

SUSTAINABILITY STATEMENT PART ONE

Sustainability-related Financial Information Report 2025 (Aligned to ISSB Standards)

Our 2025 disclosures mark a pivotal milestone in our commitment to transparency. Driven by financial materiality, Part 1 outlines the foundation of our journey to align with the National Sustainability Reporting Framework (NSRF).

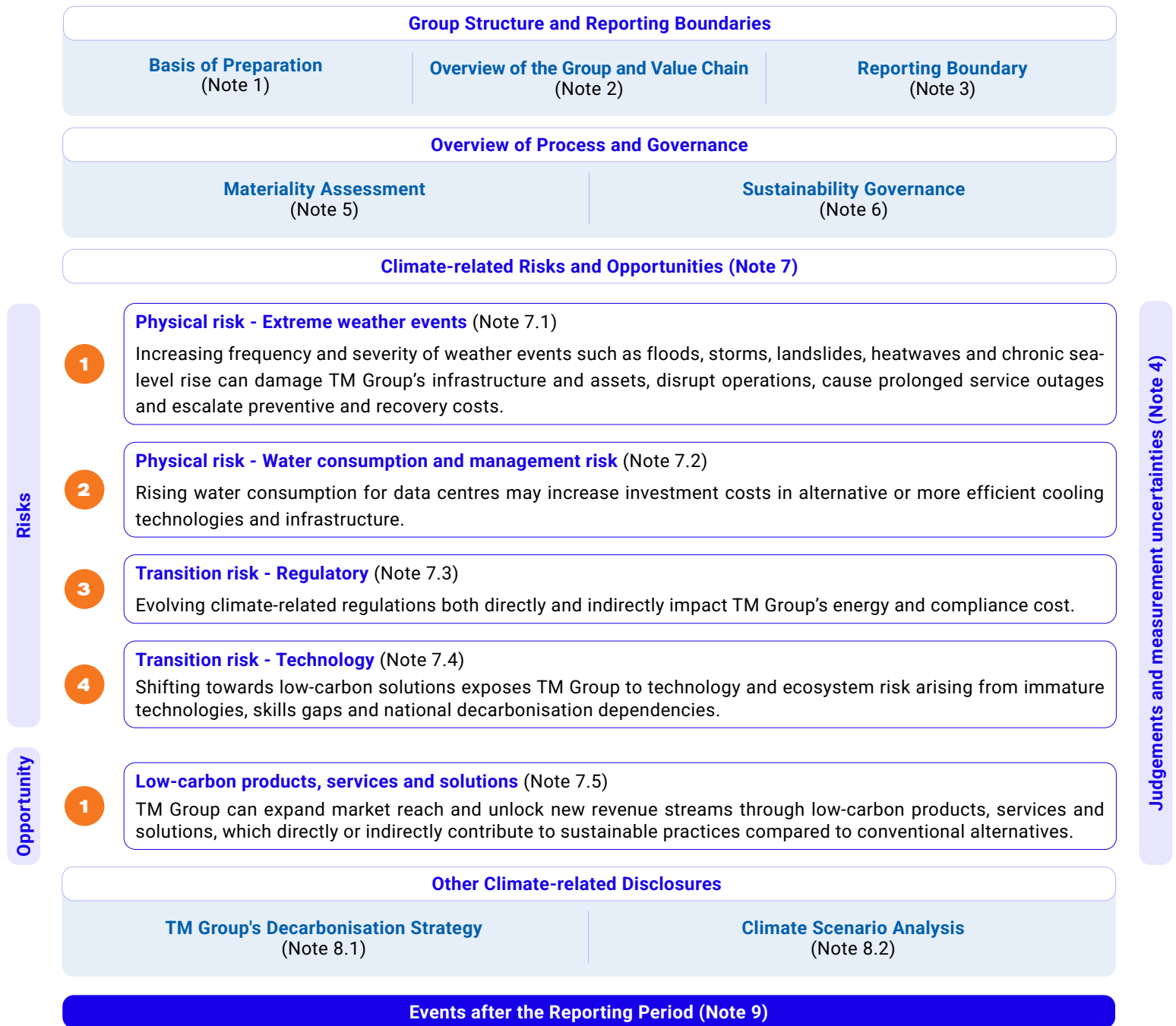
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The following diagram serves as the navigator for our sustainability statement in Part One, illustrating the interconnected structure of the disclosure in alignment with ISSB standards. To ensure full transparency, each section is cross-referenced to specific Notes found throughout Part One, where detailed explanations of data and methodologies are provided.



1. BASIS OF PREPARATION

1.1 Compliance with IFRS Sustainability Disclosure Standards

[IFRS S1.72]

The sustainability statement of Telekom Malaysia Berhad (“TM”) and its subsidiaries (“the Group” or “TM Group”) has been prepared in accordance with the IFRS Sustainability Disclosure Standards as issued by the International Sustainability Standards Board (ISSB), in compliance with Bursa Malaysia’s Main Market Listing Requirements aligned with the National Sustainability Reporting Framework (NSRF). Additional information required to be disclosed under the Main Market Listing Requirements (MMLR) has been included in pages 147 to 148 of this report.

Disclosure topics in the Sustainability Accounting Standards Board (SASB) standards have been referred to and considered when preparing this statement. Refer to Note 5 on page 121 for further information on how the SASB Standards disclosure topics have been considered in the materiality assessment process.

1.2 Connectivity with financial statements

[IFRS S1.20, IFRS S1.22, IFRS S1.24, IFRS S1.30(b)(c), IFRS S1.31, IFRS S1.B38, IFRS S2.10(d)]

This sustainability statement has been prepared for TM Group and should be read in conjunction with TM Group's consolidated financial statements. These financial statements are prepared in accordance with MFRS Accounting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia. This report covers the financial year ended 31 December 2025, aligned with the reporting period of the related consolidated financial statements.


TM Group defines time horizons based on when sustainability-related risks and opportunities are reasonably expected to occur. These time horizons which guide strategic decision-making are categorised as follows:

- 1 Short-term**
Up to 2026
- 2 Medium-term**
Up to 2028
- 3 Long-term**
More than 2028

We apply different time horizons in assessing climate-related physical risks as part of our climate scenario analysis. Further information on the respective time horizons is provided in Note 8.2 Climate Scenario Analysis.

The sustainability-related financial disclosures cover the same reporting entity as the consolidated financial statements, comprising TM Group and our subsidiaries. In preparing these disclosures, we have assessed our own operations and value chain, which includes a joint venture and an associate.

All disclosures are presented in Malaysian Ringgit (MYR) as the presentation currency, even though the Group operates in other jurisdictions with different currencies. Unless specified otherwise, all amounts are rounded to the nearest million.

 For more information on Note 8.2, please refer to page 141.

1.3 First-time adoption of IFRS Sustainability Disclosure Standards

[IFRS S1.E1, IFRS S1.E2, IFRS S2.C1, IFRS S2.C3]

TM Group is reporting under the IFRS Sustainability Disclosure Standards for the annual reporting period ended on 31 December 2025, marking our first year of adoption. For the reporting period beginning 1 January 2025, the Group has applied the following standards:


 **IFRS S1: General Requirements for Disclosure of Sustainability-related Financial Information ("IFRS S1")**

 **IFRS S2: Climate-related Disclosures ("IFRS S2")**

The IFRS Sustainability Disclosure Standards provide certain transition reliefs to entities adopting it for the first time. In addition, Bursa Malaysia's Main Market Listing Requirements provide additional transition reliefs¹ for listed issuers. TM Group has applied the following transition reliefs in our first annual reporting period:

- 1** Relief from the requirement to disclose comparative information
- 2** Relief from disclosing Scope 3 greenhouse gas (GHG) emissions
- 3** Relief from reporting information about sustainability-related risks and opportunities beyond climate-related risks and opportunities

While this statement focuses solely on TM Group's climate-related risks and opportunities under financial materiality, we have also disclosed our ongoing efforts to address broader sustainability-related impacts, in Part 2 of our Sustainability Statement.

 For more information on part 2 of our sustainability statement, please refer to pages 149 to 251.

Note:

¹ "Guidance Note 11A: Saving and Transitional Provisions for Sustainability Statement" published by Bursa Malaysia on 31 December 2024

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Amendments that have been issued but not yet effective

Certain new amendments to sustainability standards have been published but are not mandatory for 31 December 2025 reporting periods and have not been adopted by the Group, namely the IFRS S2 'Amendments to Greenhouse Gas Emissions Disclosures' (effective 1 January 2027).

In summary, the amendments to IFRS S2:

- 1 Clarify that entities are permitted to limit the measurement and disclosure of Scope 3 Category 15 GHG emissions to financed emissions as defined in IFRS S2
- 2 Remove the requirement to use the Global Industry Classification Standard to disaggregate information about financed emissions, and instead, allow the use of a classification system that enables the entity to provide useful information about its exposure to climate-related transition risks
- 3 Clarify that the jurisdictional relief allows entities to use an alternative method to the GHG Protocol if required by their jurisdiction, applies to an entity either in whole or in part
- 4 Provide a jurisdictional relief that applies to an entity either in whole or in part, from using Global Warming Potential values from the latest Intergovernmental Panel on Climate Change (IPCC) Assessment Report when converting GHG emissions to CO₂ equivalent values

None of these are expected to have a significant effect on the sustainability statements of the Group.

 For more information on additional disclosure required under the MMLR, please refer on pages 147 to 148.

2. OVERVIEW OF THE GROUP AND VALUE CHAIN


2.1 Overview of TM Group






TM Group's key business activities

[IFRS S1.32, IFRS S2.13(b)]

TM Group has an extensive operational footprint in the telecommunications sector across Malaysia and internationally, serving the Business-to-Consumer (B2C), Business-to-Business (B2B) and Carrier-to-Carrier (C2C) segments. In addition to these segments, the Group's activities also include others/shared services. These activities contribute an immaterial proportion of consolidated revenue and do not represent our principal business segments (see 'Other activities').

 For more information on revenue by business cluster, please refer to pages 76, 83 and 92.

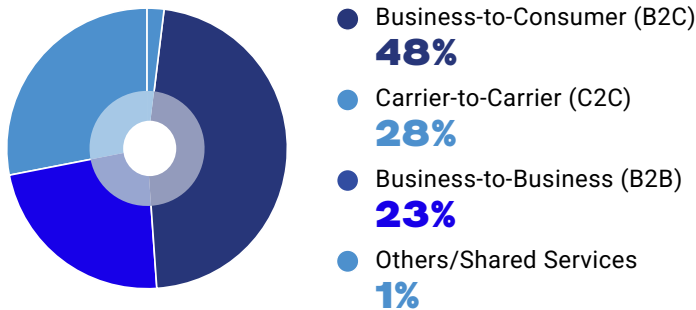


Business-to-Consumer (B2C)	Business-to-Business (B2B)	Carrier-to-Carrier (C2C)
<div style="text-align: center; margin-bottom: 10px;">  </div> <p>Unifi provides households and individuals with broadband, mobile and lifestyle services.</p> <hr/> <div style="text-align: center; margin-bottom: 10px;">  </div> <p>Unifi Business offers digital tools and resources to empower MSMEs, boost productivity, expand market reach and drive digital transformation.</p>	<div style="text-align: center; margin-bottom: 10px;">  </div> <p>TM One is the business solutions arm of TM, delivering integrated digital solutions for enterprise and Government customers, including industry-specific solutions, smart services, Private 5G and cybersecurity platforms.</p> <hr/> <div style="text-align: center; margin-bottom: 10px;">  </div> <p>Credence is the National Sovereign cloud provider offering analytics, Artificial Intelligence (AI) and Software-as-a-Service (SaaS) solutions for Enterprise Management and Applications.</p>	<div style="text-align: center; margin-bottom: 10px;">  </div> <p>TM Global delivers wholesale connectivity services to domestic and international carriers, leveraging TM's extensive nationwide fibre and submarine infrastructure.</p>

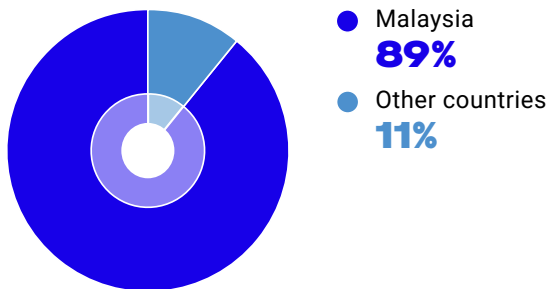
 For more information on TM's coverage, please refer to pages 16 to 19.

Our key business activities, geographical presence and contribution to revenue by business cluster and geographical location are illustrated below:

Revenue by business cluster (%)



Revenue by geographical location (%)



Notes:

¹ Total revenue includes inter-segment revenue arising between the Group's B2B and C2C operations amounting to RM162.3 million, which is eliminated on consolidation for financial year 2025 as described in Note 42 of the Group's financial statements for the year ended 31 December 2025.

² The Group's revenue from other countries is not further segregated as no individual overseas country contributed more than 10.0% of the consolidated operating revenue.

The revenue disclosed represents the percentage contribution from external customers for each business activity. Further details can be found in Note 42 of the Group's financial statements for the year ended 31 December 2025.

The Group's other activities

[IFRS S1.32]

Beyond our key business activities, we are also involved in operations, which are not significant to the overall business and do not form part of TM Group's principal activities. This includes activities of subsidiaries that do not fall under the above-mentioned business segments, including University Telekom Sdn Bhd which manages and administers Multimedia University (MMU), representing TM's education arm.

Note 3.1 outlines how our entities, assets and operations are included within the sustainability reporting boundary.

For more information on Note 3.1, please refer to page 119.

The Group's strategy and sustainability-related goals

Aligned with our Pioneer, Win, and Revitalise (PWR) 2030 aspiration, we continue to advance sustainability as a strategic business imperative. During the year, we have aligned our initiatives with the Triple Bottom Line (TBL) framework, anchored on the three (3) pillars of Prosperity, Planet, and People. In line with the adoption of the IFRS Sustainability Disclosure Standards, we expanded our focus to encompass sustainability-related risks and opportunities beyond sustainability impacts on the environment and society, as identified through our enhanced double materiality assessment described in Note 5 of this report.

Prosperity



Innovative and sustainable solutions to create long-term value.

Expected outcome

Sustainable product and growth in low-carbon revenue stream.

Planet



Environmental stewardship towards achieving net zero.

Expected outcome

Reduction in carbon emissions towards net zero by 2050.

People



Positive impact for *Warga TM* and the community that we serve through inclusive and sustainable nation-building initiatives and efforts.

Expected outcome

Equipping our people with the right skills while addressing the 'just transition' to accelerate our sustainability performance.

Our sustainability aspirations aligned with PWR 2030 are currently being developed, with further details to be disclosed in future reports.

For more information on sustainability journey, framework and governance, please refer to pages 103 to 106.

