How We Create Value

SOCIAL AND RELATIONSHIP CAPITAL

Our approach

Mapping to Our Strategy and Material Matters

G1 G3 S4 S5 S6

CelcomDigi places significant importance on strengthening relationships that we have nurtured with our diverse stakeholders— our customers, employees, suppliers, shareholders, and business partners.

These relationships are key levers to enhance CelcomDigi's abilities to tap into future growth opportunities. Our efforts to advance digitalisation are aligned with the Twelfth Malaysia Plan (2021 – 2025) aspiration to increase national productivity and advance the digital economy.

Key inputs in 2022

- Trusted brand
- Robust governance policies
- Responsible business practices across our value chain
- Culture of ethics and integrity
- Inclusive connectivity options and digital offerings

Outputs

- Trusted partner to the government, consumers, and businesses
- Strong governance and robust internal controls
- Upholding human rights across the value chain
- Adherence to regulatory requirements
- Managing our supply chain responsibly
- Empowering societies through nation-building initiatives
- Gearing up for a stronger digital nation

Looking ahead

We have observed how tackling ESG issues may often require a 'whole of society' approach to achieve significant improvements, including better public-private sector alignment. We will continue to deepen our engagements with different government bodies, policymakers, academic and research institutions, business partners, social purpose organisations, and communities as we advance and inspire society. Leveraging our core function as an enabler of connectivity and digitalisation, we aspire to:

- Strengthen the monitoring of governance risks across our value chain
- Drive advocacy of human rights
- Promote sustainable local procurement
- Deliver affordable and accessible connectivity for all
- Accelerate businesses and SME digitalisation
- Focus on capacity building programmes to raise responsible business standards
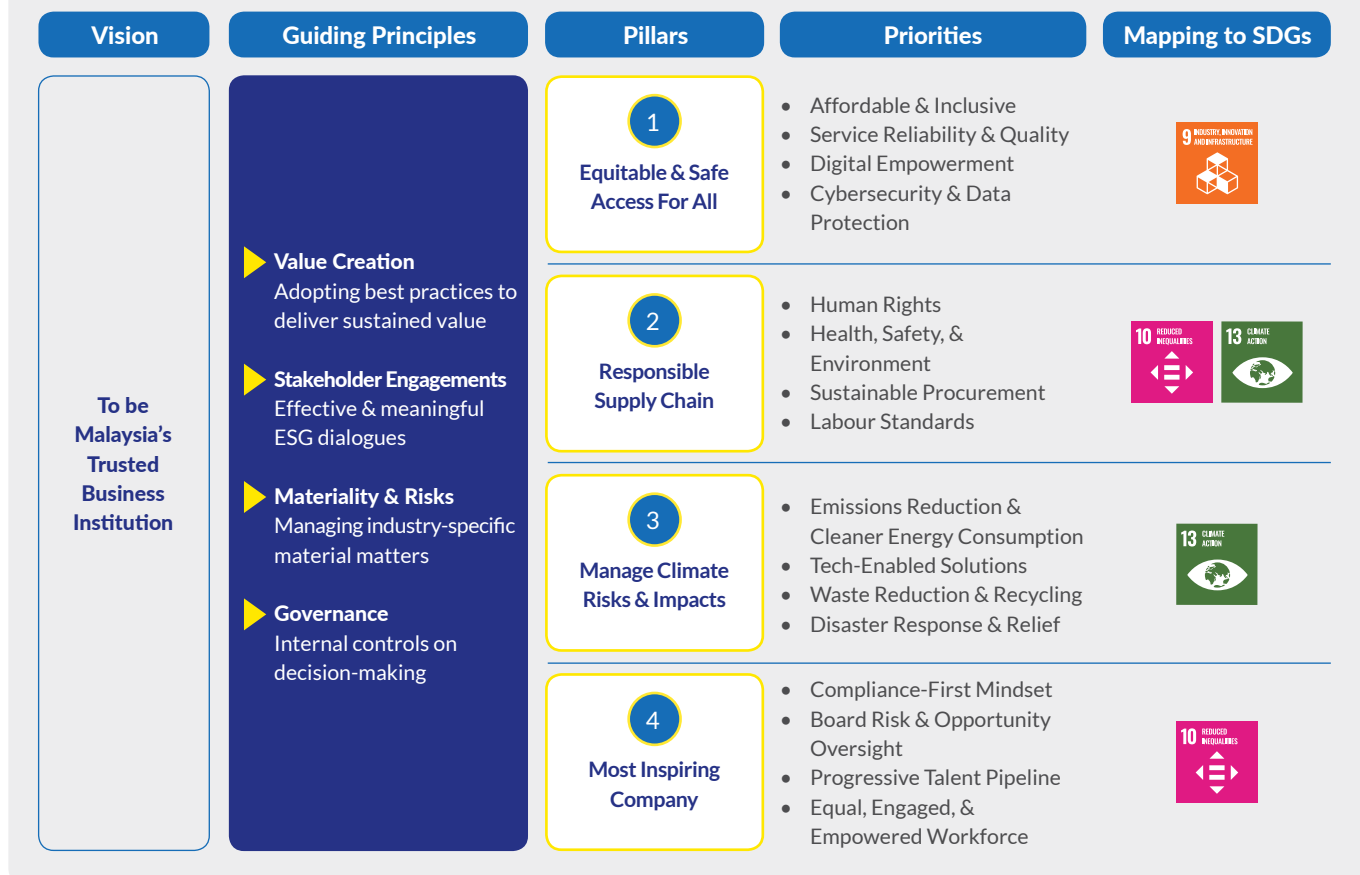
How We Create Value

