



## **BOARD CHARTER DIGI.COM BERHAD**

### **1 PURPOSE**

The Board of Directors (the **Board**) of Digi.Com Berhad (the **Company** or **Digi**) regards corporate governance as vitally important to the business success of Digi and its subsidiaries (**Group**). The Board remains highly committed to ensure the following principles of good governance as outlined in the Malaysian Code on Corporate Governance (**MCCG**), certain aspects of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (**MMLR**) and relevant provisions of the Companies Act 2016 (the **Act**) are practised in all of its business dealings in respect of its shareholders and relevant stakeholders:

- The Board is the focal point of the Group's corporate governance system. It is ultimately accountable and responsible for the performance and affairs of the Group.
- All Board members are expected to act in a professional manner, thereby upholding the core values of integrity with due regard to their fiduciary duties and responsibilities.
- All Board members are responsible to ensure the Group achieves a high level of good governance.
- The Board Charter shall constitute, and form, an integral part of each Director's duties and responsibilities.

The Board has adopted this Board Charter (the **Charter**) which includes rules of procedure that applies to the working of the Board, general instructions regarding the division of responsibilities between the Board and the Chief Executive Officer of the Company (**CEO**) and the Board's authority and responsibilities.

Each member of the Board, each alternate director, the secretary of the Board (**Company Secretary**), the CEO and the Company's auditor shall be provided with a copy of the Charter.

In addition to this Charter, the Board and the Management of Digi and its subsidiaries (**Management**) shall observe any further rules of procedure, instructions and guidelines as may be adopted by the Board or by the shareholder(s) from time to time, including the Rules of Procedure for Digi's CEO.

This Charter is to promote higher standards of Corporate Governance and is designed to provide guidance and clarity for Directors and Management with regard to the role of the Board and its Committees, the requirements of Directors in carrying out their stewardship role and in discharging their duties towards the Company and the Board's operating practices. This Charter does not overrule or pre-empt the statutory requirements of Directors enshrined in the statutes, including the conduct of the Board as stipulated in the Constitution of the Company. To the extent of any conflict between the terms of the Board Charter and the Constitution, the Constitution prevails.



## **2. THE BOARD**

### **2.1 Principal Roles and Responsibilities**

The Board is charged with leading and managing the Group in an effective and responsible manner. Each Director has a legal duty to act in good faith, to use reasonable care, skill and diligence and to act in the best interest of the Group. The Directors, collectively and individually, are aware of their responsibilities to shareholders and stakeholders for the manner in which the affairs of the Group are managed. The Board sets the Group's values and standards and ensures that its obligations to its shareholders and stakeholders are understood and met.

The Board is fully committed to developing and maintaining high standards of corporate governance by implementing the prescriptions of the principles and best practices stated in the MCCG. Good governance holds Management accountable to the Board and the Board accountable to the owners and other stakeholders. The Board's fundamental approach in this regard is to ensure that the right executive leadership, strategy and internal controls for risk management are well in place.

All Directors should objectively discharge his/her duties and responsibilities at all times as fiduciaries in the interests of the Company. The principal duties and responsibilities of the Board are:

- a) Together with Management, promote good corporate governance culture within the Company which reinforces ethical, prudent and professional behaviour;
- b) Review, challenge and decide on Management's proposals for the Company, and monitor its implementation by Management;
- c) Ensure that the strategic plan and direction of the Company supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability;
- d) Supervise and assess the conduct and performance of the Management to determine whether the business is being properly managed;
- e) Ensure there is a sound framework for internal controls and risk management;
- f) Understand the principal risks of the Company's business and recognise that business decisions involve the taking of appropriate risks;
- g) Set the risk appetite within which the Board expects Management to operate and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks;
- h) Ensure that Management has the necessary skills and experience, and there are measures in place to provide for the orderly succession of Board and Management;
- i) Ensure that the Company has in place procedures to enable effective communication with stakeholders; and
- j) Ensure the integrity of the Company's financial and non-financial reporting.