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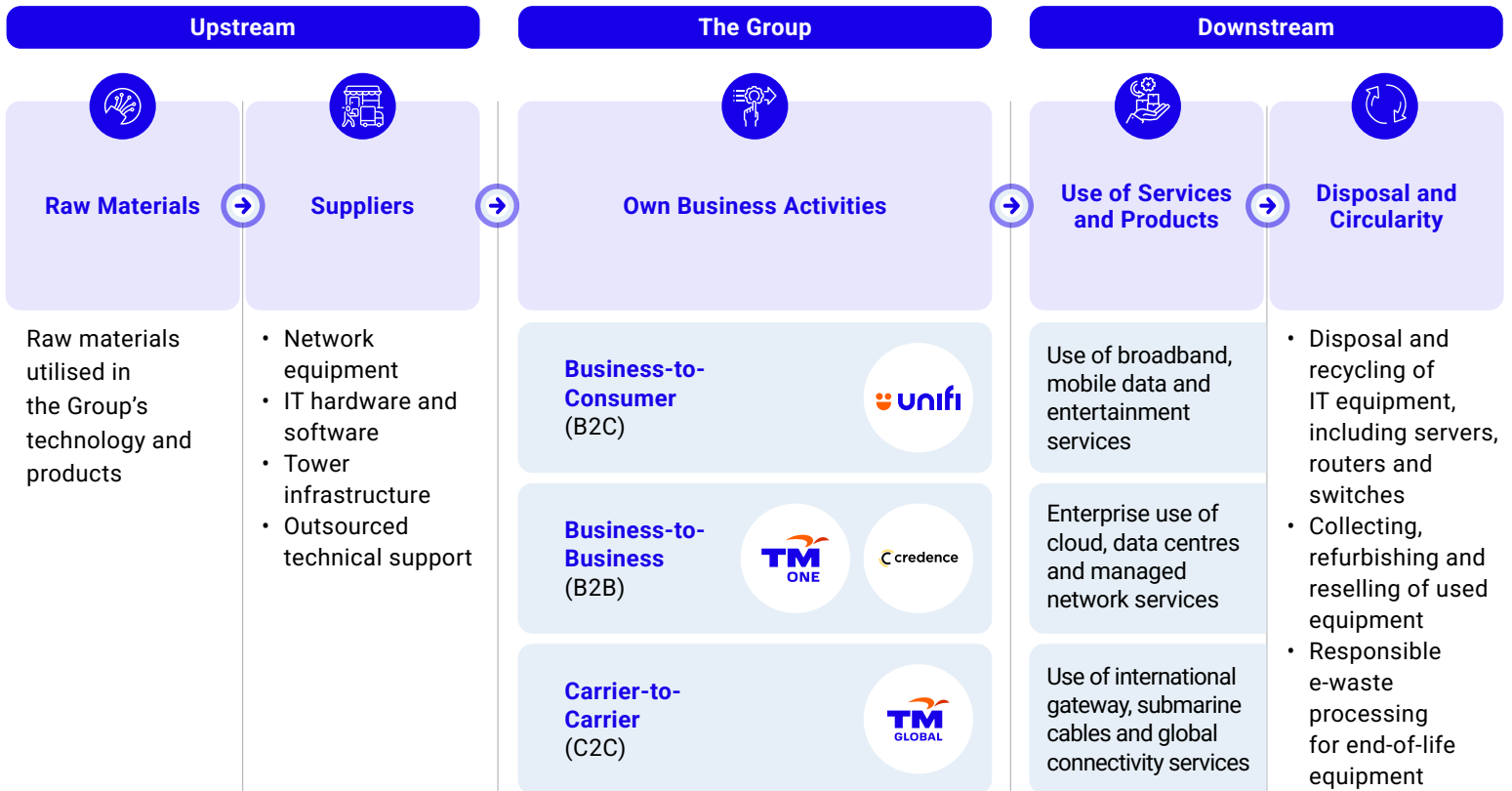
2.2 Our value chain

[IFRS S1.2, IFRS S1.B5]

We rely on a wide range of stakeholders across our value chain to develop and deliver our products and services. This includes end customers, employees, shareholders and investors, Government and regulators, key suppliers, business partners, media, communities and labour unions.

The illustration below summarises TM Group’s key upstream and downstream value chain relationships:

TM Group’s Value Chain



TM Group has other business relationships, primarily through our investments in the associate and joint venture, which are part of our value chain.

3. REPORTING BOUNDARY

3.1 Reporting boundary (excluding GHG emissions)

Reporting entity

[IFRS S1.20, IFRS S1.B38]

The entities, assets and operations (referred to as the 'reporting entity') included in this sustainability statement are the same as those included in TM Group's 31 December 2025 financial statements, excluding the Group's operations outside Malaysia unless otherwise stated. We continue to strengthen data collection for our international operations, with related disclosures expected to be provided in future reporting periods.

The reporting entity and the extent of sustainability-related information considered and included in this consolidated sustainability report are summarised below:

TM Group

Refer to Note 50 in the financial statements for further information on the list of subsidiaries under TM Group.

Leased assets (the Group is lessee)

The Group leases various assets, including telecommunications network, lands and buildings. These leases are recognised as right-of-use (ROU) assets with corresponding lease liabilities from the commencement date – the point at which the leased asset becomes available for use.

Refer to note 2(m)(i) in the financial statements for further information.

All sustainability information relating to TM Group and leased assets (where the Group is a lessee) is reported as part of the Group's consolidated reporting boundary.

There were no acquisitions or disposals during the current reporting period that resulted in changes to the consolidated reporting boundary.

Value chain

TM Group also has entities (including investments in an associate and joint venture), activities, resources and relationships that form part of our value chain. These have been considered in assessing the sustainability-related risks and opportunities of the Group. In the current reporting period, all reported metrics relate to the Group's own operations, except for GHG emissions, which also incorporate elements of the value chain.

3.2 Reporting boundary for GHG emissions

[IFRS S2.29(a)(ii)(iii), IFRS S2.B26(a), IFRS S2.B27]

Organisational boundary

We use the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) (the 'GHG Protocol') to measure GHG emissions, unless otherwise stated by IFRS S2. We use the GHG Protocol Corporate Value Chain Standard 2011 ('Scope 3 Standard') to define the 15 Scope 3 categories as part of the requirement to disclose Scope 3 GHG emissions.

Our reporting boundary for GHG emissions includes our organisational boundary and operational boundary, excluding the Group's operations outside Malaysia, as well as our network towers (mobile operations) and chilled water purchased for district cooling, due to limitations in data availability. The Group is progressively strengthening data collection for our international operations, network towers, as well as purchased chilled water, and expects to provide related disclosures in future reporting periods.

The operational control approach is applied to establish our organisational boundary for emissions. We believe that the use of the operational control approach is the most appropriate method to measure our GHG emissions, as this approach best reflects how emissions are managed and controlled across our operations.

There were no acquisitions and disposals in the current reporting year that will be impacting the GHG emissions reporting boundary.

Operational boundary

Direct GHG emissions from sources that are owned or controlled by businesses and operations within our organisational boundary are reported as Scope 1 GHG emissions. GHG emissions from the generation of purchased electricity consumed by these businesses and operations are reported as our Scope 2 GHG emissions.

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4. JUDGEMENTS AND MEASUREMENT UNCERTAINTIES

In preparing this sustainability statement, we have applied judgement in several areas, including identifying sustainability-related risks and opportunities and determining material information for disclosure. The process also involved the use of estimates for certain amounts which cannot be measured directly. These estimates have been made where the sustainability information related to an entity in the value chain needs to be estimated, or where forward-looking information or data limitations are involved.

This note outlines the key judgements made by management in preparing this sustainability statement, as well as the amounts with significant measurement uncertainty. Details of the judgement made, or the sources of estimation uncertainty, are included in the disclosure note referenced.

4.1 Significant judgements

[IFRS S1.74, IFRS S2.22(b)(ii)]

The following are areas where significant judgements have been exercised in preparing this report:

Materiality process

Management applied significant judgement to identify the sustainability-related risks and opportunities that could reasonably be expected to affect the Group's prospects, as well as the material information related to those risks and opportunities. The process followed by the Group in making the assessment of what information could reasonably impact the Group's financial prospects and influence decisions of primary users is set out in Note 5 of this report.

Judgement was also applied in considering, which metrics included within the disclosure topics in the industry-based SASB Standards were applicable to the Group.

Organisational boundary for GHG emissions

The Group's organisational boundary for GHG emissions reporting is determined using the operational control approach. The operational control approach requires TM Group to identify the operations over, which the Group has full authority to introduce and implement operational policies.

Both the determination of consolidation approach for organisational boundary and the identification of operations over, which the Group has operational control are areas of significant judgement.

Disclosure over the reporting boundary for GHG emissions is set out in Note 3.2 of this report.

Climate scenario analysis

Management applied judgement in defining the scope and assumptions used in the Group's climate scenario analysis, including the identification of asset classes considered to be exposed to climate-related physical risks. For the purpose of modelling, certain asset classes, such as movable assets, were excluded on the basis that these assets can be relocated and are therefore not expected to be exposed to extreme weather events on a sustained basis.

Judgement was also applied to exclude asset classes such as intangible assets, as these assets are not considered susceptible to the extreme weather events assessed in the scenario analysis.

In addition, judgement was applied in determining the materiality of assets to be included in the scenario analysis. Management determined that assets of subsidiaries comprising more than 95% of TM Group's total assets are material and were therefore included in the analysis. Assets with a zero net book value (NBV) as at the end of the current reporting period were excluded.

Disclosure relating to the climate scenario analysis is set out in Note 8.2 of this report.

4.2 Measurement uncertainties

[IFRS S1.78, IFRS S2.22(b)(ii)]

The following areas have a high degree of measurement uncertainty:

GHG-related metrics

The Group's GHG emissions are measured in accordance with the GHG Protocol, unless otherwise specified under IFRS S2. The disclosed GHG metrics carry inherent uncertainty due to reliance on activity data and emission factors sourced from third parties. Where such data is unavailable or incomplete, estimates are applied.

Disclosure on GHG-related metrics are covered in Note 8.1 of this report.

Percentage of assets affected by climate-related physical risks

As the precise geospatial boundaries of exposure to climate risks for individual assets are not fully known, the Group estimates the percentage of assets affected by climate-related risks using postal codes as a proxy for geographic location. This approach is necessitated by the scale and nature of TM Group's operations, which comprise millions of network and infrastructure assets distributed nationwide.

In addition, due to limitations in asset-specific elevation data, the measurement of assets vulnerable to climate-related physical risk has assumed that the assets are located at ground level.


The above estimations and assumptions introduce measurement uncertainty as climate-related physical risks may not uniformly affect all assets within a given postal code and asset-level exposure may also vary within the same locality and by elevation.

Disclosure on the percentage of assets affected by climate-related physical risks is covered in Note 7.1 of this report.

Implementation of carbon tax in Malaysia

The Group assesses potential future exposures arising from Malaysia's proposed 2026 carbon tax. However, this is an area of measurement uncertainty as key aspects of the carbon tax, including scope, coverage, pricing mechanisms and implementation timelines, have yet to be finalised. As a result, assumptions and estimates are applied and no quantified amounts have been disclosed.

Disclosures on how the proposed carbon tax is expected to impact the Group are covered in Note 7.3 of this report.

 For more information on:
Note 3.2, please refer to page 119.
Note 5, please refer to page 121.
Note 7.1, please refer to page 126.
Note 7.3, please refer to page 133.
Note 8.1, please refer to page 140.
Note 8.2, please refer to page 141.

5. MATERIALITY ASSESSMENT

[IFRS S1.32, IFRS S1.44(a)(iii)(iv)(v)(b)(c), IFRS S2.25(a)(i)(iii)(iv)(c)]


Although this is our first sustainability statement prepared in accordance with IFRS Sustainability Disclosure Standards, TM Group has long considered sustainability issues within our regular risk management processes. In the current reporting year, we conducted a double materiality assessment covering the areas of:

Financial materiality

Sustainability-related risks and opportunities that could reasonably be expected to affect the Group's prospects, as well as influence decisions made by primary users of general-purpose financial reports (covered within this report)

Impact materiality

Sustainability-related positive and negative impacts, which are not covered in this report

 For more information on part 2 of our sustainability statement, please refer to pages 149 to 251.

A three (3)-step approach was adopted in TM Group's double materiality assessment process:

Step 1 Identification

We considered information from various sources to identify potential sustainability-related impacts, risks and opportunities. Key inputs included the Group's PWR 2030 strategy, insights from TM's Sustainability Working Groups (SWG) and TM's FY2024 Integrated Annual Report. References were also made to key regulatory and policy developments, such as Malaysia's Energy Efficiency and Conservation Act (EECA) and the proposed 2026 carbon tax. We also considered key resources, relationships and dependencies, such as critical materials, technology requirements, as well as suppliers and their locations.

In addition, we considered the SASB Standards relevant to TM's operations, specifically those for the Telecommunication Services and Internet Media & Services industries. Benchmarking was also performed against selected peers to ensure alignment with best practices.

Step 2 Validation

The preliminary list of sustainability-related impacts, risks and opportunities identified was validated and refined through engagement with key stakeholders. This included interviews with Board members, the Group CEO and senior management, as well as discussions with business units to assess time horizons, value chain impacts and strategic relevance. A survey was also conducted with internal and external stakeholders, who ranked the preliminary list of sustainability-related impacts, risks and opportunities based on their likelihood and potential for financial and non-financial impact.

Step 3 Prioritisation

Input from interviews and surveys were consolidated to prioritise the sustainability-related impacts, risks and opportunities. This prioritisation was guided by TM's Enterprise Risk Management (ERM) framework, which evaluates both likelihood and impact to produce a refined shortlist of material sustainability-related risks and opportunities, as well as positive and negative impacts.

The materiality assessment process was led by TM Sustainability Division, with input from other management personnel in the Group as well as external advisors. The outcome of the process was validated and approved by the Management Committee (MC) and noted by Board Risk and Investment Committee (BRIC), Board Audit Committee (BAC) and Board of Directors (BOD).

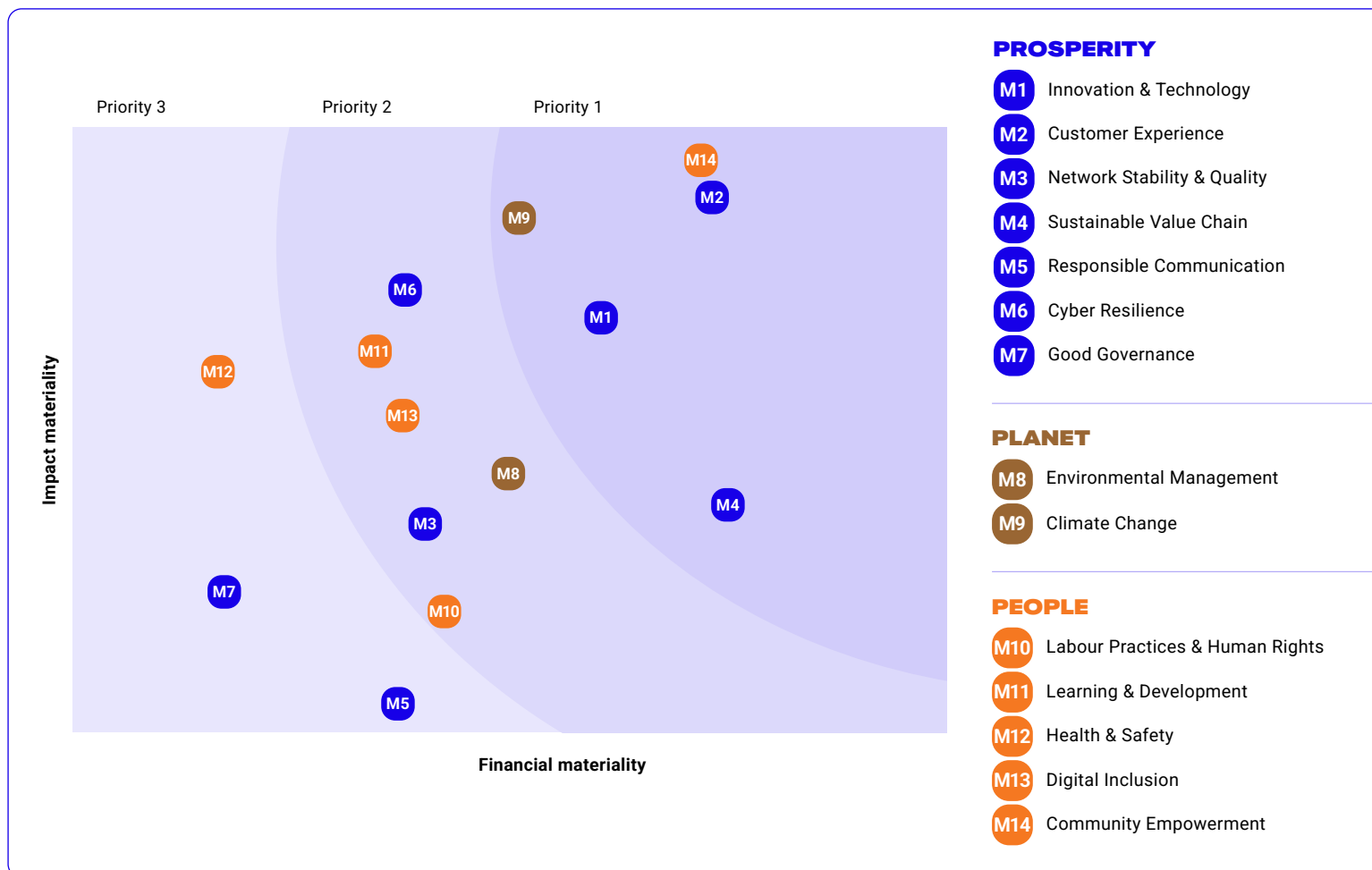
The Group's double materiality assessment was finalised at the end of the 2025 reporting period.