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Trusted partner to the government, consumers, and businesses

CelcomDigi aspires to be the trusted partner to the government, consumers, and businesses. Our sustainability focus areas augment the potential to advance the nation towards becoming a digitally savvy society. 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 as CelcomDigi enable us to impact broader stakeholder groups and to deepen our engagements on topics that are most material to them. We aim to attract and retain the best talents through learning and development programmes while strengthening our commitment to building a diverse and inclusive workplace. We will continue to uphold and respect human and labour rights, including adopting best practices in health, safety, and security for our employees and partners, both within our operations and in our supply chain.

CelcomDigi's Sustainability Focus Areas

Vision	Guiding Principles	Pillars	Priorities	Mapping to SDGs
To be Malaysia's Trusted Business Institution	▶ **Value Creation** Adopting best practices to deliver sustained value ▶ **Stakeholder Engagements** Effective & meaningful ESG dialogues ▶ **Materiality & Risks** Managing industry-specific material matters ▶ **Governance** Internal controls on decision-making	**1** **Equitable & Safe Access For All**	• Affordable & Inclusive • Service Reliability & Quality • Digital Empowerment • Cybersecurity & Data Protection	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
		2 **Responsible Supply Chain**	• Human Rights • Health, Safety, & Environment • Sustainable Procurement • Labour Standards	10 REDUCED INEQUALITIES 13 CLIMATE ACTION
		3 **Manage Climate Risks & Impacts**	• Emissions Reduction & Cleaner Energy Consumption • Tech-Enabled Solutions • Waste Reduction & Recycling • Disaster Response & Relief	13 CLIMATE ACTION
		4 **Most Inspiring Company**	• Compliance-First Mindset • Board Risk & Opportunity Oversight • Progressive Talent Pipeline • Equal, Engaged, & Empowered Workforce	10 REDUCED INEQUALITIES

How We Create Value

Strong governance and robust internal controls

Governance is vital to foster a culture of integrity, ethical behaviour, and professionalism to ensure business excellence in the organisation. Our policies are aligned with applicable laws and regulations as good corporate governance is fundamental for sustainable value creation for our company's diverse 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 conflict 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.
- Establishes our integrity hotline to report incidents of misconduct in violation of our governance policies, including our Code of Conduct and Anti-Corruption Policy. These incidents are to be reported via our dedicated email integrity.hotline@celcomdigi.com.

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.

Strengthening the monitoring of governance risks across our value chain in 2022

▶ Conducted an Anti-Corruption Risk Assessment, identifying the top 10 potential corruption risks present within the operations

▶ Monitored our activities for the second line of defence (for sales, marketing, and business functions)

▶ Conducted Business Partner Risk Assessment (BPRA), implemented via the Coupa Risk Assess (CRA) platform, to effectively manage our supply chain risks

We uphold good corporate governance through our continuous efforts in raising awareness on the potential risks to our business:

- Conducted dilemma training for all fibre vendors with an emphasis on anti-bribery and anti-corruption
- As part of the Responsible Business Summit, we advocated for increased awareness of workplace human rights and the development of corporate culture based on trust and integrity
- Raised general awareness on insider trading and encouraged employees to embrace a speak up culture
- Conducted mandatory Health, Safety, and People Security quizzes

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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 Nation's Guiding Principles on Business and Human Rights. Our Sustainability Policy and Business Partner Conduct Principles include clauses on the prohibition of child labour and forced labour for all partners and vendors intending to have a business relationship with CelcomDigi.

We conduct a human rights due diligence exercise every other year as part of our risk management process. During the last exercise, we evaluated the human rights risks posed in 19 areas of the business and ranked them High, Medium, and Low. Follow-through actions have been discussed with the respective teams to mitigate the potential human rights-related risks within their functions. The exercise involved two workshops and seven focus group meetings, with relevant personnel from 12 departments across the company.

Driving advocacy of human rights

UN Responsible Business and Human Rights Forum 2022

We shared our developments in the Human Rights Due Diligence as well as the Child Rights and Business Principles practices in CelcomDigi. Further discussions included conversations on evolving industry trends and the role digital businesses need to play in being responsible business partners.

