

# Statement on Corporate Governance

The Board of Directors (the Board) of Digi.Com Berhad and its Group of Companies (Digi or the Group) integrates business integrity into the strategies and operations of the Group because the Board believes that maintaining good corporate ethics is key to delivering shareholders' value.

Digi is guided by the principles of the Malaysian Code on Corporate Governance 2012 (MCCG 2012) and the Corporate Governance Guide issued by Bursa Malaysia Securities Berhad (Bursa Securities) in its corporate governance practices, and continues to strive towards achieving a high standard of corporate governance.

This statement describes how Digi has applied the principles and in general complied with the recommendations of the MCCG 2012 during the financial year under review.

Board Structure	Board Effectiveness	Financial Reporting	Stakeholder Engagement
<ul style="list-style-type: none"> <li>• Board Composition &amp; Balance</li> <li>• Annual Assessment of Directors</li> <li>• Annual Assessment of Independence</li> <li>• Tenure of Independent Directors</li> <li>• Board Diversity</li> <li>• Board Committees</li> <li>• Roles &amp; Responsibilities</li> <li>• Separation of positions of the Chairman &amp; CEO</li> </ul>	<ul style="list-style-type: none"> <li>• Board Charter</li> <li>• Time Commitment</li> <li>• Directors' Training &amp; Induction</li> <li>• Compliance Framework</li> <li>• Company Secretaries</li> <li>• Sustainability</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance of Financial Statements with Applicable Financial Reporting Standards</li> <li>• Related Party Transactions</li> <li>• Independence of External Auditors</li> <li>• Risk Management &amp; Internal Control</li> </ul>	<ul style="list-style-type: none"> <li>• Analyst Briefings</li> <li>• Annual General Meeting</li> <li>• Website</li> <li>• Share Register Analysis</li> <li>• Investor Conferences and Roadshows</li> </ul>

## I. Board Structure

### Board Composition and Balance

In leading a telecommunications company, the Board seeks to continually evolve its membership by seeking Non-Executive Directors equipped with diverse and complementary skills and perspectives, as well as extensive experience in international operations.

The Board currently has seven (7) Directors, comprising four (4) Non-Independent Directors and three (3) Independent Directors. They are all Non-Executive Directors.

The Chairman, Mr Morten Karlsen Sorby is a Non-Independent Non-Executive Director. Notwithstanding that the Board does not comprise majority Independent Directors where the Chairman is not an Independent Director as recommended in the MCCG 2012, the Independent Directors are able to exercise strong independent judgment and provide balance to the Board with their unbiased and independent views and advice to all Board deliberations. The Nomination Committee (NC) has assessed and held the view that Mr Sorby has and continues to play an effective role as Chairman and Director of Digi. He has consistently demonstrated strong commitment and judgment in overseeing the management function, taking care of the best interests of the shareholders and facilitating Board meetings to ensure that contributions by all Directors are forthcoming on matters being deliberated and that no particular Board member dominated in any of the discussions. This ensures the balance of power and authority within the Board whilst taking cognizance of the interests of minority shareholders and other stakeholders.

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### Annual Assessment of Directors

The Board assesses annually the effectiveness of the Board as a whole, Board Committees and Directors individually through the NC. Further details are shared in the NC report from pages 78 to 79. In January 2017, the NC conducted an assessment of the Board's effectiveness and recommended the re-election of Puan Yasmin Binti Aladad Khan and Tan Sri Saw Choo Boon, the Directors who are retiring by rotation in accordance with Article 98(A) of the Company's Articles of Association at the forthcoming AGM to be held in May 2017. The Board (save for the interested Directors who have abstained from deliberations) is satisfied that they have continued to contribute to the Board's effectiveness and have discharged their responsibilities as Directors. Therefore, their re-election to the Board is recommended for shareholders' approval.

The Board is satisfied that the current composition of Directors provides the appropriate mix of relevant skills and knowledge, experience, balance and size necessary to promote shareholders' interests and govern Digi effectively. It also fairly represents the ownership structure of Digi, with appropriate representation of minority interests through the Independent Non-Executive Directors. The Non-Executive Directors contribute international and operational experience, and understanding of the financial and capital markets.

Most of the Directors have experience in the telecommunications industry. A brief description of the background of each Director is presented in pages 48 to 51 of the Annual Report.

### Annual Assessment of Independence

Tan Sri Saw Choo Boon, Puan Yasmin Binti Aladad Khan and Ms Vimala A/P V.R. Menon are Independent Directors. Based on the independence assessment in 2017, the Board is satisfied with the level of independence demonstrated through their engagement in meetings, providing objective challenges to Management and bringing independent judgment to decisions taken by the Board. The Independent Directors fulfill the criteria of "Independence" as prescribed under Chapter 1 of the Main Market Listing Requirements of Bursa Securities (MMLR). Digi fulfills the requirement to have at least one-third of the Board comprising Independent Non-Executive Directors.