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Outcome of the process

[IFRS S1.30(a), IFRS S2.10(a)]

From the materiality assessment, 14 sustainability areas were identified to be relevant to TM Group, as illustrated in the double materiality matrix below:



Further details on TM Group’s efforts to address each sustainability topic are addressed under sections titled ‘Financial materiality’ and ‘Impact materiality’ below.

Financial materiality

[IFRS S1.32]

The table below summarises the sustainability-related risks and opportunity identified from the materiality process. Material information on each sustainability-related risk and opportunity can be found in the notes referenced in the table below:

Note reference	Risk/ Opportunity	Affected component of the reporting boundary
Note 7.1	Physical risk - Extreme weather events Due to climate change, climate physical risks arising from severe weather events such as floods, storms, landslides, heatwaves and chronic sea-level rise are becoming more common and intense. These can harm the Group’s infrastructure, lead to stranded assets and disrupt service delivery, resulting in increased maintenance costs and capital expenditure.	The Group’s own operations and value chain
Note 7.2	Physical risk - Water consumption and management The expected expansion of TM’s data centre operations to meet growing demand will increase water consumption for cooling purposes. Regulatory requirements and rising water tariffs will elevate operating costs, while seasonal droughts driven by climate variability may introduce water stress risks. These may lead to higher R&D spending on alternative cooling technologies, water-efficiency measures, infrastructure upgrades and upskill in water resource management.	The Group’s own operations and value chain
Note 7.3	Transition risk - Regulatory Evolving climate-related regulations can have both direct and indirect impacts on TM Group. For example, Malaysia’s Energy Efficiency and Conservation Act (EECA) may directly result in higher energy efficiency requirements and compliance obligations, while the proposed carbon tax could indirectly increase energy and operational costs and place additional pressure on TM’s capital allocation decisions.	The Group’s own operations and value chain

Note reference	Risk/ Opportunity	Affected component of the reporting boundary
		The Group's own operations and value chain
Note 7.4	Transition risk - Technology The shift towards low and zero-carbon solutions may expose TM Group to climate-related technology transition risks arising from market barriers, technology immaturity or unavailability, skills gaps and broader ecosystem constraints stemming from dependence on the progress of national decarbonisation efforts, including decarbonisation of the grid. This can result in higher research and development (R&D) and technology investment costs, alongside increased operating expenses.	✓
Note 7.5	Opportunity - Low-carbon products, services and solutions There is opportunity for TM Group to expand our market reach and unlock new revenue streams through low-carbon products, services and solutions across B2B, B2C and C2C segments. These refer to products and services that directly or indirectly contribute to sustainability (e.g. by supporting a low-carbon economy or advancing social outcomes) compared to conventional alternatives that serve the same purpose.	✓


Impact materiality

For more information on our efforts to address our sustainability-related positive and negative impacts, please refer to part 2 of our sustainability statement on pages 149 to 251.

Our materiality assessment process is conducted every three (3) years, or more frequently as and when the need arises.

6. SUSTAINABILITY GOVERNANCE

Our sustainability governance structure anchors oversight at the Board and Board Risk and Investment Committee (BRIC), cascading through the Management Committee (MC) and seven (7) Sustainability Working Groups (SWGs).

 For more information on our sustainability governance structure, please refer to page 105.

The responsibilities and activities of the Board of Directors and each of the committees are set out as follows:

6.1 Board oversight

[IFRS S1.27(a)(i)(ii)(iii)(iv), IFRS S2.6(a)(i)(ii)(iii)(iv)]

Board of Directors

The Board of Directors (Board) holds ultimate responsibility for guiding the Group's sustainability agenda and embedding it within the Group's vision, mission and overall corporate strategy. The Board comprises twelve (12) members and one (1) Alternate Director: one (1) Non-Independent Non-Executive Chairman (NINEC), one (1) Non-Independent and Executive Director (NIED), three (3) Non-Independent and Non-Executive Directors (NINED), seven (7) Independent and Non-Executive Directors (INED) and one (1) Non-Independent and Non-Executive Alternate Director.

The Board assumes six (6) core responsibilities as outlined in its Terms of Reference, otherwise known as the Board Charter, which are:

- 1 Reviewing and adopting the strategic plan for TM Group
- 2 Overseeing and evaluating the conduct of the Group's business
- 3 Risk management

- 4 Establishing internal controls
- 5 Monitoring succession planning
- 6 Developing and implementing an investor relations programme

In fulfilling these responsibilities, the Board considers sustainability-related (including climate-related) risks and opportunities in its decision-making processes, with sustainability considerations embedded across all Board deliberations.

The Board is kept informed of sustainability-related issues and developments on a quarterly basis by the Board Risk and Investment Committee (BRIC), following the Management Committee's (MC) deliberation and approval of the sustainability-related items prior to its tabling to BRIC and subsequently to the Board. The Board works with the BRIC to approve and ensure that sustainability targets are embedded within the Group's strategy and risk management processes and also oversees related matters such as remuneration together with the Board Nomination and Remuneration Committee (NRC) (see Note 6.3). Collectively, the Board has relevant sustainability expertise, which supports effective oversight of climate and sustainability-related risks and opportunities. In addition, the Board, on a continuous basis, evaluates and determines the training needs of its Directors to ensure they remain well-equipped to discharge their duties effectively. The Board Training Programme (BTP) provides a structured framework to address these needs, including the development of sustainability-related competencies. Both the Board and MC members regularly participate in sustainability training facilitated by external advisors and third-party subject-matter experts.

 For more information on Note 6.3, please refer to page 125.

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Board Risk & Investment Committee (BRIC)

The BRIC oversees the Group's risk management framework and sustainability-related matters. The BRIC is made up of four (4) members comprising one (1) NINED, three (3) INEDs, including one (1) Senior Independent Director. As set out in its Terms of Reference, the BRIC's main roles are to:

- 1 Assist the Board in ensuring that the company has in place a sound and robust enterprise risk management (ERM) framework and such framework has been effectively implemented
- 2 Focus on risk issues by identifying, assessing and monitoring key business risks, including sustainability-related and climate-related risks
- 3 Review and provide guidance on strategic investment proposals, focusing on Management's assessment of the key associated risks and the mitigation strategies prior to the Board's approval
- 4 Assist the Board in setting the strategies, priorities, targets (including carbon emissions reduction targets²) and Group practices pertaining to sustainability and ensuring that the Group's strategies, goals and principles involving sustainability are aligned with the Group's commitments

In addition, the BRIC's specific duties and responsibilities relating to sustainability issues are:

- 1 Establish and review the frameworks, strategies, policies, plans and initiatives on sustainability
- 2 Review the sustainability framework to ensure relevant sustainability risks that affect or are likely to affect the operations, strategy or reputation of TM Group are identified, managed and mitigated
- 3 Review the sustainability framework to ensure continuous monitoring, assessment and review of current and emerging sustainability trends, relevant international standards and legislative requirements and their impact on Group
- 4 Monitor and report sustainability key performance indicators (KPIs) and their implementation through the Group's Sustainability Roadmaps and Aspirations
- 5 Facilitate the adoption of mindset in favour of sustainability throughout the Group to instil a performance culture inculcating sustainability in the work culture
- 6 Review TM Group's Sustainability Statement to ensure transparency regarding sustainability performance

The BRIC meets on a quarterly basis to review key risks (including sustainability and climate-related risks), assess sustainability progress against targets and deliberate on matters before providing recommendations to the Board.

6.2 Management's role in governance

[IFRS S1.27(a)(b), IFRS S2.6(b)]

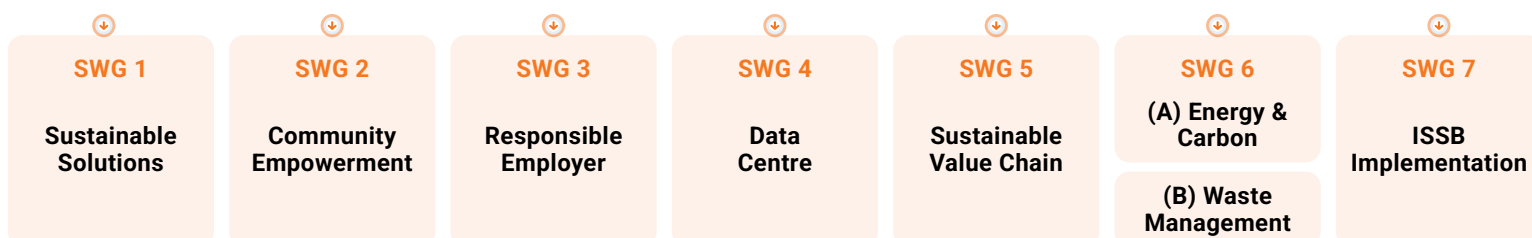
Management Committee (MC)

Chaired by the Group Chief Executive Officer (GCEO) and comprising C-levels, the MC serves as the Group's executive-level decision-making body and plays a key role in embedding sustainability into the business strategy and operations. Among its key responsibilities, the MC facilitates, formulates, reviews and endorses the Group's strategies and policies, including the Group's sustainability strategy.

The MC receives regular updates on sustainability-related matters from the Chief Corporate Officer (CCO) and deliberates on these matters as part of its ongoing oversight. The CCO is supported by the Sustainability Division, which provides guidance on the Group's sustainability-related risks and opportunities and serves as the Secretariat to the Sustainability Working Groups (SWG). Meetings are held monthly, or more frequently as required, to address strategic priorities, including sustainability considerations.

Sustainability Working Groups (SWGs)

Management's role in implementing the Group's sustainability action plans in alignment with the Group's Sustainability Roadmap 2024-2026 is embedded within seven (7) executive-level SWGs. Each group is responsible for a sustainability focus area, as follows:



Note:
² Oversight of our carbon emissions reduction targets are shared between the Group Chief Financial Officer (GCFO), Chief Network Officer (CNO) and Executive Vice President (EVP) TM Global.

As outlined in its Terms of Reference, the SWG's objectives include designing, producing, actualising and executing SWG-related action items in accordance with the Group's Sustainability Roadmap 2024–2026, while maintaining high standards of quality and integrity across all deliverables, including data sets, methodologies, market trends and related inputs.

The SWG's responsibilities primarily focus on the delivery of SWG-related action items, identifying and recommending relevant technical considerations, providing supporting data and inputs where required and ensuring timely completion of deliverables, taking into account deliberations by the MC and, where applicable, the Group's Board Committees.

The SWG convenes every two (2) months, or more frequently as needed.

6.3 Impact of sustainability on remuneration policies

[IFRS S1.27(a)(v), IFRS S2.6(a)(v), IFRS S2.29(g)(i)(ii)]

The Group has established the NRC, which has held a dual role since its inception, overseeing nomination and remuneration matters as well as corporate governance.

In relation to its remuneration function, the NRC is responsible for overseeing, reviewing and developing the TM Group Board Remuneration and Benefits Policy (BRBP) for Directors and Senior Management, including the Managing Director (MD)/GCEO. The NRC also oversees the TM Subsidiary Board Remuneration Framework (SRF), which governs the remuneration of directors at the subsidiary level.

Remuneration for senior management is structured to balance risk and reward and is performance-based, with performance assessed through a KPI scorecard. The scorecard is designed to incentivise the achievement of financial, strategic, operational and individual performance objectives and incorporates sustainability-related KPIs.

The Group has set climate-related KPIs in line with the Group's carbon reduction targets at the organisational level. These KPIs are assigned to the Group Chief Financial Officer (GCFO), Chief Network Officer (CNO) and Executive Vice President (EVP) TM Global and are cascaded across relevant management levels. Performance against these KPIs is incorporated into executive remuneration, comprising approximately 3% to 5% of overall performance assessment, including annual salary increments and bonuses.

6.4 Risk management

[IFRS S1.44(a)(iv)(v)(b)(c), IFRS S2.25(a)(iv)(v)(b)(c)]

Our corporate risks, including sustainability-related risks and opportunities, are managed through an Enterprise Risk Management (ERM) framework. Oversight of these risks and opportunities are led by the risk management team in collaboration with business units, with regular risk updates provided to the MC, BRIC and BOD.

The ERM framework provides a structured approach for the identification, assessment and management of the Group's corporate risks. The framework adopts both bottom-up and top-down perspectives to ensure that risks are captured across operational and strategic levels:

Bottom-up: Annual divisional and operational risk assessments conducted by business units, supported by designated Risk Champions across the business clusters.

Top-down: Periodic risk reviews at the MC level to evaluate key risks in the context of the Group's strategic objectives and risk appetite.

In addition, the ERM framework identifies emerging risks and opportunities through continuous monitoring of relevant internal and external developments in key areas, including sustainability-related risks and opportunities. The detailed process to identify, assess and prioritise the Group's sustainability-related risks and opportunities, including climate-related risks and opportunities, is set out in Note 5 of this report.

 For more information on Note 5, please refer to page 121.

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7. CLIMATE-RELATED RISKS AND OPPORTUNITIES

7.1 Physical risk - Extreme weather events

a. Description

[IFRS S1.29(a), IFRS S1.32(a)(b), IFRS S2.10(a)(b)(c), IFRS S2.13(b)]

Climate change is increasing the frequency and severity of extreme weather events, resulting in heightened physical risks to our operations. These events can be attributed to rising GHG concentrations, which are driving higher global temperatures and contributing to the melting of polar ice caps.

Higher temperatures increase the amount of moisture held in the atmosphere, leading to changes in precipitation and weather patterns. This results in more intense rainfall events and stronger storms, which can overwhelm urban drainage systems and cause flash flooding. These impacts are further exacerbated by rapid urbanisation, where drainage and flood protection systems have largely been designed based on historical rather than future climate conditions. In addition, the melting of polar ice caps is driving sea-level rise, presenting a physical risk to our assets located in coastal areas.