Building the Digital World We Need: Bridging Tech and Policy

To address the growing concerns about human rights on the digital front, we participated in a summit hosted by The IO Foundation, where we shared our insights and principles for safeguarding our own customers' digital footprints and data points.

Managing our supply chain responsibly

All suppliers and business partners are required to comply with our Business Partner Conduct Principles. They are mandated to sign the Agreement of Responsible Business Conduct (ABC) to comply with our standards in the areas of Health, Safety, and Security (HSS), ethical conduct, human rights, and environmental management. They are also encouraged to act in accordance with our Code of Conduct and human rights principles.

We conduct periodic onsite physical inspections, and 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.

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Managing our supply chain responsibly (Continued)

155*
New suppliers who signed the ABC
(FY2021: 179)
The number of new suppliers signing the ABC in FY2022 has been independently assured by KPMG PLT

2,245
Total suppliers who have signed the ABC to date
(FY2021: 2,090)

16,691
Total supplier training hours
(FY2021: 5,635)

Number of inspections conducted			Number of findings		Number of suppliers terminated
Unannounced	**Announced**	**Total**	**Major**	**Minor**	
504	**8**	**512**	**11**	**65**	**0**
(FY2021: 509)	*(FY2021: 1)*	*(FY2021: 510)*	*(FY2021: 16)*	*(FY2021: 45)*	*(FY2021: 2)*
(FY2020: 463)	*(FY2020: 48)*	*(FY2020: 511)*	*(FY2020: 5)*	*(FY2020: 194)*	*(FY2020: 3)*

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

Capacity building to raise standards

CelcomDigi conducts mandatory training sessions for our suppliers to improve awareness on mitigating risks related to governance, operations, and sustainability. Subsequently, we assess our suppliers' knowledge based on the training content via our 'Knowledge Assessment Tool' (KAT). This year, we upgraded the KAT by including more in-depth learning materials covering our services, controls, and process requirements. A mandatory online assessment was also included as part of the training requirements to ensure we work with low-risk business partners who understand and conform to high standards and expectations.
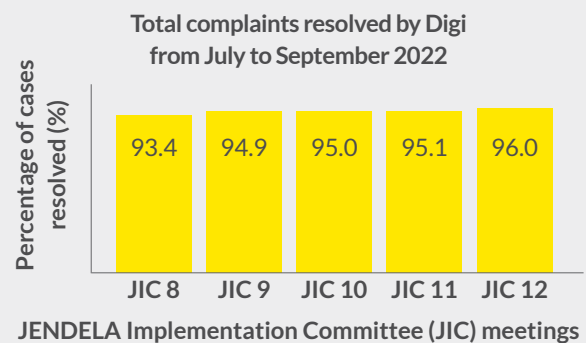
Looking ahead

We will continue to raise the standards of our suppliers by mandating them to adhere to good Environmental, Social, and Governance standards or practices. We have integrated these criteria within our Business Partner Risk Assessment procedures as part of the supplier selection process. Where possible, we will also prioritise local procurement to contribute back to Malaysia's economy.

Adherence to regulatory requirements

Telecommunication providers in Malaysia are regulated by the Malaysian Communications and Multimedia Commission (MCMC). CelcomDigi complies with all regulatory requirements and reports on performance against set initiatives such as JENDELA, under the MCMC's purview. Customer complaints are addressed in accordance with the requirements and resolution timeframes provided by the Mandatory Standards of Quality of Service and General Consumer Code of Practice for the Communications and Multimedia Industry Malaysia. We provide numerous support and self-service channels for customers to escalate any issues they may face.

Pusat Ekonomi Digital Malaysia (PEDi)

PEDi, 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 PEDi internet centres across Malaysia for the purpose of providing internet access to support e-learning and the development of digital skills and digital entrepreneurship among local communities. CelcomDigi operates 307 PEDi centres nationwide.

Total complaints resolved by Digi from July to September 2022

JENDELA Implementation Committee (JIC) meetings	Percentage of cases resolved (%)
JIC 8	93.4
JIC 9	94.9
JIC 10	95.0
JIC 11	95.1
JIC 12	96.0

We actively resolve consumer complaints lodged through the MCMC's *Aduan* portal. Progress is tabled fortnightly at the MCMC's JENDELA Implementation Committee (JIC) meetings, which review the progress and development of the JENDELA initiative. We have maintained a healthy resolution percentage, consistent with industry average standards.

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Empowering societies through nation-building initiatives

Supported flood aid efforts

▶ Mobilised food relief and necessities for flood victims affected by the monsoon season. Aid worth RM500,000 was given to the Communications and Digital Ministry (KKD) for distribution.

▶ Shared a flood preparation toolkit targeting those in flood-prone areas.