The principal roles and responsibilities of the Directors include:-

- a) To direct the management of the business and affairs of the Group;
- b) To attend substantially all the meetings of the Board and each Committee on which the Director serves; and
- c) To review, before attending meetings of the Board or Committees, all materials provided by the Company relating to matters to be considered at the meetings.

### **2.2 Board Committees**



The Board may appoint Board Committees and delegate responsibilities for specific matters to the Board Committees to assist in the discharge of its responsibilities. The Board Committees report and make recommendations to the Board.

All Committees shall be appointed by resolution in a Board Meeting. Each Committee has its own Terms of Reference approved by the Board which are reviewed periodically by the Board and are published on the Company's website.

The current Board Committees of Digi are the:

- Audit and Risk Committee
- Nomination Committee
- Remuneration Committee

The Board Committees have no independent decision-making authority, except where expressly granted by the Board or applicable law. The establishment of a committee does not alter the Board's legal responsibilities and tasks and the responsibility for final decision on all matters lies with the Board.

The Board Committees shall provide a report on its work at each Board Meeting.

### **2.3 Board Composition and Board Balance**

The Board should consist of qualified individuals with diverse experiences, backgrounds, skills and perspectives to properly understand and deal with emerging issues affecting the Company's business. The composition and size of the Board should be such that it facilitates the making of informed, critical decisions without limiting the level of individual participation, involvement and effectiveness. Thus, the Board acknowledges the importance to promote board diversity but not limited to gender, age, cultural and educational background.

In accordance with the MMLR, at any one time, at least two (2) or one-third (1/3) of total Board members, whichever is the higher, shall comprise of Independent Directors. The Independent Directors provide independent judgement, experience and objectivity without being subordinated to operational considerations.

If the number of Board members is not 3 or a multiple of 3, then the number nearest 1/3 must be used.

In the event of any vacancy in the Board, resulting in non-compliance with the above, the Board must ensure that the vacancy is filled within 3 months.

The Independent Directors help to ensure that the interests of all shareholders, and not only the interests of a particular fraction or group, are taken into account by the Board and that the relevant issues are subjected to objective and impartial consideration by the Board.

The role of Independent Directors is to constructively challenge and help develop proposals on strategy include, inter alia:

- a) Having regard to the Directors' knowledge to make independent assessments of the information, reports or statements, provided at Board meetings, to provide independent view and demonstrate objectivity in reviewing and challenging the Management's proposals at meetings;



- b) To devote sufficient time to update their knowledge and enhance their skills through appropriate continuing education programmes, so as to keep abreast on industry issues, market development and trends, and enable them to sustain their active participation in board deliberations; and
- c) To act as a channel of communication between Management, shareholders and other stakeholders, and provide the relevant checks and balances, focusing on shareholders' and other stakeholders' interests and ensuring that high standards of corporate governance are applied.

The Board may appoint a Senior Independent Director to whom shareholders' concerns can be conveyed if there are reasons that through the normal channels of the Chair of the Board (the **Chair**) or the CEO have failed to resolve them.

The role of Senior Independent Director include, amongst others:

- a) To act as a sounding board for the Chair;
- b) To ensure all Independent Directors have the opportunity to input on the agenda, and advise the Chair on the quality, quantity and timeliness of the information submitted by Management that is necessary or appropriate for the Independent Directors to perform their duties effectively;
- c) To consult the Chair regarding Board meeting schedules to ensure the Independent Directors can perform their duties responsibly and with sufficient time for discussion of all agenda items; and
- d) To serve as the principal conduit between the Independent Directors and the Chair on sensitive issues.

A Director shall inform the Board's Chair before he/she accepts any new directorships in listed issuer and other companies. Each Board member must not hold directorships at more than five (5) listed issuers. The Board shall obtain time commitment from newly appointed Directors at the time of appointment.

## 2.4 General

By December each year, the CEO shall, after consultation with the Board's Chair, provide a proposal for a meeting plan for the next calendar year based upon the Yearly Meeting Plan Template (Appendix 1) to be adopted by the Board ("the **Yearly Meeting Plan**"). The CEO shall attend the board meetings, unless otherwise decided by the Board in specific cases.

Board meetings shall be called by the Chair, or someone appointed by him/her.