Given the geographic spread of our network infrastructure and facilities, management has assessed the vulnerability and exposure of assets to climate-related physical risks across the short-, medium- and long-term time horizons across Malaysia and internationally. The time horizon used to assess climate-related physical risks is defined in Note 8.2.

The following extreme weather events (or “climate perils”) have been identified as posing the greatest physical risk to TM Group and may result in damage to assets, disruption to operations and services and increased operating and recovery costs:

Storm (coastal flooding and wind)

Exposure to storm surges, high tides, strong winds and intense precipitation associated with tropical cyclones and severe storms, particularly in low-lying coastal areas.

Fluvial flooding (river flooding)

Exposure to river overflow arising from sustained or intense upstream rainfall exceeding channel capacity.

Landslides

Exposure to slope instability and ground movement triggered by heavy rainfall or seismic activity in susceptible areas.

Temperature (chronic heat)

Exposure to prolonged periods of elevated temperatures, particularly affecting buildings and data centre operations.

Sea-level rise

Gradual increases in sea levels, which may increase long-term exposure to coastal flooding, erosion and saltwater intrusion.

b. Effects on business model and value chain

[IFRS S1.29(b), IFRS S1.32(a)(b), IFRS S2.13(a)(b)]

The effects of extreme weather events on our business model and value chain during the year are summarised below:

Risk of flood and landslides at sites where TM Group's physical infrastructures are located

Flood (river and coastal) and landslide incidents may damage our above ground assets such as building structures and network equipment. Such impacts could disrupt network availability and reliability, increase repair and restoration costs and impede access to affected sites, delaying recovery efforts.

Supply chain disruptions which may delay maintenance and upgrade schedules

Extreme weather events can directly restrict physical access to sites and damage infrastructure, preventing the timely execution of planned network maintenance and upgrade activities. Prolonged adverse conditions may delay repairs, inspections and system enhancements, leading to increased asset downtime and may impact our ability to meet service performance requirements across our value chain.

Service outages or disruptions, impairing communication and provision of critical connectivity services

Extreme weather events as well as supply chain disruptions can affect the Group's network and provision of services. Such incidents may adversely affect our service reliability and customer satisfaction and increase customer compensation costs.

Impacts on the health and safety of staff working outdoors in extreme weather

Extreme weather events can adversely affect the health and safety of our employees and contractors working outdoors, particularly during periods of heavy rainfall and flooding, resulting in reduced productivity and higher costs to implement worker protection measures.

Stranded assets due to extreme weather events

Chronic weather events, such as sea-level rise and recurring acute weather events may reduce the economic viability or useful life of physical assets, particularly network infrastructure, buildings and facilities located in high-risk areas. In some cases, assets may require early retirement, relocation, significant retrofitting or abandonment, resulting in impairment charges, accelerated depreciation or increased capital expenditure. As of the current reporting period, none of our locations have been observed to be exposed to these extreme chronic and acute weather conditions.

c. Effect on strategy and decision-making

[IFRS S1.29(c), IFRS S1.33(a), IFRS S2.14(a)(i)(ii)(iii)(v)(b)]

We have continued to maintain compliance with regulatory requirements and expectations set from the technical standards as established under the Communications and Multimedia Act 1998 (CMA 1998) by the Malaysian Communications and Multimedia Commission (MCMC) in relation to network resilience. We also actively monitor weather advisories and alerts issued by the Malaysian Meteorological Department (MET Malaysia) to support operational preparedness in the face of extreme weather events. In particular, we have integrated various mitigation and adaptation actions, including the following:

First level site inspections

Conduct inspections at disaster-prone and critical sites to identify potential hazard and implementation of appropriate mitigation measures.

Structural strengthening & hardening

Implement reinforcement works to improve resilience of buildings and infrastructure.

Early warning & monitoring systems

Deploy flood sensors, fire detection systems and environmental monitoring tools at critical areas, integrated with Network Operation Centre.

Preventive maintenance programme

Carry out scheduled maintenance on roofs, drainage, towers, power systems and other critical assets.

Business continuity & disaster recovery exercises

Conducting simulation drills to ensure emergency response readiness. This also includes ensuring availability of disaster recovery assets and workers' personal protective equipment at flood-prone locations.

Asset relocation or elevation

Relocate or elevate critical equipment above identified risk levels (e.g. flood height) so that operations can continue uninterrupted and assets are protected during disaster events.

Our mitigation and adaptation actions above are designed to address moderate levels of climate-related risks, including extreme weather events (see Note 8.2 - Climate Scenario Analysis) and we plan to use self-funding and existing human resources to implement these actions. As this is the first time we formalise our plans and actions to mitigate the impact of risks from extreme weather events, quantitative and qualitative information about the progress of these plans has not been disclosed.

 For more information on Note 8.2, please refer to page 141.

Although no supply chain disruptions directly attributable to extreme weather events were recorded during the reporting year, we have begun to enhance the monitoring of supply chain impacts to inform future climate-related risk management measures.

d. Financial effects

Current financial effects

[IFRS S1.29(d), IFRS S1.34(a), IFRS S1.35(a), IFRS S2.15(a), IFRS S2.16(a), IFRS S2.29(e)]

The current financial effects of extreme weather events on TM Group's financial position, financial performance and cash flow are driven by efforts to operationalise our strategy. In the current reporting period, the Group incurred RM1.7 million in replacement costs and RM0.2 million in write-off for assets affected by extreme weather events, as well as RM1.8 million to reinforce existing assets. TM Group also incurred RM1.1 million in purchasing disaster recovery equipment in the current reporting period. These costs have been capitalised as part of the addition to the Group's Property, Plant and Equipment in Note 21 of the Financial Statements.

Depreciation, impairment and amortisation arising from climate-related capital investments, including reinforcement works and disaster recovery equipment, amounted to RM0.7 million during the current reporting period. This includes the RM0.2 million write-off for assets affected by weather events above.

In addition to capital expenditure, TM Group incurred operating expenses, including RM8.5 million in insurance costs to mitigate potential financial effects from extreme weather events and RM3.7 million in repair and maintenance costs to restore affected assets.

Although we have no contractual obligation to provide customer rebates for climate-related service disruptions, as such events are covered under force majeure clauses, a provision related to flood-related disruptions was recognised during the current reporting period in line with our commitment to social responsibility. The provision is minimal and not material to TM Group's financial statements.

Anticipated financial effects

[IFRS S1.29(d), IFRS S1.34(b), IFRS S1.35(b)(c)(i)(ii)(d), IFRS S2.15(b), IFRS S2.16(b)(c)(i)(ii)(d), IFRS S2.29(e)]

The anticipated financial effects of extreme weather events on TM Group's financial position, financial performance and cash flow could arise from impacts to our network infrastructure, data centres and operational continuity. If adaptation and mitigation actions are not effectively executed, extreme weather events could materially affect TM Group's financial position, financial performance and cash flows over the short term due to:

- 1 Increased operating costs and potential reduction in revenue arising from network disruptions and operational inefficiencies
- 2 Damage to network infrastructure, data centres and other critical assets, leading to increase in repair and replacement costs
- 3 Accelerated depreciation, write-offs or impairment of assets exposed to recurring or severe weather events
- 4 Higher expenditure associated with climate adaptation and mitigation measures, including ongoing repairs, reinforcement works and enhanced business continuity arrangements

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However, taking into account our ongoing and planned adaptation and mitigation measures, management anticipates that the financial impacts of extreme weather events will be partially mitigated over the medium-term (see Note 8.2 - Climate Scenario Analysis).

We intend to continue investing in climate resilience measures to mitigate the anticipated financial effects of extreme weather events.

In the short term, the Group expects to incur an annual capital expenditure of approximately RM5.0 million for the reinforcement and RM2.1 million replacement costs of existing assets. In addition, approximately RM0.3 million write-offs were estimated relating to assets affected by extreme weather events. TM Group also anticipates capital investment of approximately RM0.8 million in disaster recovery equipment. These investments are expected to be self-funded.

Based on the anticipated capital investments, TM Group expects incremental depreciation, impairment and amortisation expenses of approximately RM1.3 million to RM2.3 million in the short term. This includes the RM0.3 million write-offs for assets affected by extreme weather events above.

Compared to the current reporting year, TM Group also expects incremental costs of RM9.4 to RM10.4 million arising from flood insurance and RM5.4 to RM5.7 million in repair and maintenance activities with regards to assets affected by floods and landslide in the short-term. A portion of the increased insurance costs is expected to be partially offset by a compensation of RM0.6 to RM1.2 million.

In addition, a minor increase in operating expenses of approximately RM0.3 million is anticipated in relation to workforce protection measures, primarily for the procurement of personal protective equipment, which is expected to occur once every two (2) years in line with worker contract renewal cycles.

Based on current projections and planned mitigation actions, management does not expect any other material adjustments to the carrying amounts of the Group's assets and liabilities within the next 12 months.


The table below summarises the expected effect on the financial position, financial performance and cash flows of the Group over the short-term, considering the adaptation and mitigation action planned to manage extreme weather events.

In RM million	Current financial effects	Short-term financial effects (per annum)
Statement of Financial Position		
Property, plant and equipment		
- Additions		
- Replacement cost for assets affected by extreme weather events	1.7	2.1
- Purchase of disaster recovery equipment	1.1	0.8
- Reinforcement costs of existing assets	1.8	5.0
- Write-off arising from extreme weather events	(0.2)	(0.3)
Income Statement		
Operating Costs		
- Depreciation, impairment and amortisation	(0.7)	(1.3) – (2.3)
- Other operating costs		
- Insurance cost	(8.5)	(9.4) – (10.4)
- Repair and maintenance cost	(3.7)	(5.4) – (5.7)
- Expenditure on worker protection measures (e.g. personal protective equipment)	-	(0.3)
Other Operating Income		
- Compensation cost recovered/received from insurance companies	-	0.6 – 1.2
Statement of Cash Flows		
Cash flows used in operating activities	(12.2)	(14.2) – (15.6)
Cash flows used in investing activities	(4.6)	(7.9)

Note:

Due to limited availability of data, the numbers presented for the short-term horizon are only up to the financial year ending 31 December 2028, aligned with the Group's Annual Operating Plan.

Based on the climate scenario analysis (refer to Note 8.2), we have identified locations potentially impacted by extreme weather events. Management is evaluating the adoption of additional measures to mitigate the risk of extreme weather events at these sites, with material associated costs to be assessed and disclosed in future reporting periods.

 For more information on Note 8.2, please refer to page 141.

e. Processes, controls and policies to manage climate-related physical risk

[IFRS S1.44(a)(i)(ii)(v), IFRS S2.25(a)(i)(ii)(v)(b)]

The process of identifying, assessing, prioritising and monitoring climate-related physical risks forms part of the general process described in Note 6.4.

 For more information on Note 6.4, please refer to page 125.

Specifically, management uses climate-related scenario analysis, the details of which are described in Note 8.2, to assess climate-related physical risks and their direct impact on asset integrity and operations. Material assets are assessed at the coordinates level, incorporating geospatial location, elevation data and projected weather intensity under the SSP1-2.6, SSP2-4.5 and SSP5-8.5 climate scenarios, with a time horizon to 2050.

 For more information on Note 8.2, please refer to page 141.

We have commenced efforts to proactively enhance monitoring of climate-related physical risks, with a focus on strengthening data, tools and site level visibility to support ongoing risk assessment and resilience planning.

f. Metrics and targets (Physical risk – Extreme weather events)

[IFRS S1.46, IFRS S1.48, IFRS S1.49, IFRS S1.50, IFRS S1.51, IFRS S2.33(a)(d)(f)(g), IFRS S2.34(c)]

We have developed and set targets in relation to our mitigation and resilience towards extreme weather events over the short-term. The metrics used to measure performance against the targets are set out below:

			Actual metric	Targets
Methodology to calculate metric			– 2025	Short-term
Entity-developed metrics				
Total number of sites with elevated plinths in flood-prone locations	Total number of sites with elevated plinths mitigation based on historical data of flood incidents in that location	Amount (number of sites)	11	-
Average response time to flood alerts	Average response time upon receiving flood alerts	Units of time (Minutes / Hours)	30 minutes	Maintain current performance

Note: The targets, metrics and methodologies above have not been subjected to third-party validation.

We have also used the following metrics from the SASB standards for Software and IT Services industries to measure performance against the targets as set out below:

			Actual metric	Targets
Methodology to calculate metric			– 2025	Short-term
Metrics adapted from SASB Industry Standard				
Number of performance issues (e.g., technology disruptions) as a result of extreme weather events (SASB TC-SI-550a.1)	Total number of tickets created as a result of extreme weather events	Amount (number of issues)	1,690	-
Number of service disruptions affecting isolated areas ³ as a result of extreme weather events (SASB TC-SI-550a.1)	Network Fault Rate (NFR)	In percentage (%)	0.3%	5.0% Network Fault Rate (NFR)
Average time for customer service restoration as a result of extreme weather events (SASB TC-SI-550a.1)	Average time for customer service restoration upon the creation of the network ticket as a result of extreme weather events	Units of time (Minutes/ Hours)	24 hours	-

Note: The targets, metrics and methodologies above have not been subjected to third-party validation.

As this is the first year in which we are reporting on our climate-related risks and opportunities, we are currently in the process of establishing further climate-related targets. Accordingly, 2025 is being used to support the establishment of baseline data. Further details on the baseline year and targets will be confirmed and disclosed in future reports.

Note:
³ 'Isolated area' refers to a geographically confined location where any extreme weather event is localised and does not result in effects on the Group's operations in other locations.

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7.2 Physical risk – Water consumption and management

a. Description

[IFRS S1.29(a), IFRS S1.32(a)(b), IFRS S2.10(a)(b)(c), IFRS S2.13(b)]

Water consumption and management risk is considered a climate-related physical risk for TM Group. The majority of our water use is attributable to our data centre operations, with a smaller proportion arising from high-occupancy commercial buildings, critical network infrastructure and Multimedia University (MMU) campuses. Climate change is expected to exacerbate pressures on water availability through increased climate variability, including more frequent seasonal droughts and changes in rainfall patterns, which may affect the reliability and security of water supply.

The expected expansion of our data centre operations, in support of our digital growth strategy, is expected to intensify our exposure to water consumption and management risks. This is driven by the increasing demand from hyperscalers and enterprise customers for sustainable data centres, as larger-scale data centre developments require higher water needs for cooling purposes.

Due to their high-water consumption, data centre operations are subject to mandatory requirements under national and state level water regulations. At the national level, Malaysia’s water regulatory body, *Suruhanjaya Perkhidmatan Air Negara* (SPAN), announced in 2025 that the regulatory body is currently preparing stringent guidelines⁴ which require data centre operators to progressively reduce reliance on potable water for cooling and to adopt alternative sources such as treated wastewater, reclaimed water and rainwater harvesting. At the state level, Johor has implemented higher industrial water tariffs specifically applicable to data centres⁵, resulting in increased operating costs for such facilities in the state.

In addition, potential increases in water tariffs in the future are expected to further elevate operating costs and heighten the financial implications of water-use inefficiencies. In view of these factors, we have assessed our vulnerability and exposure to water consumption and management as a climate-related physical risk across the short-, medium- and long-term time horizons.

b. Effects on business model and value chain

[IFRS S1.29(b), IFRS S1.32(a)(b), IFRS S2.13(a)(b)]

The effects of water consumption and management risk on TM Group’s business model and value chain during the year are as summarised below:

Implications for service level agreements

Water-related disruptions may affect cooling system performance at data centres, which in turn could impact our ability to deliver services to clients, including hyperscalers. As a result, we may need to reassess service level agreements to ensure they appropriately reflect operational risks associated with data centre water management and consumption.