### Tenure of Independent Directors

The Independent Directors are assessed annually based on the criteria established by the Board. In assessing independence, the Board has considered the recommendations of the MCCG 2012 regarding the tenure of Independent Directors to be limited to nine (9) years, and hence, do not encourage a Director whose term of appointment has exceeded a cumulative period of 9 years to be retained as an Independent Director. At this juncture, there is no such Director who has served on the Board for more than 9 years. However, if and when such an occasion arises, the experience and knowledge of long-service Directors would be taken into consideration and the Board has authorised the NC to conduct an assessment of the Independence of such Directors prior to seeking shareholders' approval to retain such Independent non-Executive Directors on the Board.

### Board Diversity

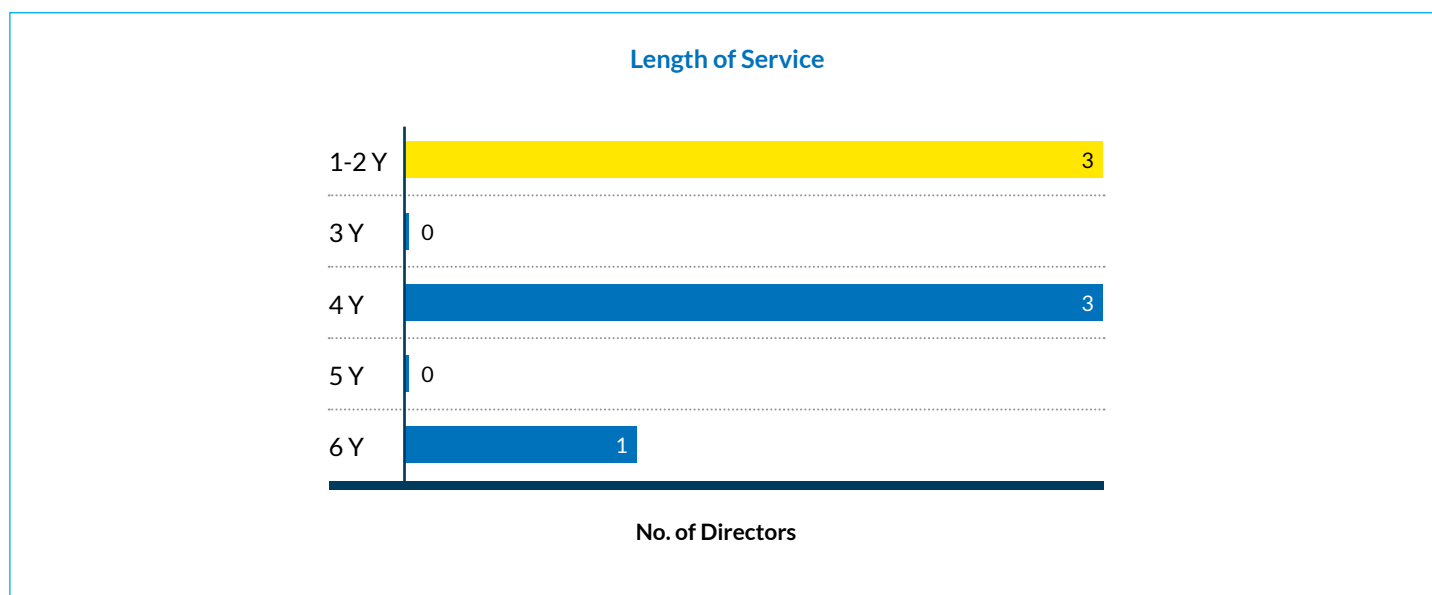
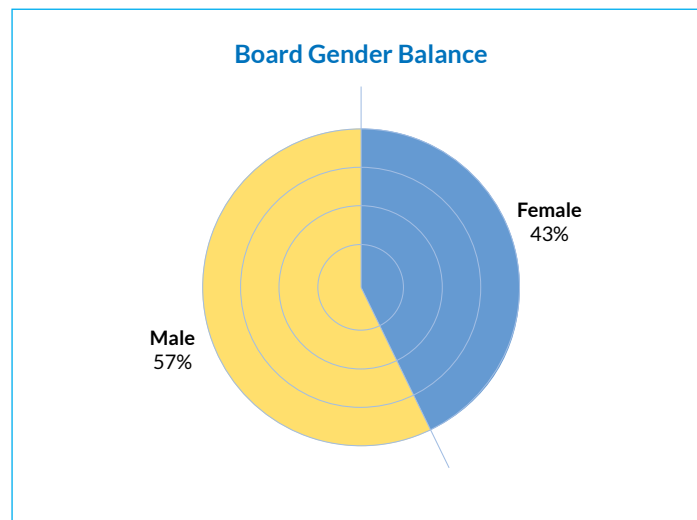
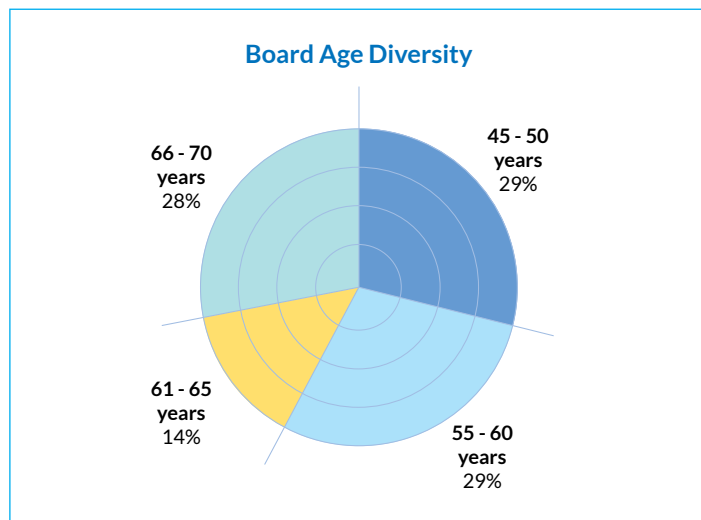
The Board recognises that other aspects of diversity within the Board are also important, and this includes a mix of skills, experience, perspective, gender and age. The evolution of this mix is a long-term process that is deliberated each time a vacancy arises to ensure a balanced and diverse Board composition is maintained. The Diversity Policy aims to set the approach to achieve diversity on Digi's Board and its workforce.