In the event that a Board member or the CEO is unable to attend a board meeting, the Company Secretary shall immediately be informed.

The CEO and the Company Secretary shall together prepare a meeting agenda for each Board meeting. Each Board member and the CEO may request a Board meeting to be held and that specific matters are to be included on the agenda. The Chair is responsible for ensuring that such request is fulfilled, and if necessary that a Board meeting is convened without undue delay after a request has been made.



Board meetings shall be called with a minimum of seven (7) days' notice. The notice period may however be shorter if the Chair deems it acceptable. The deadline for giving notice shall in any case be long enough for the Board members to have time to prepare for the meeting and to consider the issues being covered.

Notices of board meetings shall be issued in writing. Board meetings may be held without written notice if it is in accordance with applicable law, and the Chair deems it acceptable.

### **3. PRIOR PROCESSING**

Together with the Chair, the CEO is responsible for the appropriate preparation and documentation of issues to be dealt with by the Board in accordance with the Yearly Meeting Plan and Template Meeting Agenda. Necessary preparatory documents that give an account of the issues to be dealt with shall be included as agenda papers to the notice of meeting, along with proposals for resolutions. The Board documentation shall contain sufficient information to provide the Board members with an adequate basis to deliberate, and reach a decision on, the issue in question.

In the event that the Chair considers it acceptable, or if it is vital for the issue in question to be dealt with at the forthcoming board meeting, Board documentation can be distributed on shorter notice or at the actual meeting.

### **4. BOARD MEETINGS**

Before a board meeting can be conducted, all Board members, and if applicable alternate director shall have been notified of the meeting. Unless otherwise determined by the Board, a majority of the Board members, one of whom must be an Independent Director must participate either personally or via a video or telephone conference order to form a quorum.

The Board shall as a general rule deal with issues in meetings where the members participate physically. The Board meets at least once every quarter to facilitate the discharge of their responsibilities. However, if the Chair finds that the agenda for a specific Board meeting can be adequately deliberated by the Board without a physical meeting, and this is within the limits of applicable law, he/she can decide that attendance may take place via video or telephone conference, or that the issues can be submitted in writing or be dealt with in another manner unless otherwise agreed by the Board.

The Company's financial statements and relevant Statements for the inclusion in the annual report, shall always be dealt with in a physical meeting.

Issues that have a major impact on the business, such as mergers, takeovers or other major changes to the structure of the Company, substantial investments and the entering into agreements of considerable importance to the Company should be dealt with in a physical meeting, unless there are significant reasons for dealing with them otherwise.

Board resolutions passed in writing, including by email, requires the participation of all Board members to be validly decided.

Board members and the CEO may request issues submitted in writing to be dealt with in a physical meeting before a decision is reached.



Board meetings shall be chaired by the Chair or, in his/her absence, by (i) the deputy chair (if any), or (ii) a Board member appointed by the Board.

The CEO, or someone appointed by him/her, shall be responsible for presenting the individual items on the agenda.

## **5. DECISIONS AND AUTHORITY**

A decision by the Board requires the majority of the votes cast by the Board members who take part in the processing of an issue. In the event of an equality of votes, the Chair shall have the casting vote.

The Board shall observe the Digi Authority Matrix as implemented in the Group.

The Board reserves full decision-making powers on the following matters:

- a) Conflict of interest issues relating to a substantial shareholder or a Director including approving related party transactions;
- b) Material acquisitions and disposition of assets not in the ordinary course of business including significant capital expenditures;
- c) Strategic investments, mergers and acquisitions and corporate exercises;
- d) Digi Authority Matrix;
- e) Treasury policies;
- f) Risk management policies;
- g) Anti-Corruption and Whistleblowing policies; and
- h) Key human resource issues.

## **6. MINUTES**

Minutes of the Board meetings shall be recorded by the Company Secretary. As a minimum, the minutes shall specify the date, time and place, the participants, the method of dealing with issues and the Board resolutions. The minutes shall also state that the required minimum number of Board members was present and that all Board members were given the opportunity to participate in the meeting or state the Director's abstention from participating in dealing with issues, where relevant.