Impact on data centre cooling architecture and planning

As cooling requirements are the primary driver of water consumption in data centre operations, increasing water availability constraints, regulatory requirements and cost pressures may require TM Group to reconsider how cooling systems are designed, selected and operated across our data centres.

The need to re-evaluate water sources

Although there are formal agreements with water providers for our data centres, anticipated growth and water supply uncertainties in selected areas may require us to evaluate alternative water sources. This affects upstream planning for site design, utility interfaces and supply arrangements across our data centres.

Potential issues such as scaling and corrosion due to changes in water supply

If not properly managed, issues such as scaling and corrosion can reduce cooling system efficiency and shorten the lifespan of our data centres and may occur especially in locations where water availability may be constrained.

Regulatory compliance requirements

Increasingly stringent regulatory requirements for data centres, including obligations to disclose information such as total water demand, water consumption and Water Usage Effectiveness (WUE), as well as requirements to use alternative water sources in place of potable supply, may affect our data centre planning, approval timelines and operational processes.

Notes:

⁴ “Malaysia water regulator to set strict water rules for data centres as number grows” published by *The Straits Times* on 10 February 2025

⁵ “Water Services Industry (Rates for Water Supply Services) (State of Johor) (Amendment) Regulations 2025” published by Attorney General’s Chamber under *Suruhanjaya Perkhidmatan Air Negara* on 30 July 2025

c. Effect on strategy and decision-making

[IFRS S1.29(c), IFRS S1.33(a), IFRS S2.14(a)(i)(ii)(iii)(v)(b)]

To address water consumption and management risk particularly with regards to data centre operations, we plan to integrate various mitigation and adaptation actions, including the following:

Incorporate sustainability-related KPIs into service level agreements

We are assessing the incorporation of sustainability-related performance indicators into service level agreements such as with hyperscalers, including WUE and the proportion of non-potable water used for cooling, to encourage more water efficient operations as data centre utilisation increases.

Shift in data centre cooling system architecture

We are evaluating alternative cooling systems and architecture for our data centres as part of broader efforts to incorporate sustainability considerations in their design, while aligning with increasing market demand for more energy efficient data centre solutions. These include:

- **Investing in recycled water and closed-loop cooling systems:**

We aim to prioritise cooling configurations that reduce dependency on potable water, including recycled-water or closed-loop cooling systems, such as air-cooled chillers, where feasible.

- **Adoption of water-independent and hybrid cooling solutions:**

We plan to deploy water-independent cooling systems, such as air-cooled chillers, which enable fully water-free operation during periods of constrained supply, as well as hybrid cooling systems, which allow for alternating between water-based and air-based cooling, increasing flexibility and resilience across data centres.

Continuous water quality monitoring and controls

We plan to expand the adoption of IT-enabled water quality monitoring systems across data centres to mitigate scaling and corrosion risks, support preventive maintenance planning, improve WUE and safeguard asset integrity and cooling performance. During the current reporting year, such systems have been established at the Iskandar Puteri DC, Klang Valley DC, Brickfields DC and Kelana Jaya DC.

Integrate alternative water sources into data centre operations

We are actively evaluating the use of non-potable and alternative water sources to diversify water inputs and reduce reliance on potable supply. These include:

- **Collaboration with reclaimed water providers and equipment vendors:**


We plan to engage reclaimed water providers and equipment vendors to assess the feasibility of using treated wastewater (e.g. from Indah Water), onsite greywater reuse and industrial non-potable water for data centre cooling purposes.

- **Utilising rainwater harvesting:**

Rainwater harvesting systems have been implemented at the Iskandar Puteri Data Centre (DC) and Klang Valley DC to reduce reliance on potable water for cooling operations. We plan to progressively expand the adoption of such systems to other facilities where technically and operationally feasible, as part of our broader efforts to improve water efficiency and resilience.

Reporting and governance on water use

In line with regulatory requirements, we report on water consumption metrics, including WUE and potable water usage for our data centres. This also improves visibility over water use, enables the identification of high-usage areas for technical upgrades and improved resource management and informs future target-setting.

 For more information on water-related initiatives, please refer to page 199.

d. Financial effects

Current financial effects

[IFRS S1.29(d), IFRS S1.34(a), IFRS S1.35(a), IFRS S1.40(a)(b), IFRS S2.15(a), IFRS S2.16(a), IFRS S2.21(a)(b), IFRS S2.29(e)]

We did not incur any material financial impacts arising from water consumption and water management risks during the current reporting year. This is attributable to the design and operation of our existing data centre cooling systems, which are configured to operate within the current water availability and regulatory requirements and the absence of any material water-related disruptions during the period.

In addition, TM Group's capital expenditure associated with rainwater harvesting systems at selected data centres is not assessed as material. Water quality monitoring and controls implemented at selected data centres are also embedded within existing operational workflows and have not resulted in material incremental costs during the reporting year.

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Anticipated financial effects

[IFRS S1.29(d), IFRS S1.34(b), IFRS S1.35(c)(i)(ii)(d), IFRS S1.40(a)(b), IFRS S2.15(b), IFRS S2.16(c)(i)(ii), IFRS S2.21(a)(b)]

We anticipate that water consumption and management risk may result in increased capital and operating expenditure over time. These financial effects are expected to arise from investments in more water-efficient cooling systems and technologies, as well as research and development related to advanced cooling solutions and water reuse and treatment. Additional costs may also be incurred to upgrade existing infrastructure to improve cooling efficiency and support compliance with evolving regulatory and customer requirements.


In addition, TM Group may incur workforce-related costs, including training and upskilling, to support the operation and maintenance of more complex water management and cooling systems. The magnitude and timing of these financial effects are expected to vary across the short-, medium- and long-term time horizons, as data centre capacity expands and utilisation increases.

At this stage, we have not disclosed quantified amounts for these anticipated financial effects, as the nature, scale and timing of future investments remain dependent on the evolution of regulatory requirements, market expectations and the availability and maturity of relevant technologies. Accordingly, these expenditures remain subject to uncertainty and ongoing assessment. Any related investments are expected to be funded through existing internal funding sources.

e. Processes, controls and policies to manage water management and consumption risk

[IFRS S1.44(a)(i)(ii)(v), IFRS S2.25(a)(i)(ii)(v)(b)]

The process of identifying, assessing, prioritising and monitoring climate-related physical risks, including water management and consumption risks, forms part of the general process described in Note 6.4. Specifically, management uses climate-related scenario analysis, the details of which are described in Note 8.2.

 For more information on:

- Note 6.4, please refer to page 125.
- Note 8.2, please refer to page 141.

In addition, while water quality monitoring and control measures have been implemented at selected data centres, we continue to assess and strengthen monitoring requirements and internal controls as data centre operations expand. These efforts are intended to enhance visibility over water usage patterns and to proactively identify, manage and mitigate water consumption and management risks. Water consumption and management considerations are also expected to be incorporated into the planning and approval processes for new data centre developments.


f. Metrics and targets (Physical risk – Water consumption and management)

[IFRS S1.46, IFRS S1.48, IFRS S1.49, IFRS S1.50, IFRS S1.51, IFRS S2.33(a)(d)(f)(g), IFRS S2.34(c)]

We have used the following metrics from the SASB standards for Internet Media & Services industries to monitor our performance in relation to our mitigation and resilience towards water consumption and management risk. These metrics are as set out below:

	Methodology to calculate metric	Measuring unit	Actual metric – 2025
Total water withdrawn (SASB TC-IM-130a.2)	Total volume of water withdrawn during the reporting period	m ³	1,681,721 [Ⓐ]
Percentage of total water withdrawn in regions with high or extremely high baseline water stress (SASB TC-IM-130a.2)	Percentage of water withdrawn in regions with high or extremely high baseline water stress as a total of water withdrawn during the reporting period	In percentage (%)	2.7%

*Note:
 The data presented above covers TM Group's data centre operations, high-occupancy commercial buildings, critical network infrastructure and Multimedia University (MMU) campuses. This totals up to 60 sites in Malaysia and has yet to cover the full reporting boundary for TM Group.*

 [Ⓐ] Please refer to pages 336 to 339 on the assurance statement for the metrics above.

As this is the first year in which we are reporting on our climate-related risks and opportunities, we are currently in the process of establishing climate-related targets. Accordingly, 2025 is being used to support the establishment of baseline data. Further details on the baseline year and targets will be confirmed and disclosed in future reports.

7.3 Transition risk – Regulatory

a. Description

[IFRS S1.29(a), IFRS S1.32(a)(b), IFRS S2.10(a)(b)(c), IFRS S2.13(b)]

We recognise that the rapidly evolving climate-related regulatory landscape presents a significant transition risk to our business operations across the short-, medium- and long-term time horizons. Malaysia's National Climate Change Policy 2.0, together with the anticipated Climate Change Act, are expected to introduce clearer obligations around emissions management, climate risk disclosure and accountability across sectors. For TM Group, this may translate into expanded reporting requirements, increased scrutiny of climate-related targets and performance and the need to further embed climate considerations into strategic planning, capital allocation and risk management processes.

Furthermore, the proposed Malaysian carbon tax presents another source of regulatory risk. While the current proposed scope is focused on selected sectors such as energy, iron and steel, TM Group may be indirectly affected through higher input costs across our value chain. Over time, carbon pricing mechanisms may also influence customer behaviour, supplier pricing and investment decisions, requiring us to adapt our operational and procurement strategies accordingly.

Another key regulatory development relevant to TM Group is the Energy Efficiency and Conservation Act (EECA), which introduces mandatory energy management, reporting and performance requirements for high energy consuming facilities, including network infrastructure and data centres. TM Group is currently undergoing assessments to determine the applicability and scope of the EECA to our operations and will disclose more details in future reports.

Collectively, these regulatory developments may increase compliance complexity, operating costs and capital expenditure requirements for TM Group, while also influencing strategic decisions related to network design, data centre operations and energy sourcing. The implications extend beyond our own operations and are also relevant to our value chain, particularly our suppliers.

b. Effects on business model and value chain

[IFRS S1.29(b), IFRS S1.32(a)(b), IFRS S2.13(a)(b)]

The effects of climate-related regulatory risks on TM Group's business model and value chain during the year are as summarised below:

Penalties from non-compliance of regulations

As regulatory requirements related to emissions reporting and energy efficiency evolve, non-compliance may result in financial penalties, higher compliance costs and reputational impacts, which could affect TM Group's profitability, particularly in the medium- and long-term.

Existing assets with higher emissions could be idle/devalued

Certain legacy network infrastructure, data centre equipment and backup power systems that rely more heavily on fossil fuels may face increased operating costs or reduced utilisation, potentially leading to asset idling, accelerated depreciation or devaluation over time. This creates transition risk to our asset portfolio and may influence future capital allocation decisions.

Transition from high-carbon to low-carbon infrastructure and assets

To ensure resilience and alignment with regulatory and customer expectations, TM Group may invest in lower-emissions infrastructure and assets, which may require higher upfront capital expenditure.

Increased costs arising from potential carbon tax

The introduction of the potential carbon tax in Malaysia may increase the cost of key inputs, including electricity, fuel and raw materials such as steel used in network infrastructure and construction activities. These cost pressures could affect TM Group's operating margins.

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c. Effect on strategy and decision-making

[IFRS S1.29(c), IFRS S1.33(a), IFRS S2.14(a)(i)(ii)(iii)(v)(b)]

To address climate-related regulatory risks, management has developed a decarbonisation strategy guided by the Group's Carbon Reduction Roadmap, which was approved by the Board in December 2021. This strategy is underpinned by a long-term ambition to achieve net zero GHG emissions by 2050. The Group's decarbonisation pathway is aligned with the SBTi GeSI guidance for the ICT sector, which calls for an approximate 62% reduction in carbon emissions by 2030, relative to a 2019 baseline, to remain consistent with a 1.5°C trajectory (refer to Note 8.1 for more information on the Group's decarbonisation strategy and GHG emissions targets).

As part of the decarbonisation strategy and initiatives to reduce GHG emissions, we have implemented and plan to implement the following:

Green Electricity Tariff (GET)

To reduce Scope 2 market-based emissions, we have purchased renewable energy through Tenaga Nasional Berhad's GET for selected data centres and network buildings, which are accounted for as contractual instruments for Scope 2 market-based emissions (refer to the section titled 'Contractual Instruments' under Note 8.1 for further details).

EECA applicability assessment

We are currently assessing the applicability and scope of the Act to our operations and have already commenced preparatory measures to support potential compliance requirements. Refer to the section titled 'Anticipated financial effects' below for more details on the expected associated costs.

d. Financial effects

Current financial effects

[IFRS S1.29(d), IFRS S1.34(a), IFRS S1.35(a), IFRS S2.15(a), IFRS S2.16(a), IFRS S2.29(e)]

There was no instance of non-compliance with climate-related regulations that impacted the Group within the current reporting period.

The current financial effects on mitigating actions for climate-related regulatory risks primarily reflect capital and operating expenditures incurred to support compliance readiness, decarbonisation and energy efficiency initiatives. During the current reporting period, the Group invested RM162.2 million in energy-efficient technologies to improve energy performance and reduce emissions intensity. These expenditures were capitalised as additions to Property, Plant and Equipment (PPE) and resulted in corresponding cash outflows from investing activities.

Depreciation and amortisation arising from the above capital investments amounted to RM95.9 million during the reporting period, which includes depreciation from previously capitalised assets amounting to RM507.0 million as of 31 December 2024.

In addition, the Group incurred RM29.7 million in expenses during the reporting period to support the implementation of energy efficiency measures at the Group's facilities. This expense has been recognised in the Group's income statement for the current reporting period.

We have also subscribed to the Green Electricity Tariff (GET) from Tenaga Nasional Berhad (TNB) to reduce our Scope 2 GHG emissions. Refer to Note 8.1 for further details.

Anticipated financial effects


[IFRS S1.29(d), IFRS S1.34(b), IFRS S1.35(b)(c)(i)(ii)(d), IFRS S2.15(b), IFRS S2.16(b)(c)(i)(ii)(d), IFRS S2.29(e)]

Non-compliance with regulatory requirements could result in financial and reputational impacts across the short- and medium-term time horizons, including potential disruptions to business operations, penalties and fines. However, based on our current compliance strategy, governance framework, and internal control processes, management considers the likelihood of such non-compliance to be low. Accordingly, any adverse financial impacts arising from this risk are not expected to be material to the Group.

With respect to anticipated capital expenditures, TM Group expects to incur between RM114.4 million in the short-term and RM245.8 million in the medium-term for further investments in energy efficient technologies, primarily driven by modernisation and optimisation initiatives that support our decarbonisation plan. In addition, we expect to invest approximately RM1.1 million in the short-term and RM0.9 million to RM1.3 million in the medium-term for the electrification of vehicles to further reduce emissions from our operations. These anticipated expenditures have been incorporated into the Group's capital and operating expenditure planning processes and are not expected to result in material unplanned financial impacts. Corresponding depreciation, impairment and amortisation expenses arising from these investments are expected to amount to RM123.0 million in the short-term and RM136.7 million to RM148.0 million in the medium-term.

Other operating costs primarily relate to energy efficiency measures, which are expected to amount to approximately RM30.8 million in the short-term and RM29.2 million to RM30.5 million in the medium-term. The timing and realisation of the associated costs will depend on the implementation and performance of the respective energy efficiency initiatives and will be recognised in the income statement in the periods in which they are incurred. These costs are not expected to increase materially over the longer term, as the arrangements are generally structured with fixed or performance-linked pricing over the contract duration and efficiency gains achieved over time are expected to offset additional service requirements.