Currently, there are three (3) women serving as members of the Board, reflecting a 43% female representation among Non-Executive Directors on the Board which exceeds the Malaysian government's target of 30% women participation on boards of public listed companies.

Further information on diversity within the organisation is included in Digi's 2016 Sustainability Report, available at [www.digi.com.my/sustainability](http://www.digi.com.my/sustainability).

The Diversity policy is accessible on Digi's website at [digi.listedcompany.com/misc/factsheet](http://digi.listedcompany.com/misc/factsheet).

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### Board Committees

The Board has established three (3) Board Committees, namely the Audit & Risk Committee (ARC), Remuneration Committee (RC) and NC which are entrusted with specific responsibilities to oversee Digi’s affairs, with authority to act on behalf of the Board in accordance with their respective Terms of Reference (TOR). The Board Committees review matters within their TORs and make recommendations to the Board for approval. The Board is kept apprised of the activities of the Board Committees through circulation of minutes of the Board Committees meetings and update by the respective Chairman of the Board Committees.

Although the Board has granted discretionary authority to these Committees to deliberate and decide on certain operational matters as set out in their respective charter, the ultimate responsibility for final decision on all matters lies with the Board.

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The composition of the Board Committees is as follows:

Audit & Risk Committee	Nomination Committee	Remuneration Committee
<b>Tan Sri Saw Choo Boon</b> Chairman, Independent Non-Executive Director	<b>Yasmin Binti Aladad Khan</b> Chairman, Independent Non-Executive Director	<b>Morten Karlsen Sorby</b> Chairman, Non-Independent Non-Executive Director
<b>Tore Johnsen</b> Member, Non-Independent Non-Executive Director	<b>Tan Sri Saw Choo Boon</b> Member, Independent Non-Executive Director	<b>Tore Johnsen</b> Member, Non-Independent Non-Executive Director
<b>Vimala A/P V.R. Menon</b> Member, Independent Non-Executive Director	<b>Lars-Ake Valdemar Norling</b> Member, Non-Independent Non-Executive Director	<b>Lars-Ake Valdemar Norling</b> Member, Non-Independent Non-Executive Director

The TOR for each of the Committees is accessible on Digi's website at [digi.listedcompany.com/misc/factsheet](http://digi.listedcompany.com/misc/factsheet).

- All Board Committees consist of members who are Non-Executive Directors, a majority of whom are independent except for the RC where all its members are non-independent.
- All Board Committees meet as and when necessary. Decisions can also be made via circular resolutions.
- In carrying out its duties and responsibilities, the Board Committees have:
  - (i) full access to any information, records, properties and personnel of Digi, and
  - (ii) power to obtain independent professional advice and expertise necessary in order to enable them to discharge their duties effectively.
- All members of the Board Committees have access to the advice and services of the Company Secretaries.

