

# 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 CO<sub>2</sub> 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

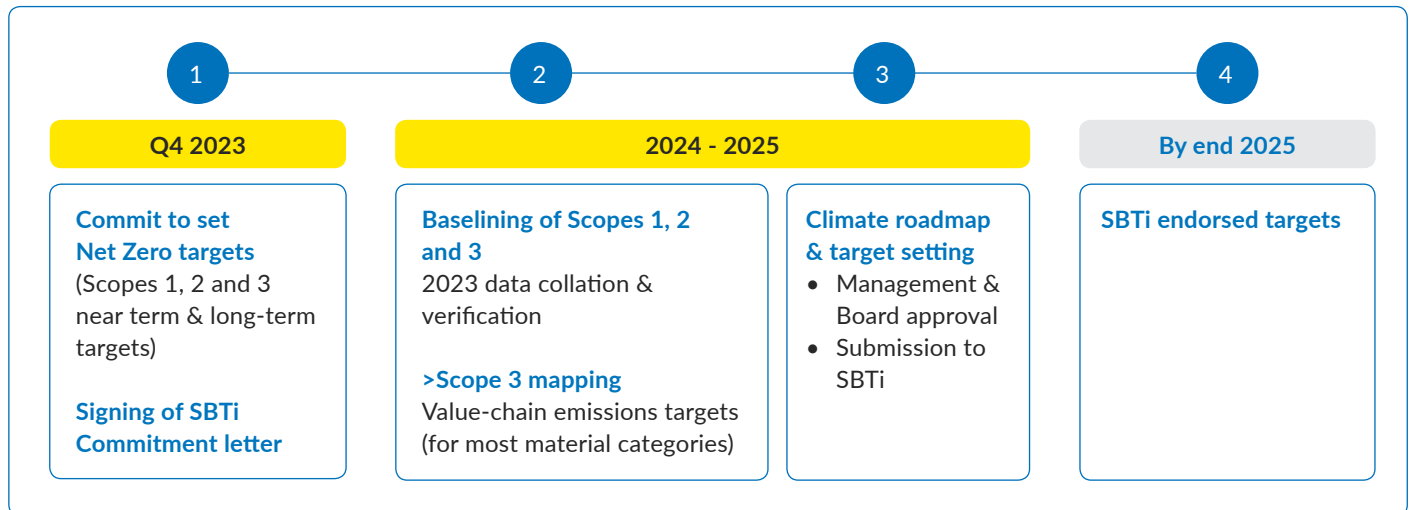
### Committing to Net Zero 2050



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.



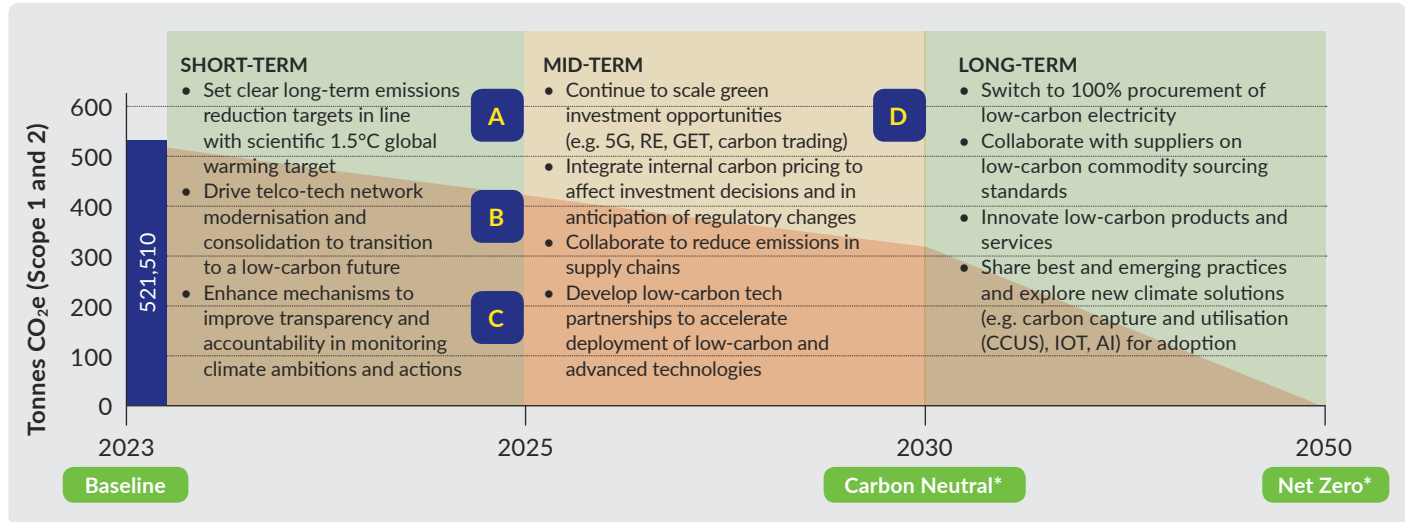
For more information on our approach towards Climate Action and Environmental Management, visit [https://celcomdigi.listedcompany.com/climate\\_environmental\\_action.pdf](https://celcomdigi.listedcompany.com/climate_environmental_action.pdf)