In addition, while the proposed scope of the Malaysian carbon tax is currently focused on the iron, steel and energy industries and is not expected to directly apply to TM Group's operations, we anticipate potential indirect impacts through our reliance on products and services from these sectors, including energy supply and steel related inputs across our value chain.

 For more information on Note 8.1, please refer to page 140.

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At this stage, the absence of comprehensive details regarding the tax's implementation and scope limits our ability to estimate the potential financial impact. We will continue to closely monitor developments related to the proposed carbon tax and will update our assessment and disclosures as further clarity emerges.

Furthermore, while we are currently assessing the applicability and scope of the EECA to our operations, we anticipate that compliance requirements will result in an estimated RM0.1 to RM0.2 million in additional operating expenditure per building over time. This includes costs associated with energy audits and certifications, as well as the upskilling and certification of specialised personnel.


In RM million	Current financial effects	Short-term financial effects (per annum)	Medium-term financial effects (per annum)
Statement of Financial Position			
Property, plant and equipment			
- Additions			
- Investment cost for energy-efficient technologies	162.2	114.4	245.8
- Investment in electric vehicles	-	1.1	0.9 – 1.3
Income Statement			
Operating Costs			
- Depreciation, impairment and amortisation	(95.9)	(123.0)	(136.7) – (148.0)
- Other operating costs			
- Expenses in relation to energy efficiency measures	(29.7)	(30.8)	(29.2) – (30.5)
Statement of Cash Flows			
Cash Flows used in operating activities	(29.7)	(30.8)	(29.2) – (30.5)
Cash Flows used in investing activities	(162.2)	(115.5)	(246.7) – (247.1)

Note:
The depreciation in the table above has included the impact of RM507.0 million in energy efficient technologies that have been capitalised in prior financial years to drive the Group's modernisation and optimisation efforts that supports our decarbonisation plan

e. Processes, controls and policies to manage climate-related transition risks

[IFRS S1.44(a)(i)(ii)(v)], [IFRS S2.25(a)(i)(ii)(v)(b)]

The process of identifying, assessing, prioritising and monitoring climate-related transition risks forms part of the general process described in Note 6.4. Specifically, management uses climate-related scenario analysis, the details of which are described in Note 8.2.

 For more information on:
Note 6.4, please refer to page 125.
Note 8.2, please refer to page 141.

In relation to regulatory risks, this includes the ongoing monitoring of regulatory developments including the EECA, the integration of energy efficiency considerations into operational and capital planning and the implementation of internal controls to support compliance with applicable energy management, reporting and performance requirements.

Oversight of energy efficiency and conservation measures is assigned to our sustainability working group, which conducts periodic reviews of compliance status and energy performance to identify risks, assess potential impacts and inform mitigation actions. Progress on EECA compliance is reported to the MC and BRIC as and when needed.

f. Metrics and targets (Transition risk – Regulatory)

[IFRS S1.46, IFRS S1.48, IFRS S1.49, IFRS S1.50, IFRS S1.51, IFRS S2.33(a)(d)(f)(g), IFRS S2.34(c)]

We monitor our performance in relation to our mitigation and resilience towards climate-related transition risks through entity-developed metrics as well as metrics adapted from the SASB standards for Telecommunication Services as well as Internet Media & Services industries as set out below:

	Methodology to calculate metric	Measuring Unit	Data Centre (DC)	Non-DC	Total
Total network energy consumption (purchased electricity) (SASB TC-TL-130a.1) (SASB TC-IM-130a.1)					
- Renewable	Total renewable and non-renewable electricity purchased and consumed by the Group's facilities during the reporting period	MWh	84,512 [Ⓐ]	12,075 [Ⓐ]	96,587
- Non-renewable			31,818 [Ⓐ]	392,788 [Ⓐ]	424,606
Total			116,330	404,863	521,193

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	Methodology to calculate metric	Measuring Unit	Data Centre (DC)	Non-DC	Total
Percentage of network energy consumption (purchased electricity) (SASB TC-TL-130a.1) (SASB TC-IM-130a.1)					
- Renewable	Percentage of renewable and non-renewable electricity purchased and consumed as a total of total electricity purchased and consumed by the Group's facilities during the reporting period	In percentage (%)	73% [Ⓐ]	3% [Ⓐ]	19%
- Non-renewable			27% [Ⓐ]	97% [Ⓐ]	81%
Total			100%	100%	100%
Renewable energy capacity (entity-developed metric)					
Renewable energy capacity installed	Total installed renewable energy capacity across the Group's facilities during the reporting period, based on the rated output of renewable energy systems, including solar PV	kWp	1,826 [Ⓐ]	2,473 [Ⓐ]	4,299
GHG emissions (entity-developed metric)					
GHG emission intensity (GRI 102-8)(GRI 305-4)	Total Scope 1 and 2 emissions produced per unit of energy consumed	tCO ₂ e/MWh	0.769 [Ⓐ]	0.720 [Ⓐ]	-

Note:
Refer to Note 8.1 GHG Emissions for more details on metrics and targets relating to GHG emissions.

[Ⓐ] Please refer to pages 336 to 339 on the assurance statement for the metrics above.

As this is the first year in which TM Group is reporting on our climate-related risks and opportunities, we are currently in the process of establishing detailed, operational climate-related targets. The 2025 reporting year serves to develop our baseline data, with further disclosures on target scope, metrics and assumptions to be provided in future reports.

Notwithstanding the above, we have set a long-term ambition to achieve net zero GHG emissions by 2050, alongside a medium-term target to reduce total carbon emissions by 62% by 2030, relative to a 2019 baseline, as part of our decarbonisation strategy. Refer to Note 8.1 for further details.

 For more information on Note 8.1, please refer to page 140.

7.4 Transition risk – Technology

a. Description

[IFRS S1.29(a), IFRS S1.32(a)(b), IFRS S2.10(a)(b)(c), IFRS S2.13(b)]

As expectations for lower emissions operations increase, TM Group may need to deploy low or zero-carbon technologies at pace across our operations. This presents a climate-related transition risk to the Group across the short-, medium- and long-term time horizons as delays or constraints in adoption may affect our competitiveness, investor confidence and financial resilience.

As cleaner technologies scale, legacy systems and infrastructure may no longer meet evolving regulatory requirements and market expectations on energy efficiency or emissions intensity. This raises the likelihood that certain existing assets could face shortened useful lives, accelerated replacement cycles, or impairment if upgrades are no longer cost-effective or compatible.

Transitioning to low- or zero-carbon technologies may also require significant capital investment under conditions of uncertainty relating to technology maturity, policy direction and customer demand, resulting in less predictable returns and the risk that capital deployed may not align with future requirements.

In addition, the adoption of low- or zero-carbon technologies may be constrained by ecosystem readiness. Many emerging solutions depend on the availability and maturity of external infrastructure

and vendor capabilities that are not yet optimised for large-scale deployment. This includes continued reliance on conventional hardware and infrastructure with fossil fuel dependencies. In addition, the effectiveness and scalability of certain low-carbon technologies are also influenced by the pace of decarbonisation of the national electricity grid, which may be affected by broader geopolitical developments.

b. Effects on business model and value chain

[IFRS S1.29(b), IFRS S1.32(a)(b), IFRS S2.13(a)(b)]

The effects of climate-related technology risk on TM Group's business model and value chain during the year are summarised below:

Dependencies on infrastructure upgrades and operational integration

The availability, maturity and cost of low- or zero-carbon technologies, as well as the decarbonisation of the national grid, may affect the timing of infrastructure upgrades and the integration of new systems into existing network and data centre operations. Where viable technologies are underdeveloped, costly or limited to a small number of vendors, we may experience delays in implementing planned upgrades, which could affect operational efficiency and transition timelines across the value chain.

Challenges to capital deployment and investment decision-making

Investment in emerging low-carbon technologies may be subject to heightened uncertainty regarding performance, scalability and returns. In some cases, limited market precedent or perceived technology risk may restrict access to financing or delay investment approvals, potentially slowing our ability to execute planned developments and decarbonisation initiatives within the intended timeframe.

Implementation considerations during technology adoption

The introduction of new or unfamiliar technologies may increase execution risk, particularly where internal experience is limited or integration with legacy systems is complex. This may result in higher-than-expected implementation costs, project delays or temporary operational disruptions, which could affect service reliability and overall cost efficiency during transition phases.

Considerations on the execution of the decarbonisation strategy

Uncertainty over future technology pathways, limitations in the availability of commercially viable low-carbon solutions and gaps in data may constrain our ability to plan, prioritise and execute emissions reduction measures within expected timeframes.

c. Effect on strategy and decision-making

[IFRS S1.29(c), IFRS S1.33(a), IFRS S2.14(a)(i)(ii)(iii)(v)(b)]

Guided by our Carbon Reduction Roadmap, we have integrated various mitigation and adaptation actions to address climate-related technology risk, including the following:

Purchase of renewable energy

To mitigate technology-related transition risks arising from reliance on the pace of decarbonisation of Malaysia's national electricity grid, we have purchased renewable energy through TNB's Green Electricity Tariff (GET) for selected data centres and network buildings. We are also exploring virtual power purchase agreements (VPPAs), Solar Power Purchase Agreements (SPPAs) and the Corporate Renewable Energy Supply Scheme (CRESS) to source clean electricity (refer to Note 8.1). More information will be disclosed in future reports.

 For more information on Note 8.1, please refer to page 140.

Development of new energy solutions through collaboration with third parties

We have maintained a strategic emphasis on developing new energy solutions as an opportunity to generate revenue, including small modular reactors, implementing advanced cooling systems and AI-driven energy optimisation in our operational processes. Though this is currently in its developmental stages, we recognise that these are essential for the organisation's long-term growth and competitive advantage.

Engagements with financiers to obtain transition-related financing

We engage with financiers to assess the availability of technology transition-related financing and incorporate potential financing constraints into investment planning and decision-making. This supports timely capital allocation and mitigates delays in investment decisions resulting from restricted funding.

Upskilling staff in emerging low- and zero-carbon technologies

We conduct upskilling sessions for our employees to become better equipped to manage new or unfamiliar complex technologies and energy efficiency. This results in improving internal capability to analyse, plan for and address future needs in areas affected by evolving low-carbon technology options.

Collaborative efforts with like-minded external parties

We have engaged in collaborative efforts with partners or other network providers with similar decarbonisation priorities to co-develop and deploy low- or zero-carbon technologies that will support in TM Group's long-term strategy towards becoming a Digital Powerhouse by 2030 and align with the Group's wider climate goal towards achieving net zero by 2050.

d. Financial effects

Current financial effects

[IFRS S1.29(d), IFRS S1.34(a), IFRS S1.35(a), IFRS S1.40(a)(b), IFRS S2.15(a), IFRS S2.16(a)]

TM Group incurred RM3.0 million in costs during the reporting period relating to the purchase of renewable energy certificates (RECs) through the Green Electricity Tariff (GET) (refer to Note 8.1 for further details).

In addition, costs incurred for the upskilling of employees in digital technologies and energy efficiency capabilities were assessed as not material and, accordingly, were not considered material for disclosure in this report.

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Anticipated financial effects

[IFRS S1.29(d), IFRS S1.34(b), IFRS S1.35(c)(i)(ii)(d), IFRS S1.40(a)(b), IFRS S2.15(b), IFRS S2.16(c)(i)(ii), IFRS S2.21(a)(b), IFRS S2.29(e)]

TM Group has not disclosed quantified amounts for most anticipated financial effects relating to climate-related technology transition risks, as the nature, scale and timing of related investments remain dependent on the pace of technological development, regulatory evolution and implementation decisions. Accordingly, these costs remain subject to uncertainty and ongoing assessment.

Nevertheless, TM Group expects that technology-related transition risks may give rise to incremental costs over the short- to medium term. These costs may arise from ongoing investments in technology assessment, system integration and capability development, as emerging low-carbon and digital solutions mature and are progressively deployed across the Group's operations. Such initiatives include the adoption of artificial intelligence (AI) and Internet of Things (IoT) solutions to support energy optimisation. This expenditure is expected to be incurred in a planned and phased manner and are integrated into our capital and operating planning processes.

In addition, the Group may leverage market-based instruments, including VPPAs, SPPAs and CRESS to source clean electricity from third party developers as an interim measure to manage transition risk and emissions intensity (refer to Note 8.1 for further details). During the current reporting period, TM Group entered into SPPAs with Gentari through Gentari Renewables Sdn Bhd, to supply solar energy to six (6) key facilities, including data centres in Cyberjaya and Iskandar Puteri, the TM R&D Complex, submarine cable landing station and MMU campuses. The solar installations are expected to be operational in 2026. Based on current contractual arrangements, we anticipate incremental costs of approximately RM1.4 million associated with these SPPAs that will be expensed off to the income statements with the corresponding increase in operating cash outflows.

 For more information on Note 8.1, please refer to page 140.


e. Processes, controls and policies to manage climate-related transition risks

[IFRS S1.44(a)(i)(ii)(v), IFRS S2.25(a)(i)(ii)(v)(b)]

The process of identifying, assessing, prioritising and monitoring climate-related transition risks forms part of the general process described in Note 6.4. Specifically, management uses climate-related scenario analysis, the details of which are described in Note 8.2.

In managing climate-related technology risks, management monitors developments in low- and zero-carbon technologies and enabling infrastructure, including through market research, engagement with technology providers and industry peers and participation in relevant industry forums. This supports informed decision-making and enhances TM Group's ability to adapt our operations in response to evolving climate-related technology risks.

Any investments in new technologies will be subject to our established governance and procurement processes, which include assessments of technical feasibility, cost-effectiveness, operational readiness and alignment with strategic and sustainability objectives prior to approval and implementation.

 For more information on:
Note 6.4, please refer to page 125.
Note 8.2, please refer to page 141.

f. Metrics and targets (Transition risk – Technology)

[IFRS S1.46(a), IFRS S1.48, IFRS S1.49, IFRS S1.50, IFRS S1.51, IFRS S2.33(a)(d)(f)(g), IFRS S2.34(c)]

We monitor our performance in relation to our mitigation and resilience towards climate-related transition risks through energy consumption and GHG emissions intensity metrics. These metrics are disclosed under Note 7.3.

 For more information on Note 7.3, please refer to page 133.

7.5 Opportunity – Low-carbon products, services and solutions

a. Description

[IFRS S1.29(a), IFRS S1.32(a)(b), IFRS S2.10(a)(b)(c), IFRS S2.13(b)]

The transition to a low-carbon economy is expected to create a new growth opportunity for TM Group over the short-, medium- and long-term through the development and expansion of low-carbon products, services and solutions. This is driven by Malaysia's national commitment to achieve net zero by 2050, evolving climate regulations, rising expectations for emissions reporting and broader sustainability disclosures. Customer expectations are also changing, underpinned by market trends favouring low-carbon products and services, as well as growing consumer awareness of climate change. In addition, our own net zero commitment and role as a key enabler of Malaysia's digital economy further reinforces the importance of capitalising on this opportunity.

b. Effects on business model and value chain

[IFRS S1.29(b), IFRS S1.32(a)(b), IFRS S2.13(a)(b)]

Changes in regulatory requirements and customer expectations are reshaping TM Group's business model and value chain, especially in B2B and C2C segments, driving a stronger focus on a more sustainable and low-carbon products, services and solutions portfolio. As a result, we are expanding and diversifying our offerings beyond connectivity to capture the growing market demand for low-carbon products, services and solutions, while strengthening our competitive positioning and leadership within the industry.