Details of the attendance at Board Committees meetings are set out on page 62.

### **Audit & Risk Committee (ARC)**

The summary of activities of the ARC can be found in the ARC Report from pages 75 to 77 of this Annual Report.

### **Nomination Committee (NC)**

The NC oversees matters related to Board structure in ensuring the existence of the right mix of experience, skills, knowledge, expertise, professionalism, integrity, competence, time commitment and other factors with regard to the leadership needs of the Company. A summary of the activities of the NC is set out in the NC Report from page 78 to 79.

### **Remuneration Committee (RC)**

During the year, the RC met once and all members of the Committee attended the meeting.

The RC evaluated Mr Albern Murty as CEO against his set performance criteria and reviewed his compensation package thereof. The Chairman of the RC was authorised by the Board to determine the compensation package for the CEO.

The Board established formal and transparent remuneration policies and procedures for the Board and its Committees, to attract, retain and motivate the Directors. Non-Executive Directors' remuneration is structured to link with their contributions to the overall performance of the Company and commensurate with their experience, expertise and level of responsibilities.

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The Board collectively determined the remuneration for the Independent Directors based on the recommendation of the RC. Each of the Independent Directors abstained from deliberating and voting on their own remuneration. The Non-Independent Non-Executive Directors receive their remuneration from their employing companies within Telenor Group and do not receive any form of remuneration from Digi. The Board is of the view that the current remuneration level suffices to attract, retain and motivate qualified Directors to serve on the Board.

The details of the remuneration of Directors (both the Company and the Group) comprising fixed monthly fees and ARC meeting allowances for the financial year 2016 are as follows:

Non-Executive Directors	Company		Group		Total (RM)
	Fees (RM)	Benefits in Kind^ (RM)	Fees (RM)	Benefits in Kind^ (RM)	
Tan Sri Saw Choo Boon	240,000	3,334	31,992	Nil	275,326
Yasmin Binti Aladad Khan	240,000	Nil	Nil	Nil	240,000
Vimala A/P V.R. Menon	240,000	2,000	Nil	Nil	242,000
<b>Total</b>	<b>725,334</b>		<b>31,992</b>		<b>757,326</b>

^ Meeting Allowance only applicable for ARC meetings

The number of Directors of the Company in each remuneration band is as follows:-

	Non-Executive Directors
Not applicable	4
RM200,000 – RM250,000	2
RM250,001 – RM300,000	1
<b>Total</b>	<b>7</b>

### Roles and Responsibilities

The Board is cognizant of the need to promote and protect the interests of shareholders and stakeholders of Digi. The Board also shoulders the ultimate responsibility of determining the direction of the Group, assisting in the fine-tuning of corporate strategies and ensuring effective execution of these strategies.

The Board shall be involved in any matters that may have a significant impact on Digi's business, including, and not limited to, issues within objectives and strategies, operations, finances and employees.

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During the financial year 2016, the Board carried out the following activities:

- approved the appointment of Ms Kristin Muri Moller as a member of the Board;
- reviewed and approved the annual strategy plan, ambitions and targets for the Group, including addressing the Group's business strategies on promoting sustainability;
- oversaw the implementation of the Group's strategic and business plan through quarterly updates with the CEO;
- identified the principal business risks faced by the Group and ensured the implementation of appropriate internal controls and mitigating measures to address such risks;
- reviewed the adequacy and integrity of the Group's internal controls and management information systems, including systems for compliance with applicable laws, regulations, rules, directives, and guidelines;
- reviewed and approved on the Group's capital investment;
- reviewed significant operational and financial issues to ensure that the financial statements are true and fair, and conform with accounting standards;
- reviewed and approved the quarterly financial results for the financial year 2016 for announcement to Bursa Securities and year-end audited financial statements for 2015;
- approved the quarterly interim dividends for the financial year 2016;
- approved the Audit & Risk Committee Report, Statement on Corporate Governance and Statement on Risk Management and Internal Control for disclosure in the annual report;
- reviewed and approved the revision of the TORs of the Board Committees;
- received minutes of the Board Committees meetings and kept updated on the activities of the Board Committees on a regular basis;
- approved the Circular to Shareholders in relation to recurrent related party transactions;
- reviewed and approved Group expenditure which exceeds the authority limits of the CEO and Management as defined in the Delegation Authority Matrix;
- approved the revision of the Group's policies;
- received updates on tax that impacts the Groups' businesses; and
- reviewed the evaluation results of the Board, Board Committees, Directors Self/Peer and Independent Directors for the financial year ended 2016.