The minutes shall also specify whether a decision was unanimous or who voted for and against the proposal. Those who vote against a proposal is entitled to have his comments recorded in the minutes.

The minutes shall be signed by the Board's Chair or Chair of the next succeeding meeting. In addition, Board members that did not participate in the meeting are entitled to receive the minutes from the said meeting.

The Board should always consider if documentation referred to in the minutes is to be appended to the minutes.



All Board minutes shall be in English or include a full English translation.

The minutes of meetings shall accurately record deliberation, the views of individual Board members and decisions taken. If, on any matter discussed at a Board meeting, any Director holds views contrary to those of the other Directors, the Board minutes will clearly reflect this.

The draft minutes shall be sent to the Board for review and comments as soon as possible after the meeting took place. The Board minutes shall be confirmed, approved and signed at the following Board meeting.

Minutes of each Board meeting are kept at the registered office of the Company and are available for inspection by any Director during office hours. Any request by Management or other persons to inspect the minutes shall be subject to the approval of the Chair.

## **7. ISSUES TO BE DEALT WITH BY THE BOARD**

The Board is responsible for the stewardship of the Company's business and affairs, setting the Company's long-term strategic direction taking into account sustainability and stakeholders' interest, approving and adopting strategic plan, safeguarding the proper organisation of the business and overseeing the management of its day-to-day operations with the objective of creating long-term shareholders' value.

The Board shall approve the Company's core principles and ethical standards as outlined in the Code of Conduct that form the basis on how value is created in the Company.

The Board shall at all times ensure that it has updated information and overview of any issue which either individually or collectively may have a significant impact on the business of the Company, such as, but not limited to, issues within objectives and strategies, operations and finances, and organization and employees.

The authority to decide on issues which are unusual for, or of major significance to the Company lies with the Board and may only be delegated to the CEO on a case by case basis.

The Board shall ensure that the Company observes its duties as a listed company, including any stock exchange or similar requirement, as well as any requirements set in Governmental licenses. The Board shall ensure that all shareholders are treated equally, unless there is a legitimate reason to do otherwise.

### **a. Good Corporate Governance**

The Board is committed to adhering to the guidelines stated in the MCCG and the generally accepted principles for the governance and effective control of company activities (corporate governance). Furthermore, the Board shall observe such standards in its own work and decision making.

### **b. Adoption, implementation and monitoring of Governing Documents**

The CEO shall prepare a proposal for the Corporate Governing Documents for the Board to adopt. The Board shall further ensure the implementation of the governing documents and procedures that secure adequate governance in the Company and in all subsidiaries controlled and governed directly or indirectly by the Company (**Company Governing Documents**).



The Board shall ensure that the CEO reports on the status of implementation of the Company Governing Documents in accordance with the Yearly Meeting Plan.

**c. Digi Policies**

The Board shall approve policies to ensure compliance with relevant laws, rules and regulations. Policies shall receive a first reading by the Board and at a subsequent Board meeting shall be submitted for approval. Policies shall become effective within 30 calendar days after approval unless otherwise indicated by the Board. Policies shall be available and posted in the Governance portal prior to the effective date.

The Management shall authorise the development of manuals or Standard Operating Procedures to implement policies as appropriate. In the absence of an approved policy, the CEO is authorised to make decisions in the best interest of the Board. In this event, the Management shall submit recommendations for a new or revised policy within three (3) months to the Board.

**d. Specific Focus Areas**

Without limitation to the generality of the requirements in this Section 7, the following specific areas shall be the subject of particular attention from the Board:

i. Strategic Plan, Operations and Finances

The Board shall approve and supervise targets and strategy plans and any deviations from these.

The Board shall remain informed of ongoing operations, including the Company's subsidiaries, via reports on operating and financial conditions, and approve the financial statements. The Board shall have adequate oversight of Internal Control over Financial Reporting (ICFR) to ensure that these controls adhere to the objectives set for the Company, and are compliant with legal requirements and Company Governing Documents.

The Board shall implement necessary controls for the Company's financial statements and administration of funds.