In general, TM Group's low-carbon products, services and solutions can be categorised into two (2) main categories as below:

Core products, services and solutions

These refer to conventional products, services and solutions that are not inherently "green" by design, but are progressively aligned with sustainability criteria across the value chain, including product design and development processes. Where relevant, third-party certifications are obtained to substantiate green claims and support product classification.

Low-carbon and smart connectivity solutions

These refer to products, services and solutions that directly facilitate the transition to a low-carbon economy or advance social initiatives, often incorporating innovative technologies or sustainable practices.

c. Effect on strategy and decision-making

[IFRS S1.29(c), IFRS S1.33(a), IFRS S2.14(a)(i)(ii)(iii)(v)(b)]

To capitalise on this opportunity, we have implemented the following strategies:

Pursuing green building certification for data centres

We aim to achieve green building certifications, including Malaysia's Green Real Estate (GreenRE) rating system and the U.S. Green Building Council's Leadership in Energy and Environmental Design (USGBC LEED) for our data centres. Two of our data centres, Iskandar Puteri Data Centre (IPDC) and Klang Valley Data Centre (KVDC), have been GreenRE-certified as of the current reporting period.

Focusing on R&D to develop new low-carbon products, services and solutions at the design stage

We continue to invest in R&D to design new products, embedding sustainability and low-carbon considerations from the early stages of product design and development. This is achieved through close collaboration with relevant subject matter experts.

Upskilling of workforce on low-carbon products, services and solutions

We are strengthening workforce capabilities through targeted upskilling initiatives to enhance knowledge and technical competencies to support the development, delivery and operation of low-carbon products, services and solutions.

Collaborating with third-party vendors or partnerships to expand low-carbon products, services and solutions

We collaborate with third-party vendors and strategic partners to develop low-carbon products, services and solutions. One (1) example is our partnership with Nxera, the regional data centre arm of Singtel's Digital InfraCo unit, through TM Nxera to develop GreenRE and USGBC LEED certified data centres in Malaysia. In addition, we work with key suppliers to promote responsible sourcing practices and strengthen sustainability considerations across the supply chain.

In addition to the above, as we continue to further develop our decarbonisation strategy, sustainability and emissions-reduction considerations may be progressively incorporated into product and service design to support TM Group's and our customers' sustainability objectives, including facilitating alignment with relevant green standards and certification requirements.

d. Financial effects

Current financial effects

[IFRS S1.29(d), IFRS S1.34(a), IFRS S1.35(a), IFRS S1.40(a)(b), IFRS S2.15(a), IFRS S2.16(a)]

During the current reporting period, the commercialisation of TM Group's low-carbon products, services and solutions generated RM135.0 million in revenue, driven by increasing market demand.

Anticipated financial effects

[IFRS S1.29(d), IFRS S1.34(b), IFRS S1.35(b)(c)(i)(ii)(d), IFRS S1.40(a)(b), IFRS S2.15(b), IFRS S2.16(b)(c)(i)(ii)(d), IFRS S2.21(a)(b), IFRS S2.29(e)]

TM Group expects that the continued expansion of our low-carbon products, services and solutions portfolio will have a material financial impact on the Group over the short- and medium term. These impacts arise primarily from the increasing market demand for sustainability-aligned offerings, which is expected to contribute meaningfully to our revenue base as adoption continues to strengthen across domestic and global markets.

In the short- and medium term, the anticipated effects on TM Group's financial position, financial performance and cash flows are expected to be driven by higher revenue inflows as customers increasingly source green alternatives from the Group.

Although we expect green offerings to continue contributing positively to revenue growth, management acknowledges that performance remains dependent on evolving customer preferences, regulatory developments and competitive dynamics within sustainability-linked product markets. As such, TM Group recognises that the shifts in customer expectations or perceived product credibility could potentially influence revenue patterns over the longer term.

Based on TM Group's current strategy and commercial positioning, management considers that the anticipated financial effects associated with this opportunity can be managed within existing operational capacity. These projections do not indicate any material adjustments to the carrying amounts of reported assets and liabilities within the next 12 months.

e. Processes, controls and policies to manage climate-related opportunities

[IFRS S1.44(a)(i)(v), IFRS S2.25(a)(i)(v)(b)]

The overall process followed to identify, assess, prioritise and monitor climate-related opportunities forms part of the general process described in Note 6.4. We are currently developing a framework to categorise our low-carbon products, solutions and services and expect to disclose further information in future reports.

 For more information on Note 6.4, please refer to page 125.

f. Metrics and targets (Opportunities)

[IFRS S1.46, IFRS S1.48, IFRS S1.49, IFRS S1.50, IFRS S1.51, IFRS S2.33(a)(d)(f)(g), IFRS S2.34(c)]

As this is the first year in which we are reporting on our climate-related risks and opportunities, TM Group has not yet established metrics and targets specific to our opportunity to capitalise on low-carbon products, services and solutions. The 2025 reporting year is being used to support the development of baseline data. Metrics and targets, including the baseline year, are currently under development and will be confirmed and disclosed in future reporting periods.

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8. OTHER CLIMATE-RELATED DISCLOSURES

8.1 TM Group's decarbonisation strategy

[IFRS S2.14(a)(iv)(v), IFRS S2.36(b)]

TM Group's Carbon Reduction Roadmap is anchored by a long-term ambition to achieve net zero GHG gas emissions by 2050, alongside a medium-term target to reduce 62% carbon emissions by 2030, relative to a 2019 baseline. The roadmap is structured around targeted actions and measurable outcomes across each emissions scope:

Scope 1

TM Group's Scope 1 emissions primarily arise from fossil fuel consumption in fleet operations and backup power generators supporting network resilience. To address these emissions, we focused on:


- Minimising reliance on fossil fuels through improved operational efficiency and optimisation of generator usage
- Progressively transitioning our vehicle fleet from internal combustion engine (ICE) vehicles to energy efficient vehicles (EEVs) and electric vehicles (EVs), where operationally feasible

These measures are intended to reduce direct emissions while maintaining service reliability across TM's nationwide network.

Scope 2

Scope 2 emissions are driven by electricity consumption across network infrastructure, data centres and office facilities. Our strategy prioritises:

- Energy efficiency initiatives to reduce overall electricity consumption, including optimisation of network equipment, cooling systems and building energy management

 For more information on other decarbonisation initiatives, please refer to pages 203 to 209.

Internal carbon pricing

[IFRS S2.29(f)]

We have not applied carbon pricing in our decision-making in the current reporting period. The Group is in the process of developing an internal carbon pricing mechanism to support the management of climate-related transition risks. Further details on the internal carbon price will be disclosed in future reports.


GHG emissions

The table below summarises, for the Group and other investees, total GHG emissions for the year:

Absolute gross GHG emissions for the year

[IFRS S2.29(a)(i)(iv)(v)]

Metric tonnes of CO ₂ equivalent (tCO ₂ e)	2025	2019 baseline
Scope 1 GHG emissions		
The consolidated accounting group	12,708	15,435
Other investees within the organisational boundary	-	-
Total Scope 1 GHG emissions	12,708 [Ⓐ]	15,435
Scope 2 (location-based) GHG emissions		
The consolidated accounting group	267,235	407,420
Other investees within the organisational boundary	-	-
Total Scope 2 GHG emissions	267,235 [Ⓐ]	407,420
Total Scope 1 and Scope 2 GHG emissions	279,943	422,855

 [Ⓐ] Please refer to pages 333 to 335 on the assurance statement for the metrics above.

Overall, TM Group's GHG emissions have declined by 34% since the 2019 baseline, reflecting the impact of ongoing decarbonisation and energy efficiency initiatives. We continue to refine our emissions management approach and strengthen data quality to support consistent tracking of performance against our baseline over time.

Contractual instruments

[IFRS S2.29(a)(v)]

Since 2022, we have subscribed to the Green Electricity Tariff (GET) from Tenaga Nasional Berhad (TNB) for selected data centres and network buildings, supporting our Scope 2 emissions reduction efforts, specifically for location-based emissions. The subscription constitutes a contractual instrument to procure renewable electricity verified with Malaysia Renewable Energy Certificates (mRECs). TM acquired 96,587 MWh of renewable energy through GET for 2025, the financial effects of which are disclosed under Note 7.3(d).

During the current reporting period, TM Group entered into Solar Power Purchase Agreements (SPPAs) with Gentari, through Gentari Renewables Sdn Bhd, to supply solar energy to six (6) key facilities, including data centres in Cyberjaya and Iskandar Puteri, the TM R&D Complex, submarine cable landing station and MMU campuses. The anticipated financial effects of our SPPA with Gentari are described under Note 7.3(d).

In addition, we are exploring virtual power purchase agreements (VPPAs) and the Corporate Renewable Energy Supply Scheme (CRESS) to source clean electricity from third-party developers. More information will be disclosed in future reports.

 For more information on Note 7.3, please refer to page 133.

Methodology, inputs and assumptions

[IFRS S2.29(a)(iii)(1)(2)]

Our Scope 1 GHG emissions are calculated using the direct measurement method, whereas Scope 2 emissions are calculated using the indirect method because direct measurement is not available. For Scope 1 emissions, we track fuel consumption based on vehicle fleet and diesel usage across all sites and operations (see table below for details).

Our Scope 2 GHG emissions are calculated under the location-based method, which reflects the average emissions intensity of grids on which energy consumption occurs (using mostly grid-average emission factor data).

Activity data

[IFRS S2.B26(c), IFRS S2.B29]

For the measurement of emissions, we use the following activity data:

- **Scope 1 GHG emissions:**
Quantities of fuel consumed based on invoices received from TM Group's suppliers or specific measurement meters (such as fuel tank meters) where available or more appropriate.
- **Scope 2 GHG emissions:**
Quantities of purchased electricity consumed based on invoices received from TM Group's utility providers where available.

Emission factors

[IFRS S2.B26(c), IFRS S2.B29]

To best represent our activities, we use the most recent emission factors published by international and local authorities where available for our emissions measurement. For the measurement of Scope 1 GHG emissions, we use the Department for Environment, Food and Rural Affairs (DEFRA) Emission Conversion Factors 2025. For Scope 2 (location-based) emissions, we use the Malaysia Grid Emission Factor (GEF) 2022 published by the Malaysia Energy Information Hub (MEIH).

Global warming potential (GWP) values


[IFRS S2.B20-22]

We apply global warming potential (GWP) values based on a 100-year time horizon from the Intergovernmental Panel on Climate Change's (IPCC) Sixth Assessment Report (AR6) to convert individual greenhouse gases into carbon dioxide equivalent (CO₂e), reflecting the most recent GWP values published by the IPCC.

Metrics and targets (GHG emissions)

[IFRS S1.46, IFRS S1.48, IFRS S1.49, IFRS S1.50, IFRS S1.51, IFRS S2.14(a)(v), IFRS S2.33(a)(d)(f)(g), IFRS S2.34(c)]

As part of our Carbon Reduction Roadmap, TM Group has established a long-term target to achieve net zero greenhouse gas emissions by 2050, alongside a medium-term target to reduce carbon emissions by 62% by 2030, measured against a 2019 baseline. These targets are aligned with recognised international frameworks and sector specific guidance, including the Global Enabling Sustainability Initiative (GeSI), the International Telecommunication Union (ITU) and the Science Based Targets initiative (SBTi).

 For more information on TM's initiatives in reducing our GHG emissions, please refer to pages 203 to 209.

8.2 Climate scenario analysis

Resilience of the Group's strategy and business model in relation to climate-related risks

[IFRS S1.29(e), IFRS S1.41, IFRS S1.42, IFRS S2.22(a)(b)]

Climate Scenario Analysis

We conducted a climate scenario analysis to assess and evaluate the potential impacts of climate-related physical and transition risks on our operations and resilience of our strategy and business model to changes in key climate-related assumptions. The analysis considers the potential variability of identified climate-related risks under alternative scenario pathways, differences in hazard severity and variations in the timing of climate impacts across the short-, medium- and long-term to illustrate how changes in underlying assumptions may affect the relative level of risk exposure.

The scenario analysis was undertaken for the financial year ended 31 December 2025. TM Group reviews the analysis at least once every three (3) years in line with our strategic planning cycle, or earlier if there are material changes in climate scenarios or in our business structure, strategy or operating context.

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TM Group’s current strategies are designed to address climate-related risks under moderate climate conditions (refer to Scenario 2 below). However, we retain the flexibility to scale up our mitigation and adaptation efforts should more severe climate conditions arise (refer to Scenario 1 and Scenario 3 below). Our capability and capacity to respond to such conditions are further discussed in the section titled “Capacity to adjust or adapt strategy and business model” below.

Our climate-related scenario analysis was conducted using scenarios based on the latest projections of the Intergovernmental Panel on Climate Change (IPCC) and the International Energy Agency (IEA). IPCC-based scenarios, which are based on data from the Climate Model Intercomparison Project (CMIP), are applied to the identification, classification and quantification of climate-related physical risks, while IEA scenarios are used to assess climate-related transition risks and opportunities.

Scenario 1: Low-carbon regulations, resulting in high GHG emissions and temperature (SSP5-8.5) (high physical risk)

This scenario reflects a fossil-fuel-intensive development pathway in which climate policies are delayed, fragmented or largely ineffective, with continued reliance on carbon-intensive energy systems and limited global coordination on mitigation. Global GHG emissions increase throughout the century, resulting in a very high increase in global mean temperature of around 4°C or more by the year 2100. Physical climate risks are severe and systemic, while transition risks are comparatively limited.

Scenario 2: Moderate carbon regulations, resulting in moderate GHG emissions and temperature rise (SSP2-4.5) (intermediate scenario)

This scenario represents a “middle-of-the-road” pathway, aligned with historical socioeconomic and technological trends. Global GHG emissions peak mid-century and decline thereafter, resulting in a global temperature increase of around 2.5–3°C by the year 2100. Both physical and transition risks are material, with increasing climate-related impacts on assets and operations over time, alongside moderate transition pressures arising from progressively tightening regulations, market shifts and changes in investor and stakeholder expectations.

Scenario 3: Strong carbon regulations, resulting in lower GHG emissions and temperature rise (SSP1-2.6) (high transition risk)

This scenario reflects a sustainability-focused development pathway, where ambitious and coordinated climate policies are implemented early and strengthened over time, supported by rapid deployment of low-carbon technologies, energy efficiency improvements and behavioural change. Global GHG emissions decline sharply, limiting global warming to around 1.5–2°C by the year 2100. Physical climate risks are substantially reduced relative to higher emissions pathways; however, transition risks are higher, driven by accelerated policy implementation, carbon pricing, regulatory change and structural shifts in markets and technologies, particularly affecting emissions intensive sectors and asset portfolios.

Physical Risk - Extreme weather events

Time Horizon

[IFRS S2.10(d)]

The time horizon applied to climate-related physical risks is as follows:

1 Short-term
(up to 2030)

2 Medium-term
(up to 2040)

3 Long-term
(up to 2050)

This time horizon is different from the time horizon set for other climate-related risks and opportunities as it aims to reflect the long-term and evolving nature of climate physical risks. As a result, longer time horizons are required to meaningfully assess the severity and potential impacts of climate physical risks to TM Group.