### Separation of Positions of the Chairman and CEO

There is a clear division of responsibility between the Chairman and the CEO to ensure that there is a balance of power and authority, where no individual has complete autonomy over decision making. The Chairman leads the Board with a keen focus on governance and compliance, ensuring its effectiveness. He principally ensures that the Board fulfills its obligations under the Board Charter and as required under the relevant legislations. He engages directly with the CEO to monitor business performance and oversees the implementation of strategies.

The CEO ensures effective implementation of the Board's policies, achieves strategic and performance targets, exercises high levels of business judgment and manages the relationship with stakeholders and the public. The Board has delegated the authority to achieve the Company's corporate objectives to the CEO in accordance with the Rules of Procedure for the CEO and he remains accountable to the Board. The CEO is not a Board member of Digi.Com Berhad to ensure there is a clear distinction between the roles of the CEO and the Board, and to prevent conflict of interest. He is supported by seven other members of the Management team.

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### II. Board Effectiveness

#### Board Charter

The Board is guided by the principles contained in the MCCG 2012, the Board Charter and the Delegation Authority Matrix, which set out the practices and processes in the discharge of its responsibilities, the matters that are reserved for consideration and decision making, the authority that has been delegated to the CEO including the authority limits which the CEO can execute, and provides guidance on the division of responsibilities between the Board and the CEO.

The Board Charter and the Delegation Authority Matrix are reviewed and revised, as and when required, to ensure an optimal structure for efficient and effective decision making in the organisation.

The Board Charter is accessible on Digi's website at [digi.listedcompany.com/misc/factsheet](http://digi.listedcompany.com/misc/factsheet).

#### Time Commitment

The Directors are aware of the time commitment expected from them to attend to matters of the Group in general, including attending meetings of the Board, Board Committees and AGM. As such, meetings are scheduled one year in advance and due notice is given for additional meetings.

Technology is effectively used in Board Meetings and in communication with the Board, where Directors may participate in meetings by audio or video conferencing.

The Board is satisfied with the level of time commitment given by the Directors in the discharge of their roles and responsibilities. The breakdown of the Directors' attendance at the Board, various Board Committee meetings and the AGM during the year are set out below:

Name of Directors	Board meetings 7	ARC Meetings 5	NC Meetings 1	RC Meetings 1	AGM 1
<b>Morten Karlsen Sorby</b> <i>Chairman/Non-Independent Non-Executive Director</i>	7/7 (100%)	N/A	N/A	1/1 (100%)	1/1 (100%)
<b>Tan Sri Saw Choo Boon</b> <i>Independent Non-Executive Director</i>	7/7 (100%)	5/5 (100%)	1/1 (100%)	N/A	1/1 (100%)
<b>Tore Johnsen</b> <i>Non-Independent Non-Executive Director</i>	6/7 (86%)	5/5 (100%)	N/A	1/1 (100%)	1/1 (100%)
<b>Yasmin Binti Aladad Khan</b> <i>Independent Non-Executive Director</i>	7/7 (100%)	N/A	1/1 (100%)	N/A	1/1 (100%)
<b>Vimala A/P V.R. Menon</b> <i>Independent Non-Executive Director</i>	7/7 (100%)	5/5 (100%)	N/A	N/A	1/1 (100%)
<b>Lars-Ake Valdemar Norling</b> <i>Non-Independent Non-Executive Director</i>	7/7 (100%)	N/A	1/1 (100%)	1/1 (100%)	1/1 (100%)
<b>Kristin Muri Moller</b> <i>Non-Independent Non-Executive Director (Appointed on 4 February 2016)</i>	6/6 (100%)	N/A	N/A	N/A	1/1 (100%)

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At Board meetings, the Chairman encourages constructive and healthy debates, and Directors are free to express their views. Any Director who has a direct or deemed interest in the subject matter abstains from deliberation and voting on the respective resolution. Decisions of the Board are made unanimously or by consensus. Where appropriate, decisions may be taken by way of Directors' Circular Resolutions between scheduled and special meetings. In 2016, six resolutions, ranging from administrative to operational in nature, were approved by Directors via Circular Resolutions.

The agenda for the meeting of the Board is set by the Company Secretaries in consultation with the Chairman and the CEO. The agenda, the relevant reports and Board papers are furnished to Directors in advance to allow the Directors sufficient time to peruse the materials, thereby facilitating effective discussion and decision making during the meeting. The Board has a regular schedule of matters which are typically on the agenda and is reviewed during the course of the year.

The proceedings of and resolutions passed at each Board and Committee meetings are minuted by the Company Secretaries and kept in the Minutes Book at the registered office.

