulations and technology, as well as consistent with industry best practices.
- Ensuring that the Code and ABC are implemented consistently and effectively through sharing of knowledge and measures for quality assurance.

CelcomDigi Policies and Manuals

Policies and manuals are set up to ensure compliance with internal controls and the prescribed laws, rules, and regulations. These policies and manuals provide direction for the proper management and governance of operations and business activities. The documents are reviewed annually and published on Workplace Knowledge Library which is available to all employees.

The Code of Conduct (the Code) and Agreement of Responsible Business Conduct (ABC)

The Code and ABC are vital and integral parts of CelcomDigi's governance regime that define the core principles and ethical standards in conducting business, engaging with stakeholders, and ensuring compliance with relevant laws and regulations. The Code applies to employees while the ABC applies to those acting on behalf of CelcomDigi. The relevant parties are required to confirm that they have read, understood, and will adhere to the Code and ABC, respectively. The Group has communication channels that allow concerns of non-adherence to the Code and ABC to be anonymously reported.

Statement on Risk Management and Internal Control

Business Partner Management

The Business Partner Conduct Principles (BPCP) sets out requirements of CelcomDigi and its subsidiaries towards Business Partners for responsible business conduct and reflects what responsible business means to CelcomDigi. To manage the compliance of Business Partners with the BPCP, CelcomDigi shall:

- Conduct risk-based due diligence of prospective Business Partners prior to engagement to assess whether they may entail an unacceptable risk.
- Consider if there are relevant mitigation actions available that may bring potentially unacceptable risks down to an acceptable level.
- Conduct risk-based monitoring of the Business Partners' compliance with the BPCP throughout the lifetime of the engagement.
- Perform periodic reassessments of Business Partners and annual assessment of overall landscape and risks associated with Business Partner categories.

Internal Audit (IA)

The IA function was established to undertake independent reviews and assessments of the adequacy, efficiency, and effectiveness of risk management, internal controls, and governance processes implemented by the Management. To maintain impartiality, proficiency, and due professional care, the IA function reports functionally to the BAC and administratively to the CEO.

The annual audit plan, which is established using a risk-based approach, is reviewed and approved by the Board annually. Audit reports, including audit recommendations, Management responses, and remedial action plans for improvement and/or rectification are presented and tabled to the BAC on a quarterly basis. The status of the implementation is monitored by the BAC to ensure that issues are addressed in a timely manner. When deemed necessary, the Management representatives will be required to attend BAC meeting(s) to provide explanations and propose action plans on significant audit findings.

The IA function is guided by the provisions of its IA Charter, which is reviewed and approved by the BAC annually. IA activities conform to the Institute of Internal Auditors International Standards for the Professional Practice of Internal Auditing, set forth by the Institute of Internal Auditors.

The Head of IA, reporting directly to the BAC, is responsible for enhancing the quality assurance and improvement programme of the IA function. Its effectiveness is monitored through continuous internal and external quality assessments, and the results are presented to the BAC. The internal assessment is performed annually while the external assessment by a certified body to be conducted every five years.

Annually, IA staff declare adherence to the Code of Ethics that they are free from any relationship or conflict of interest which could impair their objectivity and independence. Any non-conformance and/or conflict of interest will be reported to either the Head of IA or to the Chair of the BAC.

CONCLUSION

The Board has received assurance from the CEO, DCEO, and CFO that CelcomDigi's risk management and internal control framework has been operating adequately and effectively, in all material aspects, during the financial year under review and up to the date of this Statement. Taking into consideration the assurance from the Senior Management team and relevant assurance providers, the Board is of the view that the risk management and internal control practices and processes in place are adequate and effective in safeguarding the stakeholders' interests, shareholders' investments, customers' interests, and CelcomDigi's assets.

Additional Compliance Information

Other Disclosures

The following information is provided in accordance with Paragraph 9.25 of the Main Market Listing Requirements of Bursa Securities as set out in Appendix 9C thereto.

1. Audit and Non-Audit Fees

During the financial year, the amount incurred by CelcomDigi and the Group with respect to audit fees and non-audit related fees paid or payable to its external auditors, Messrs. Ernst & Young PLT ("EY") and its affiliated firms for the financial year ended 31 December 2023 were as follows:

	Company (RM)	Group (RM)
EY		
Statutory audits	250,000	760,000
Audit related services ¹	101,000	101,000
Non-audit services ²	50,000	190,000
Total fees to EY	401,000	1,051,000
EY affiliated firms		
Non-audit services ²	-	49,500
Total fees to EY and EY affiliated firms	401,000	1,100,500

Notes:

¹ The audit related services are in connection to review of interim financial information and yearly reporting packages