The Board shall approve the dividend policy and consider the solvency test when paying dividends. The Company is regarded as solvent if it is able to pay its debts as and when the debts become due within 12 months immediately after the distribution is made.

ii. Financial Reporting

The Board aims to present a clear and balanced assessment of the Group's financial position and future prospects that extends to the annual and quarterly reports.

The Board ensures that the annual and interim financial statements are prepared so as to give a true and fair view of the current financial status of the Group in accordance with the approved accounting standards.

The final annual financial statements and annual report shall be examined by the auditors and, reviewed and approved by the Board at the Board meeting and signed jointly by two (2) Directors and the Chief Financial Officer (**CFO**), according to applicable law.



The Board shall ensure that at least twice a year, the Audit and Risk Committee (ARC) shall meet the Company's auditors without the presence of the Company's Management.

iii. Company's Auditors

The Board has established formal and transparent arrangements for considering how financial reporting and internal control principles will be applied and for maintaining an appropriate relationship with the Company's auditors through the ARC.

The ARC also keeps under review the scope and results of the audit, its cost effectiveness, and the independence and objectivity of the Company auditors. The ARC ensures that the Company's auditors do not supply a substantial volume of non-audit services to the Company.

iv. Control of Business Operation

The Board shall oversee the overall organisation of the Company's and its subsidiaries' (if any) operations. The Board shall remain informed of any condition that may have important impact on the operational activities, such as key market trends and conditions as well as customer relations.

v. Risk Management

The Board shall ensure that risk management activities are embedded in all aspects of the Company's activities to pro-actively identify and deal with critical business risks related to the Company. All strategic, operational (financial and non-financial), corruption and legal risks of importance shall be taken into consideration.

The Board shall adopt a structured approach towards risk identification when dealing with the annual strategy planning to ensure that risk is an integral and explicit part of the strategy discussions.

The Board shall oversee that the Management aligns its decision making to the level of risk identified. As a minimum, the Board shall require that the Management to prepare and present an annual risk report outlining key risks, risk ownership and how identified risk has been and will be responded to. In addition, the Board shall keep itself updated on significant risks faced by the organisation by requiring that Management reports on any material risks at each Board meeting.

The Board shall ensure the system of internal controls and risk management are reviewed on a regular basis by the ARC.

vi. Related Party Transactions

The Board shall observe all relevant applicable laws on Related Party Transactions, and at all times ensure that agreements entered into between the Group and its major shareholder, a director or person connected with such director or major shareholder (Related Party Transactions), are made in writing and conducted on an arm's length basis, i.e. the transaction shall be made on the same conditions, including price, as if the transaction was



between unrelated parties. The wording "Transaction" comprises all agreements, but also includes all other kind of legal dispositions and arrangements.

The ARC is delegated to review Related Party Transactions and mandate for Recurrent Related Party Transactions to ensure compliance with applicable law and recommend any material related party transaction to the Board or Shareholders for approval in a resolution based on the threshold limit prescribed in the applicable law.

The Board shall ensure that the Group keep records of all Related Party Transactions, and that the ARC receives a report of all Related Party Transactions at each committee meeting, if applicable.

vii. Insider Trading

The Board shall ensure that the Company observes all applicable insider trading legislation, including the duties of confidentiality, insider list and prohibitions against trading.

The members of the Board shall notify the market of any trades in the Company's shares as required by applicable law.

viii. Shareholders' Communication and Preparation of Shareholders Meetings

The Board shall prepare issues to be dealt with at shareholders' meetings and use the shareholders' meeting to communicate with investors and encourage their participation.

The Board acknowledges the need for shareholders to be informed of all material business matters affecting the Group and shall ensure that the Company has in place a policy to enable effective communication with its shareholders and other stakeholders.

ix. Board Appointments

The appointment of a new Director is a matter for consideration and decision by the full Board upon appropriate recommendation from the Nomination Committee (NC). Further, in identifying candidates for appointment of Directors, the Board does not solely rely on recommendations from existing Board members, Management or major shareholders. The Board utilises a variety of independent sources to identify suitably qualified candidates.