## 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"> <li>Optimise energy use of networks by adopting energy efficient hardware and best practices and by retiring legacy networks.</li> <li>Installing 74 sites in rural areas with hybrid solar technology, resulting in a reduction in electricity consumption.</li> <li>Powering 33 sites with hybrid battery gensets, potentially reducing diesel consumption by approximately 40%.</li> <li>Subscribed to 510 blocks (510,000 kWh) of electricity generated from renewable energy sources, attained via TNB's Green Energy Tariff (GET) programme.</li> </ul> | <ul style="list-style-type: none"> <li>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.</li> <li>Migration to cloud-based data centres with lower carbon emissions as compared to traditional data centres.</li> </ul> |

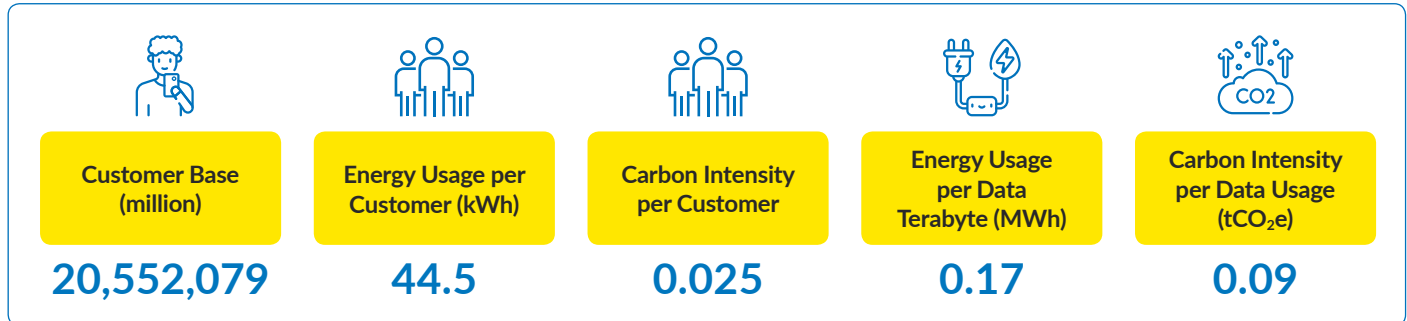
### Greenhouse Gas (GHG) Emissions

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

## Natural Capital

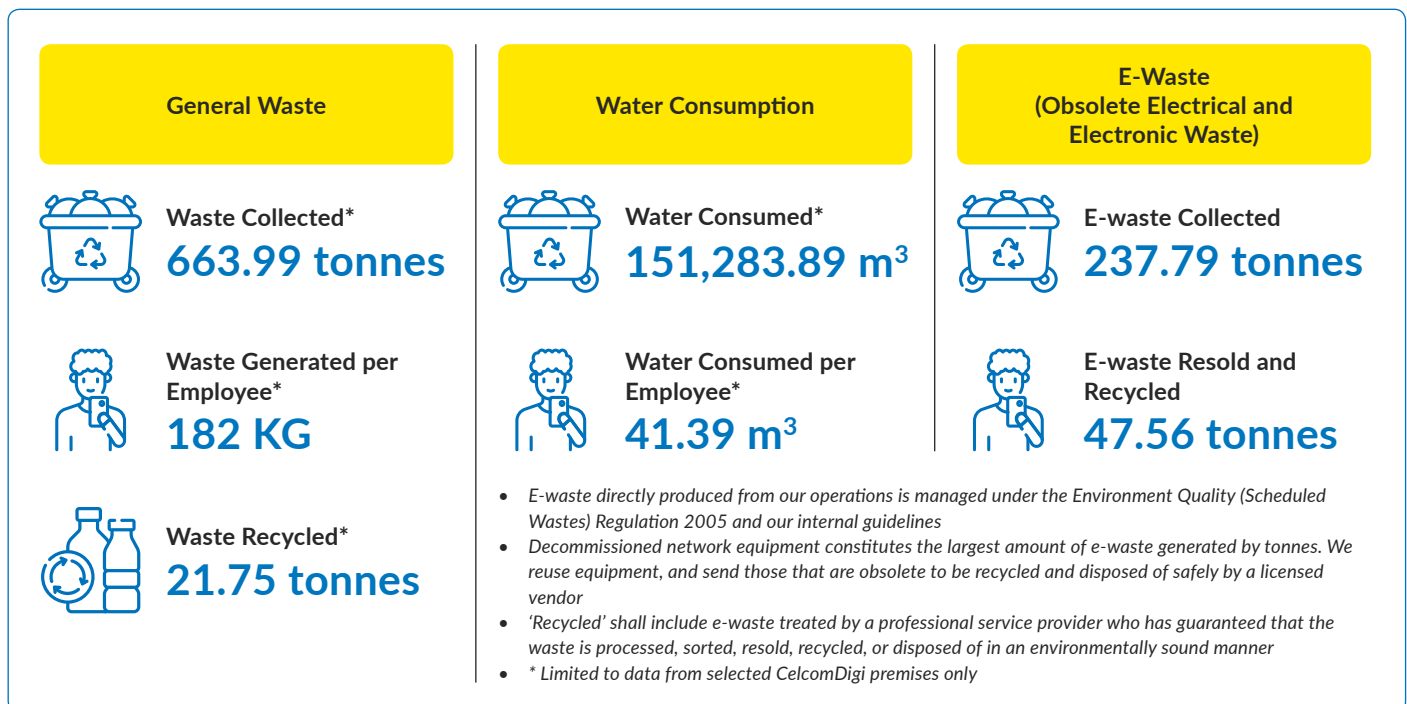
### Managing our environmental impact positively (Continued)

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

### 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.