Results of climate-related physical risk assessment

The outcomes of the scenario analysis and the impact of each scenario in terms of climate-related physical risk on our strategy and business model are summarised below:

	Short-term (up to 2030)	Medium-term (up to 2040)	Long-term (up to 2050)
Impact on TM Group's strategy and business model			
Scenario 1: Low-carbon regulations, resulting in high GHG emissions and temperature (SSP5-8.5) (High physical risk)	<p>Physical risks begin to emerge and will be affecting TM's network through more frequent storms, floods, landslides, temperature increase and sea-level rise.</p> <p>This resulted in increasing maintenance needs and disruption risk.</p> <p>The Group remains operationally resilient in the near term, but without sufficient investment in mitigation and adaptation, the Group may face early signs of operational disruption from climate-related events.</p>	<p>As extreme weather events become more frequent and severe, physical risks are expected to increase thus affecting operations and the value chain.</p> <p>Escalating extreme weather places growing pressure on network reliability, data centres and field operations, increasing operating expenses and unplanned capital expenditure.</p> <p>To maintain its operational resilience, the Group will be expected to incur higher mitigation and adaptation expenditure and climate-informed investment decisions will need to be prioritised.</p>	<p>Severe and persistent physical impacts threaten long-term network availability and asset values.</p> <p>The Group's business model becomes increasingly reliant on sustained adaptation and mitigation expenditures to maintain nationwide connectivity and service continuity.</p>
Scenario 2: Moderate carbon regulations, resulting in moderate GHG emissions and temperature rise (SSP2-4.5) (Intermediate)	<p>Physical impacts are manageable and largely localised, with limited disruption to core network operations.</p> <p>The Group's existing asset management and planned capital expenditure cycles support near-term resilience.</p>	<p>More frequent physical disruptions in the medium term are expected to result in increasing maintenance requirements and operating costs, particularly for flood and heat-exposed assets.</p> <p>The Group remains operationally resilient in the near term, but without sufficient investment in mitigation and adaptation, the Group may face early signs of operational disruption from climate-related events. Climate-informed investment decisions will need to be prioritised.</p>	<p>Physical risks increasingly affect asset performance and availability in vulnerable areas.</p> <p>To maintain its operational resilience, the Group will be expected to incur higher mitigation and adaptation expenditure and climate-informed investment decisions will need to be prioritised.</p>
Scenario 3: Strong carbon regulations, resulting in lower GHG emissions and temperature rise (SSP1-2.6) (High transition risk)	<p>Physical climate impacts remain broadly comparable to current conditions, with limited disruption to network operations.</p> <p>TM's physical resilience is maintained under existing operational and maintenance practices.</p>	<p>More stable climate conditions support predictable network performance and planning, with lower escalation of physical risks.</p> <p>TM remains resilient with incremental adaptation to a new climate baseline.</p>	<p>Residual physical risks and extreme events continue to pose localised challenges, though at lower severity.</p> <p>TM is expected to remain physically resilient through continued integration of resilience into long-term infrastructure planning.</p>

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Outputs of the climate-related physical risk assessment

[IFRS S2.29(c)]

Based on established climate hazard projections, we assessed the potential exposure across our locations, as follows:

		SSP1-2.6							
		Medium-term (up to 2040)				Long-term (up to 2050)			
		No. of Assets	Asset (%)	NBV (in RM million)	NBV (%)	No. of Assets	Asset (%)	NBV (in RM million)	NBV (%)
High Flood Risk (Fluvial and coastal)		~192,541	~30.8%	~3,096.5	~27.1%	~172,293	~27.5%	~2,762.5	~24.2%
High Sea-level Rise		~7,297	~1.2%	~107.2	~0.9%	~19,424	~3.1%	~286.0	~2.5%
		Number of locations affected				Number of locations affected			
	High Heatwave	~827				~842			
		SSP2-4.5							
		Medium-term (up to 2040)				Long-term (up to 2050)			
		No. of Assets	Asset (%)	NBV (in RM million)	NBV (%)	No. of Assets	Asset (%)	NBV (in RM million)	NBV (%)
High Flood Risk (Fluvial and coastal)		~157,748	~25.2%	~2,606.8	~22.8%	~188,280	~30.1%	~3,019.8	~26.4%
High Sea-level Rise		~7,297	~1.2%	~107.2	~0.9%	~19,425	~3.1%	~286.1	~2.5%
		Number of locations affected				Number of locations affected			
	High Heatwave	~860				~874			
		SSP5-8.5							
		Medium-term (up to 2040)				Long-term (up to 2050)			
		No. of Assets	Asset (%)	NBV (in RM million)	NBV (%)	No. of Assets	Asset (%)	NBV (in RM million)	NBV (%)
High Flood Risk (Fluvial and coastal)		~178,205	~28.5%	~2,858.6	~25.0%	~193,041	~30.8%	~2,944.8	~25.7%
High Sea-level Rise		~7,297	~1.2%	~107.2	~0.9%	~32,645	~5.2%	~480.0	~4.2%
		Number of locations affected				Number of locations affected			
	High Heatwave	~852				~884			

Note: The data for climate hazard projections were obtained from Sven Willner, Inga Sauer, Lisa Novak, Christian Otto (2024): Global simulations of fluvial floods based on the ISIMIP2 ensemble of global hydrological models (v1.0). ISIMIP Repository. <https://doi.org/10.48364/ISIMIP.303619> (for fluvial flood); World Resources Institute's (WRI) Water Risk Atlas Aqueduct (for coastal flood); IPCC Data Distribution Centre (DDC) (for sea-level rise); and Centre for Climate Research Singapore (for heatwave).

It is important to note that due to inherent limitations in climate data and modelling, including scenario uncertainty, model variability and data constraints, the scenario analysis does not capture all potential outcomes or non-linear effects and does not represent a forecast of future climate-related impacts. In addition, differences in underlying assumptions, threshold sensitivities, and hazard pathways across scenarios (e.g. SSP1-1.9 versus SSP5-8.5) mean that higher emissions scenarios do not necessarily translate directly into proportionately worse impacts.

In applying the analysis, management exercised judgement in defining the scope of assets assessed, including the exclusion of certain asset classes where exposure to the extreme weather events modelled is not reasonably expected. This includes movable assets, which are assumed to be relocatable, as well as asset classes such as submarine cables and intangible assets that are not considered susceptible to the physical risks assessed. In addition, due to limitations in asset-specific elevation data, the measurement of assets vulnerable to climate-related physical risk has assumed that the assets are located at ground level. Judgement was also applied in determining the materiality of assets to be included in the scenario analysis, whereby assets of subsidiaries representing more than 95% of TM Group's total assets were included, while assets with a zero net book value (NBV) as at the end of the current reporting period were excluded. Accordingly, the analysis should be read in conjunction with our disclosed assumptions, scenario analysis, and uncertainty disclosures.

Separately, while TM Group has experienced isolated instances of landslides historically, the impacts have not been assessed as material during the reporting period. Nevertheless, the climate scenario analysis has identified potential landslide risk in certain locations.

Management will progressively refine the assessments to better identify asset-specific exposure to climate-related physical risk, with enhanced disclosures to be provided in future reporting periods.

Building on this initial assessment, we will continue to analyse affected assets to further refine our adaptation and mitigation strategies for managing climate-related physical risks across the short-, medium- and long-term.

The financial effects arising from current initiatives implemented by TM Group to address climate-related physical risks are disclosed in Note 7.1.

 For more information on Note 7.1, please refer to page 126.

Results of climate-related transition risk assessment

The outcomes of the scenario analysis and the impact of each scenario in terms of climate-related transition risk on our strategy and business model are summarised below:

	Short-term (up to 2026)	Medium-term (up to 2028)	Long-term (more than 2028)
Impact on the Group's strategy and business model			
Scenario 1: Low-carbon regulations, resulting in high GHG emissions and temperature (SSP5-8.5) (high physical risk)	<p>Limited global coordination on climate action and weak or inconsistent policies are expected to keep transition risk low in the near term.</p> <p>Minimal financial effects expected for the Group.</p>	<p>Regulatory pressure remains relatively limited, stakeholder expectations for emissions management are expected to rise, placing additional pressure on the Group despite the absence of strong policy frameworks.</p>	<p>Prolonged weak climate policy is expected to keep direct regulatory costs low; however, delayed transition increases the risk of abrupt future compliance costs, reputational impacts and higher capital requirements should policy or market expectations tighten.</p>
Scenario 2: Moderate carbon regulations, resulting in moderate GHG emissions and temperature rise (SSP2-4.5) (intermediate)	<p>The Group expects a gradual increase in climate-related regulatory requirements and stakeholder expectations across its operating regions.</p> <p>In response, the Group will need to review and enhance existing operational practices to align with emerging standards, while managing moderate transition risks.</p>	<p>Stronger regulatory requirements and rising customer demand for sustainable digital and connectivity solutions are expected to increase transition risk.</p> <p>To remain competitive, the Group will need to progressively integrate sustainability considerations across its operations and value chain.</p>	<p>More pronounced physical climate impacts may lead to increased supply chain disruption, higher operating costs and potential asset impacts.</p> <p>As the broader economy transitions towards lower-carbon pathways, failure by the Group or its suppliers to demonstrate sustainable practices could adversely affect market share, revenue and profitability.</p>
Scenario 3: Strong carbon regulations, resulting in lower GHG emissions and temperature rise (SSP1-2.6) (high transition risk)	<p>Accelerated climate policy implementation and more stringent emissions standards are expected to increase transition risk.</p> <p>In the near term, the Group's existing strategies and controls are expected to be largely adequate to manage transition.</p>	<p>Despite lower long-term warming, physical climate impacts such as more frequent extreme weather events may still affect network operations and service continuity.</p> <p>This is expected to require an acceleration of the Group's climate strategies. Increased stakeholder expectations for transparency may also result in higher costs related to reporting, disclosure and assurance.</p>	<p>Demand for low-carbon digital and connectivity solutions is expected to strengthen as the global economy transitions to a low-carbon pathway.</p> <p>However, failure to fully transition to sustainable operations could adversely affect profitability, as customers increasingly favour providers with stronger sustainability credentials.</p> <p>While material supply chain impacts are not expected, the Group is likely to remain exposed to ongoing supply-related risks.</p>

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Significant areas of uncertainty

[IFRS S2.22(a)(i)(b)(ii)]

The significant areas of uncertainty considered in our assessment of climate-related physical and transition risks are as follows:

Climate projections

Our climate scenario analysis is subject to inherent uncertainty due to the use of long-term climate scenarios, models and data limitations. Climate models are based on different assumptions and methodologies and while multiple models have been used to reduce reliance on any single model, uncertainty remains particularly at regional and site-specific levels. Physical risk exposure has been assessed using postcode-level location data as a proxy for asset locations, which may not fully reflect site-specific conditions. In some cases, assumptions have been applied where data were only available under earlier climate scenario frameworks or where interpolation was required due to data gaps. In addition, natural climate variability means that actual climate impacts may differ from long-term model projections.

Carbon tax

Uncertainty remains regarding the scope, design, timing and coverage of carbon pricing mechanisms in Malaysia and other jurisdictions in which we operate. While the proposed Malaysian carbon tax is currently expected to focus on selected heavy emitting sectors and is not anticipated to directly apply to TM Group's operations at this stage, future policy developments, scope expansion, or indirect cost passthrough effects remain uncertain. These factors may affect operating costs, investment decisions and decarbonisation planning over the medium to long term.


Availability of low-carbon technology

The pace of development, commercial viability and scalability of low-carbon and energy-efficient technologies, particularly those relevant to network infrastructure and data centre operations, remain uncertain. While national initiatives increasingly promote advanced efficiency measures, such as optimised cooling systems, improved airflow management, AI-driven network optimisation and stricter data centre efficiency requirements, the timing and extent of deployment may be constrained by factors including cost, technology maturity, supply chain availability, integration with existing systems and site-specific limitations. These uncertainties may affect TM Group's ability to achieve emissions reduction targets and optimise energy efficiency in line with our decarbonisation strategy over the medium- to long-term.

Capacity to adjust or adapt strategy and business model

[IFRS S1.21, IFRS S2.22(a)(iii)]

Our strategy and business model, as well as mitigation plans and actions towards climate-related risks and opportunities, are currently based on the most probable baseline scenario (refer to Scenario 2 above). These are detailed in the respective note sections titled "Effect on strategy and decision-making" for each climate-related risk and opportunity. As indicated in Note 6.1, the Board and BRIC regularly review TM Group's strategy and assess progress against targets, allowing for adjustments and adaptations in our strategy and business model in relation to climate-related risks and opportunities over time.

 For more information on Note 6.1, please refer to page 123.

Based on the measures currently in place, management considers the strategy and business model to be reasonably resilient to the climate-related risks disclosed in this report. At the same time, we recognise that climate resilience is dynamic and will continue to be progressively strengthened as climate-related data quality improves, capabilities mature and strategic responses are further refined in line with evolving climate conditions.

9. EVENTS AFTER THE REPORTING PERIOD

[IFRS S1.68]

There were no transactions, other events or conditions occurring after the end of the reporting period and before the date of authorisation of issue of this report that need to be disclosed in this sustainability report.

ADDITIONAL DISCLOSURES BASED ON MMLR

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Climate - Physical risk	Number of performance issues (e.g., technology disruptions) as a result of extreme weather events	Amount (number of issues)	1,690	—	No assurance
Climate - Physical risk	Average time for customer service restoration as a result of extreme weather events	Units of time (Hours)	24	—	No assurance
Climate - Physical risk	Percentage of service disruptions as a result of extreme weather events	Percentage (%)	* 0.3%	5.0% Network Fault Rate (NFR)	No assurance
Footnote 2025	corrected decimal point				
Climate - Physical risk	Total number of sites with elevated plinths in flood-prone locations	Amount (number of sites)	11	—	No assurance
Climate - Physical risk	Average response time to flood alerts	Units of time (Minutes)	30	Maintain current performance	No assurance
Water	Total water withdrawn	m3	1,681,721	—	External (Limited)
Water	Percentage of total water withdrawn in regions with High or Extremely High baseline water stress	Percentage (%)	2.7%	—	No assurance
Energy management	Total network energy consumption for data centres (purchased electricity) - Renewable	MWh	84,512	—	External (Limited)
Energy management	Total network energy consumption for data centres (purchased electricity) - Non-renewable	MWh	31,818	—	External (Limited)
Energy management	Total network energy consumption for non-data centres (purchased electricity) - Renewable	MWh	12,075	—	External (Limited)
Energy management	Total network energy consumption for non-data centres (purchased electricity) - Non-renewable	MWh	392,788	—	External (Limited)

ADDITIONAL DISCLOSURES BASED ON MMLR

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Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Energy management	Percentage of network energy consumption for data centres (purchased electricity) - Renewable	Percentage (%)	73%	—	External (Limited)
Energy management	Percentage of network energy consumption for data centres (purchased electricity) - Non-renewable	Percentage (%)	27%	—	External (Limited)
Energy management	Percentage of network energy consumption for non-data centres (purchased electricity) - Renewable	Percentage (%)	3%	—	External (Limited)
Energy management	Percentage of network energy consumption for non-data centres (purchased electricity) - Non-renewable	Percentage (%)	97%	—	External (Limited)
Energy management	Renewable energy capacity installed for data centres	kWp	1,826	—	External (Limited)
Energy management	Renewable energy capacity installed for non-data centres	kWp	2,473	—	External (Limited)
Emissions management	GHG emissions intensity for data centres	tCO ₂ e/MWh	0.769	—	External (Limited)
Emissions management	GHG emissions intensity for non-data centres	tCO ₂ e/MWh	0.720	—	External (Limited)
Emissions management	Total Scope 1 GHG emissions	tCO ₂ e	12,708	—	External (Limited)
Emissions management	Total Scope 2 GHG emissions	tCO ₂ e	267,235	—	External (Limited)
Emissions management	Percentage of carbon emissions reduction	Percentage (%)	34%	34%	No assurance