▶ Collaborated with the Malaysian Relief Agency to mobilise rescue boats to aid stranded flood victims.

▶ WiFi units were deployed to relief centres to ensure optimum coverage.

▶ On the network front, we continued efforts to strengthen site resilience in high-risk areas, and set up power generators and mobile transceiver stations to reduce service disruptions.

▶ Together with the industry, we also ensured good coverage and capacity at all 465 identified relief centres, and where necessary, deployed wireless connectivity options.

Donated RM130,000 to MERCY Malaysia's ongoing COVID-19 Recovery & Response efforts, completing the final tranche of the RM1 million pledge. The donation was mobilised to support healthcare and rehabilitation services for former COVID-19 patients, especially vulnerable groups such as the elderly and those with chronic diseases or comorbidities (former category 4 and 5 patients).

Partnered with Harian Metro's *Titipan Kasih* CSR programme to provide laptops and internet access to students from low-income families in Negeri Sembilan.

Sponsored internet connectivity and devices to facilitate digital learning for a community-run social project, *Iskul Sama DiLaut Omadal* (school), in Sabah.

Gearing up for a stronger digital nation

Accelerating business and SME digitalisation

CelcomDigi continues to deliver new and innovative products and business solutions catering for micro and SMEs to facilitate further digitalisation of their operations. Our extensive range of offerings enables businesses to integrate digital solutions across different aspects of their operational activities, accelerating their overall productivity.

We facilitated the deployment of the PENJANA Digitalisation Grant, to help SMEs fast-track their digitalisation journey. We provided affordable digital solutions bundled with fibre, broadband, or mobile lines.

We were also one of the main sponsors of the Star Outstanding Business Awards (SOBA) 2022, marking our fifth year supporting this programme aimed at recognising SMEs' contributions towards the nation's economic growth. Our participation in SOBA Labs across the country enabled us to engage with a wide range of SMEs to understand their unique digitalisation challenges and needs and support them with the right digital solutions and consultations. We also deepened our commitment to supporting large enterprises in future-proofing their operations with a suite of advanced digital and connectivity solutions as well as 5G technology, focusing on sectors such as ports, oil and gas, financial services, logistics, and manufacturing.

How We Create Value

Gearing up for a stronger digital nation (Continued)

Equipping Petronas' offshore platforms with connectivity
CelcomDigi collaborated with Petronas to equip its offshore platforms with wireless connectivity to meet the communication needs of its offshore workforce. This included deploying highly secure private long-term evolution (LTE) networks to all Petronas' offshore platforms as well as its data centres.

Affordable and accessible connectivity for all

CelcomDigi continues to work closely with the government to make connectivity and access to the internet a fundamental utility and accessible to all. In 2022, together with the industry, we introduced various affordable plans to benefit different segments of customers:

▶ **Jaringan Prihatin Rebate** – Eligible customers from low-income groups are entitled to enjoy subsidies on our wide range of postpaid and prepaid plans.

▶ **Pakej Data Khas Belia** – An affordable connectivity plan targeted at youths aged 12 to 24 to enjoy unlimited access to selected social platforms, along with 15 GB of high-speed internet data monthly.

▶ **Pakej Peranti & Remaja Keluarga Malaysia** – Affordable device and connectivity plan to facilitate the digital learning needs of students.

Empowering educators and the youth for the future

In 2022, our outreach programmes and initiatives were geared towards driving the digital empowerment agenda, with a focus on building digital competencies through online safety and future skills development.
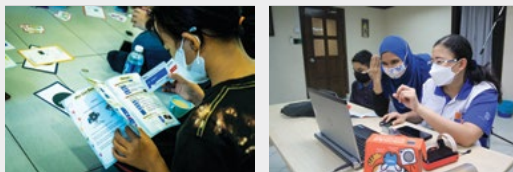
The **Future Skills For All** initiative contributed significantly to new approaches to teaching and learning coding:
- ~37,500 enrolments registered to date
- New robotics module based on Primary 6 syllabus
- Sign language included in all module videos
- Introduced offline learning kits to facilitate coding learning
- Provided laptops and micro:bit starter kits to schools in rural parts of Sabah and Sarawak
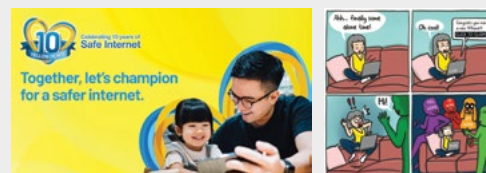
Our decade-long **Safe Internet** programme has continuously helped to make the internet a safer place for all:
- > 91,000 engagements through online safety and scam awareness campaigns
- Scam awareness - Raising awareness on anti-scam and fraud among Malaysians. Developed simplified scam alert infographics and Safe Internet comic series in partnership with local comics artists