² The non-audit services comprised of the following assignments:

- (a) Review of regulatory compliance reporting
- (b) Review of Statement on Risk Management and Internal Control
- (c) Performance of agreed-upon procedures
- (d) Performance of advisory services

2. Material Contracts

(a) Conditional Share Subscription Agreement with Digital Nasional Berhad dated 7 October 2022

On 7 October 2022, CelcomDigi's wholly-owned subsidiaries, Digi Telecommunications Sdn Bhd (Digi Tel) and Celcom Mobile Sdn Bhd (Celcom Mobile) had each entered into a conditional share subscription agreement (SSA) with Digital Nasional Berhad (DNB) for the proposed subscription of:

- (i) 100,000 new ordinary shares in DNB; and
- (ii) 178.47 million DNB Rights to Allotment,

which represents 12.50% equity interest in the enlarged DNB each held by Digi Tel and Celcom Mobile for cash consideration of RM178.57 million, for a collective 25.00% equity interest in the enlarged DNB for a total cash consideration of RM357.14 million.

On 3 May 2023, both Digi Tel and Celcom Mobile have terminated their respective SSA with DNB.

Additional Compliance Information

(b) Conditional Share Subscription Agreement with DNB dated 1 December 2023

On 1 December 2023, CelcomDigi's wholly-owned subsidiary, Infranation Sdn Bhd (CelcomDigi) had entered into a SSA with DNB (the Proposed Transaction). The Proposed Transaction involves:

- (i) CelcomDigi subscribing 100,000 new ordinary shares in DNB at an issue price of RM1.00 for each DNB share; and
- (ii) Digi Tel, making a cash payment of RM233,233,333 to DNB as a prepayment for the 5G products and services to be delivered by DNB to Digi Tel which shall be regarded and treated as a shareholder advance by CelcomDigi to DNB upon the completion of the Proposed Transaction.

3. Recurrent Related Party Transactions of a Revenue or Trading Nature

At the Annual General Meeting held on 23 May 2023, the Company obtained the shareholders' mandate to allow the Company and the Group to enter into recurrent related party transactions of a revenue or trading nature.

The disclosure of the recurrent related party transactions conducted during the financial year ended 31 December 2023 is set out in the Integrated Annual Report on pages 230 to 232.

4. Utilisation of Proceeds from Corporate Proposals

There were no proceeds raised from corporate proposals during the financial year ended 31 December 2023.

5. Material Public Sanction or Penalty

There were no material public sanctions and/or penalties imposed on the Company, Directors or Management by the relevant regulatory bodies during the financial year ended 31 December 2023.

6. Executive Share Grant Plan ("ESGP")

The Company had on 17 August 2023 established an ESGP of up to 0.5% of the total number of issued shares in the Company throughout the 10 years duration of the ESGP for eligible employees who hold senior management positions in the Company and its subsidiaries.

The ESGP is administered by the Company's Board Nomination and Remuneration Committee (BNRC). Pursuant to the by-laws of the ESGP, the BNRC may decide to satisfy any of the grants by transferring the Company's treasury shares and/or payment of cash.

Details of ESGP granted to the Senior Management including the Chief Executive Officer from the commencement date and until 31 December 2023 were as follows:

Grant date	No. of shares granted	No. of shares vested	No. of shares outstanding
1 September 2023	1,779,600	-	1,779,600

As at 31 December 2023, none of the shares granted to any of the Senior Management including the Chief Executive Officer have been vested.

The percentage of ESGP which is applicable to the Senior Management including the Chief Executive Officer from the commencement date and until 31 December 2023 is 100%.

Statement of Responsibility by Directors

In respect of the preparation of the annual audited financial statements

The Directors are responsible for ensuring that the financial statements of CelcomDigi Berhad and its subsidiaries (“the Group”) are drawn up in accordance with the applicable Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the requirements of the Companies Act 2016.

The Directors are also responsible for ensuring that the annual audited financial statements of the Group are prepared with reasonable accuracy from the accounting records of the Group so as to give a true and fair view of the financial position of the Group as of 31 December 2023 and of their financial performance and cash flows for the year.

In reviewing the annual audited financial statements, the Directors have relied upon the Group’s system of internal controls to provide them with reasonable grounds to believe that the Group’s accounting records, as well as other relevant records, have been maintained by the Group in a manner that enables them to sufficiently conclude on the following:

- a. Selected and applied the appropriate and relevant accounting policies on a consistent basis;
- b. Made judgements and estimates that are reasonable and prudent; and
- c. Prepared the annual audited financial statements on a going concern basis.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Group to prevent and detect fraud and other irregularities.