The qualifications for Board membership are, amongst others, the following:

- a) The ability to make informed business decisions and recommendations;
- b) An entrepreneurial talent for contributing to the creation of shareholder value;
- c) Relevant experience in regional and/or international markets;
- d) Education and experience that provides knowledge of business, financial, governmental or legal matters that are relevant to the Company's business or to its status as a publicly owned company;
- e) Ability to ask probing operational related questions, and exhibit high ethical standards and sound practical sense;
- f) Sufficient available time to be able to fulfil his/her responsibilities as a member of the Board and any of the Committees to which he/she may be appointed; and



- g) Total commitment to furthering the interests of shareholders and the achievement of the Company's goals.

The NC will annually review the required mix of skills, experience and other requisite qualities of Directors and undertake an annual assessment of the effectiveness of the Board as a whole, its Committees and the contribution of each individual Director.

- x. Tenure of Directors

The tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the 9 years, an Independent Director may continue to serve on the Board subject to the Director's re-designation as a Non-Independent Director. The Board may, in exceptional cases, subject to the assessment of the Nomination Committee on an annual basis, recommend and subject to valid justifications and obtaining shareholders' approval, retain an Independent Director who has served a cumulative term of nine (9) years as independent Director of the Company.

Further the term of office of Board members shall be organised in a manner that ensures there is a smooth transition. The Board shall undertake an assessment of its Independent Directors annually.

- xi. Succession Planning

The Board should ensure that succession planning programmes are in place for the orderly succession of the CEO and senior management.

- xii. Directors' Remuneration

The Company aims to set remuneration at levels which are sufficient to attract and retain the Directors needed to run the Company successfully, taking into consideration all relevant factors including the function, workload and responsibilities involved, but without paying more than is necessary to achieve this goal.

In fixing the remuneration to be paid to Directors who are not employees of Telenor serving on the Board and on Board Committees, the Board will consider the following:

- a) The compensation that is paid to Directors of other companies which are comparable in size to the Group.
- b) The amount of time it is likely Directors will be required to devote in preparing for and attending meetings of the Board and the Committees on which they serve.
- c) The success of the Company (which may be reflected in compensation related to the price of the Company's shares).
- d) If a Committee on which a Director serves undertakes a special assignment, the importance of that special assignment to the Group and its shareholders.
- e) The risks involved in serving as a Director and a member of Board Committees.



xiii. CEO, CFO, Employees and Independent Non-Executive Directors

The Board shall appoint (and dismiss) the Company's CEO and CFO. The Board shall set the CEO's terms of employment. However, the employment terms for the CFO and/or other members of the senior management are delegated to the CEO as per Digi Delegation Authority Matrix.

The Board shall devise rules of procedure for the CEO position in accordance with the template rules of procedure for the CEO

The Board shall oversee and undertake an annual evaluation of the CEO's execution of his/her duties.

The Board shall determine the remuneration of the Independent Non-Executive Directors with the Director concerned abstaining from deliberation and voting on decision in respect of his individual remuneration.

The Board shall establish conditions, costs and the risk situation in the Company's pension and personal insurance schemes, if any, in accordance with Company Governing Documents.

xiv. Internal Audit

The Board has overall responsibility in maintaining a system of internal controls, which provides reasonable assurance of effective and efficient operations, and compliance with laws and regulations as well as with internal policies and procedures.

The Company has a well-resourced internal audit function, which critically reviews all aspects of the Company's activities and its internal controls. Comprehensive audits of the practices, procedures, expenditure and internal controls of all business and support units and subsidiaries are undertaken on a regular basis. The Head of Internal Audit has direct access to the Board through the ARC.

The Board shall each year review the proposal for an internal audit plan and monitor the performance of the plan for the previous year. Each quarter, as a minimum, the Board shall receive a summary of any "Red" and "Orange" audit reports as well as a summary of the implementation status of agreed Management actions, highlighting long outstanding or critical deviations. The internal auditor shall be independent of the ordinary business of the Company and report directly to the ARC.

xv. Reported concerns and Investigations

The Board shall at each Board meeting receive an update on any material investigations currently in progress or completed since the previous meeting. Each quarter, as a minimum, the Board shall receive an overview of reported incidents for the current previous year and their categorisation. In the first meeting of a year, the Board shall receive an overview of reported incidents for the previous year.