### Directors' Training and Induction

The Board emphasises the importance of continuing education for its Directors to ensure that they are equipped with the necessary skills and knowledge to meet the challenges of the Board. All existing Directors have completed the Mandatory Accreditation Programme (MAP). The NC continues to evaluate and determine the training needs of its members to assist them in the discharge of their duties as Directors. The Company Secretaries arranges for the Directors' attendance at the training programmes, which are conducted either in-house or by external service providers. All Directors attended training programmes during the year.

Orientation and familiarisation programmes including market visits to Digi's business operations and meetings with the Management were organised for the newly appointed Directors during the year to facilitate the new Director's understanding of Digi's operations and businesses. Regular briefings and workshops were scheduled on various topics for the Board and these sessions were held together with the Management team to encourage open discussion on these topics.

Set out below are the training programmes attended by the Directors, individually or collectively, during the financial year 2016:

Date	Courses
13 Jan 2016	The New Auditor's Report – Sharing the UK Experience
22-25 Feb 2016	Mobile World Congress
26 Feb 2016	Corporate Governance Breakfast Series – Improving Board Risk Oversight Effectiveness
3 Mar 2016	Crisis Management Seminar
15 Mar 2016	EMC workshop
22 Mar 2016	DTAC & Ericsson workshop
31 Mar 2016	Sustainability Engagement Series for Directors
28 April 2016	National Start-up Expo
4-5 May 2016	Mandatory Accreditation Programme
5 May 2016	Digi Orientation Programme
27 May 2016	Ethical Leadership Programme
30 May 2016	Shell Global Scenarios
31 May 2016	SERC Global Economic Conference – The New Normal
30 Jun 2016	World Bank Malaysia Economic Monitor – Leveraging Trade Agreements
11 July 2016	Ensuring Organisation's Sustainability through Integrated Strategic Risk Management Program - IERP
23 July 2016	Site Visit to RAPID Project Site, Pengerang



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Date	Courses
25 July 2016	<ul style="list-style-type: none"> <li>• Introduction to MFRS9 – Ernst &amp; Young</li> <li>• General and Detailed Sustainability Statements in Annual Report 2017</li> </ul>
3 Aug 2016	Best Practices for Board Excellence
16 Aug 2016	<ul style="list-style-type: none"> <li>• International Blue Ocean Conference</li> <li>• 5<sup>th</sup> PETRONAS BAC Forum</li> <li>• Quality Awareness Certification</li> </ul>
4-6 Sep 2016	Telenor Strategy Execution Programme
14 Sep 2016	Identify Right Board Talent
15 Sep 2016	Shariah Islamic Banking Awareness Program
27 Oct 2016	Security Awareness Recertification
31 Oct 2016	Anti-Money Laundering/Counter Terrorism Training
8 Nov 2016	<ul style="list-style-type: none"> <li>• Director Training – New Company Act, Security &amp; Terrorism in Malaysia, The Power of Social Media</li> <li>• Dangerous Good Awareness Training</li> </ul>
15-17 Nov 2016	Certified International Manager – Coaching for Success Program
15 Dec 2016	4-Year Strategy Workshop
19 Dec 2016	World Bank Malaysia Economic Monitor – Quest for Productivity Growth

### Compliance Framework

The Board has adopted and implemented a Code of Conduct (Code) that reflects Digi's vision and core values of integrity, respect, trust and openness. It provides a clear direction on conducting business, interacting with the community, government and business partners, and general workplace behaviour. It also includes guidance on disclosure of conflict of interests, maintaining confidentiality and disclosure of information, good practices, internal controls and the duty to report where there is a breach of the Code.

All employees including the Board members are required to read and acknowledge the Code. Digi's Ethics and Compliance Officer reports regularly to the ARC on the compliance of the Code by Digi and its employees. Ongoing training is provided to employees on the Code, in particular on how to deal with situations involving ethical dilemmas to ensure that they continuously uphold high standards of conduct while performing their duties. In January 2016, a new Ethics & Compliance Hotline service was made available to all employees and the public to allow the opportunity to speak up on misconduct and/or wrong doing by Digi employees.

The Ethics and Compliance Officer also handles whistle-blowing cases according to a well-defined process, outlined in the Whistle-blowing Manual. Digi employees, suppliers, business partners and customers are encouraged to raise their concerns about any malpractices involving Digi without any fear of repercussions. In case of illegal or unethical conduct in the workplace, employees can choose to report it through the Ethics & Compliance Hotline, their respective leaders or directly to the Ethics and Compliance Officer.

A copy of the Code is accessible on Digi's website at [www.digi.com.my/aboutus/corporate\\_overview/governance.do](http://www.digi.com.my/aboutus/corporate_overview/governance.do).

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### Company Secretaries

The Board is satisfied with the performance and support rendered by the Company Secretaries in discharging their functions. The Company Secretaries play an advisory role to the Board and are qualified, experienced, and competent in performing their duty. The Company Secretaries carry out, among others, the following tasks:

- statutory duties as specified under the new Companies Act, 2016, MMLR and other relevant laws and regulations;
- updating and advising the Board on relevant guidelines on statutory and regulatory requirements periodically and the resultant implications to Digi and the Directors in relation to their duties and responsibilities;
- attending and ensuring that all Board and Shareholders' meetings are properly convened, pertinent issues discussed and decided upon, and conclusions are properly recorded;
- following-up on the action points and implementation of the Board's decisions to Management;
- facilitating the provision of information to the Board and Board Committees, and between Directors and Management from time to time; and
- supporting the Board in ensuring adherence to Board policies and procedures.

The removal of Company Secretaries, if any, is a matter for the Board to decide collectively.

### Sustainability

The Board is mindful of the importance of sustainability. It therefore takes necessary steps to ensure high standards of governance across Digi's operations, managing its environmental, social and governance impact as well as future risks and opportunities in continuing to build a responsible, sustainable business. A summary of Digi's sustainability agenda for the year under review is disclosed from pages 36 to 44 of this Annual Report.

Digi's 2016 Sustainability Report is accessible online at [www.digi.com.my/sustainability](http://www.digi.com.my/sustainability).

## III. Financial Reporting

### Compliance of Financial Statements with Applicable Financial Reporting Standards

The Board is responsible for ensuring that the financial statements are prepared in accordance with the Companies Act, 1965 and are applicable to the Financial Reporting Standards in Malaysia so as to give a true and fair view of Digi's financial state of affairs.

The Board is assisted by the ARC in overseeing and governing Digi's financial reporting processes and the quality of its financial reporting. The ARC meets on a quarterly basis to review the quarterly reports and annual financial statements focusing particularly on compliance with applicable financial reporting standards and other legal requirements, changes in major accounting policies and practices, significant adjustments arising from audit and significant and unusual events. A summary of the ARC's activities during the year are set out on pages 75 to 77 of this Annual Report.

### Related Party Transactions

Details of these transactions are set out under Notes 28 to the Financial Statements and also the list of Related Party Transactions from pages 132 to 134 and 145 of this Annual Report.

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### Independence of External Auditors

All Quarterly Results and Financial Statements were reviewed by external auditors prior to the tabling to the ARC for review. The External Auditors also participated in the discussions relating to financial results at all ARC meetings. The ARC discussed key concerns with and obtained feedback from the external auditors on matters relating to the company's affairs without the presence of the Management.

The ARC conducted an annual assessment of the external auditors. Areas of assessment include technical competencies, adequacy of specialist support and senior audit partners' accessibility and time commitment, independence and objectivity, audit scope and planning, audit and non-audit fees and audit communications to the ARC. The external auditors confirmed to the Board their independence in providing both audit and non-audit services up to the date of this statement. Following the review of the assessment, the ARC was satisfied with Messrs Ernst and Young's technical competency and audit independence and recommended the re-appointment of Messrs Ernst & Young (EY) for shareholder approval at the coming AGM.

To reinforce the independence and objectivity of the external auditors, the ARC assessed all non-audit services that were above 50% of the statutory audit fees for the financial year 2016 that the auditors may be called upon to perform. This was so in those circumstances where the auditors were best qualified and suitable to provide the required services given their comprehensive knowledge of Digi's business operations, systems and processes. During the financial year, the amount incurred by Digi and by the Group in respect of audit fees and non-audit related fees for services rendered by EY are as follows:-

	Company (RM)	Group (RM)
Audit Services	35,000	376,000
Non-Audit Services	9,000	403,000
Total Fees	44,000	779,000

The non-audit services comprised the following assignments:-

- (a) Attestation of non-financial reporting
- (b) Review of regulatory reporting
- (c) Review of quarterly and year end reporting packages
- (d) Review of the Statement of Risk Management and Internal Control
- (e) Tax compliance services

### Risk Management and Internal Control

The Statement on Risk Management and Internal Control is set out from pages 69 to 74 of this Annual Report.

## IV. Stakeholder Engagement

Digi's Investor Relations function continued to strengthen the quality of corporate disclosures during the year to address the increasing demand for more detailed and relevant information from the investment community. The solid teamwork between the Investor Relations team and various functional leaders within Digi enabled timely, accurate, transparent, effective and relevant communication of Digi's business strategies, financial performance and current business initiatives to be made available for Digi's investors and stakeholders and where necessary, filed with regulators in accordance with applicable legal and regulatory requirements.

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In 2016, Digi's Investor Relations team continued its strategy of diversifying its shareholder base by targeting more emerging market funds, long-term funds as well as prospective investors with exposure in industry peers. With that objective in mind, Digi participated in 4 ASEAN or telecommunications themed conferences and 6 non-deal roadshows. In addition, Digi also augmented its Investor Relations engagement efforts with analysts and investors by organising two Analyst Days to engage with local, regional as well as Telenor Group's analysts and fund managers on a regular basis.

### Analyst Briefings

Digi's Investor Relations team organised quarterly analyst briefings via conference calls on the same day it released its quarterly earnings announcement. Prior to the quarterly analyst briefing, an earnings call briefing pack is emailed to relevant parties within the investment community and is made available on Digi's website immediately after the announcement is made to Bursa Malaysia to ensure that investors and analysts are provided with comprehensive and equal access to the results announcements. The briefing pack includes the financial statements to the exchange, management discussion and analysis report, earnings call presentation and press release, which together provide information on Digi's quarterly financial performance and financial position as well as non-financial KPIs and other information deemed useful to the investment community.

### Annual General Meeting (AGM)

Digi's 19<sup>th</sup> AGM was held on 13 May 2016 in Kuala Lumpur, Malaysia. During the AGM, the Management presented a comprehensive review of Digi's financial performance for the year and outlined Digi's prospects for the subsequent financial year. Sufficient time was also set aside for shareholders' and Minority Shareholder Watchdog Group (MSWG) to raise questions and provide feedback to the Board and Management.

Moving forward, in line with the revised Paragraph 8.29A of the MMLR, all resolutions put to general meetings will be voted by poll. Arising thereon, Digi would conduct its AGM by poll/e-voting instead of voting by show of hands as practiced previously. An independent scrutineer will be appointed to validate the votes cast at the AGM.

The outcomes of voting on the proposed resolutions will be disclosed to the market and posted on Digi's website after the AGM.

### Website

Digi's website ([www.digi.com.my](http://www.digi.com.my)) is a key communication channel for the Company to connect with its shareholders, the investment community and the general public. Digi's Investor Relations team regularly updates the Investor Relations section of the website to ensure investor-related corporate disclosures, such as current information on Digi's activities, quarterly financial results, corporate presentations, annual reports, announcements to Bursa Malaysia as well as information on Digi's business principles and Corporate Governance framework, are up-to-date.

### Share Register Analysis

Digi has a diversified shareholder base with 29,074 shareholders across the globe as at 31 December 2016, out of which 41.1% (2015: 40.9%) are from Malaysia while foreign shareholding remained relatively steady at 9.9% (2015: 10.1%). A total of 98.0% of Digi's shares are held by institutional or corporate investors and the remaining 2.0% by private investors or individuals.

The Investor Relations team periodically analyses and monitors Digi's shareholding structure including the breakdown of shareholders by type, investment styles and geographical location, including shareholders' buying and selling activities during the year to facilitate investor targeting and planning of investor programmes.

## Statement on Corporate Governance

### Investor Conferences and Roadshows

Other than regular meetings, conference calls and site visits, Digi maintains a close connection with its institutional investors, fund managers and analyst networks through investor conferences and non-deal road shows where Management meets with existing and potential investors to provide updates on Digi's strategic focus, recent performance and future prospects.

Venue	Event	Date	Organiser
Bangkok	Investor conference	9-10 Mar 2016	CLSA
London	Investor conference	16 May 2016	Maybank
London and Edinburgh	Non-deal road show	17-20 May 2016	UBS
Kuala Lumpur	Non-deal road show	24 May 2016	RHB
Hong Kong	Investor conference Non-deal road show	6-8 Jun 2016	UBS
Kuala Lumpur	Analyst day	22 July 2016	Digi
Singapore	Non-deal road show	9 Sep 2016	Macquarie
Kuala Lumpur	Non-deal road show	8 Nov 2016	CIMB
Singapore	Investor conference Non-deal road show	16-18 Nov 2016	Morgan Stanley
Kuala Lumpur	Telenor - Asia Field Trip Analyst day	29 Nov 2016	Telenor/Digi

In addition to the above, shareholders and investors can make inquiries about Investor Relations matters with Digi throughout the year via [Investor\\_Relations@digi.com.my](mailto:Investor_Relations@digi.com.my).

Regular dialogues between Digi and the investment community has been instrumental to facilitate a clear, fair and holistic appreciation on Digi's performance, business strategies and prospects among research analysts, fund managers, investors and other stakeholders.

The Investor Relations team provides regular updates to Management on feedback received from Investor Relations activities, recommendations by analysts, commentary on share price information and changes to the holdings of substantial shareholders of Digi.

The Board has deliberated, reviewed and approved the Statement on Corporate Governance on 13 March 2017.