xvi. Compliance Risks



The Board shall keep itself informed of the Company's compliance risks and shall ensure that the Company has adequate procedure to minimum such risks and to resolve established compliance incident.

xvii. Business security risks

The Board shall oversee that business security risks are managed proportionally and effectively to ensure protection of information and other assets. As a minimum, the Board shall request that Management presents a report once a year with an overview of the business security strategy, the business security risk picture and all mitigating activities put in action.

xviii. Health and Safety & Personnel Security

The Board shall oversee that the Group have adequate procedures to ensure a proactive OHS&S culture for securing the Health, Safety and Personnel Security for the employees. The Board shall request that Management reports on a quarterly basis on Fatalities, Lost Time Injury Frequency, Sickness Absence Frequency, serious near miss incidents and possible changes to HS&S risk picture for the coming period. In addition, the Board shall, once a year, get a presentation of the yearly HS&S management system review.

xix. Supply Chain Sustainability

The Board shall oversee that the Group has acceptable resources and procedures to ensure that there is adequate control over all supply chain risks. The Board shall ensure that Management prepares and presents a report at least twice a year setting out key highlights of the supply chain sustainability activities and major incidents. The report must also highlight any current or foreseen challenges in this area.

xx. Corruption Risks

The Board shall ensure that the Group has adequate procedures in place to prevent Digi from being involved in corruption. The Board shall as a minimum require that the CEO conducts a yearly risk-based review of such corruption risk procedures and ensure that any weaknesses, if discovered, are remediated. The review shall be dealt with by the ARC and Board in their meeting respectively.

xxi. Diversity

The Board shall approve Digi's policies in relation to Board diversity, set and assess measurable objectives in relation to Board diversity.

xxii. Competition Law Compliance

The Board shall ensure that the Group has adequate procedures in place to prevent Digi from being involved in competition law infringements. The Board shall as a minimum ensure that the CEO conducts a yearly risk-based review of such procedures and ensure that any weaknesses, if discovered, are remediated. The review shall be dealt with by the Board in a Board meeting.



xxiii. Board Evaluation

The Board shall carry out an annual self-evaluation and/or peer evaluation on the effectiveness of the Board as a whole, of each individual Director and the different Committees established by the Board. The NC is delegated the responsibility to perform the Board evaluation and report the results to the Board.

The Board may engage independent experts periodically to facilitate objective and candid Board evaluation.

xxiv. Access to Information and Advice

All Directors should have equal access to all Company information and Management within the Group, whether collectively as a Board or in their individual capacity, to assist in the discharge of their duties and responsibilities as Directors of the Company. Management shall supply accurate and complete information to the board in a timely manner to enable the Board to discharge its duties effectively.

The Board may initiate the investigations or seek professional advice it considers to be necessary in order to carry out its administrative and supervisory tasks. The Board shall also initiate the necessary investigations that may be required by one or more board members. The cost of the investigation or professional advice sought in connection therewith shall be reimbursed by the Company but the Board member(s) will ensure, so far as practicable, that the cost is reasonable.

All directors have access to the advice and services of the Company Secretary.

xxv. Induction and Training

New Directors appointed to the Board shall participate in the Mandatory Accreditation Programme (MAP) pursuant to the Bursa Listing Requirements and undertake an induction programme facilitated by the Company Secretary to assist them in fulfilling their duties and responsibilities.

The Company shall provide adequate training and orientation for new Directors with respect to the business structure and management of the Group as well as the expectations of the Board with regard to their contribution to the Board and Group.

Directors are also expected to undertake any necessary professional education or training programme to enable them to discharge their duties and keep up to date with relevant issues.

**8. DIVISION OF WORK BETWEEN THE BOARD AND CEO**

The CEO is responsible for the day-to-day management of the Company's operations and business, and shall adhere to the guidelines and instructions provided by the Board, including the rules of procedure for the CEO, and implementation of the Board's policies and decisions. The CEO's authority does not extend to matters outside the CEO's scope of the responsibilities pursuant to applicable law (i.e. matters of the Company that are unusual in nature or of major importance), this Charter or other instructions adopted or decisions made by the Board.

The CEO shall ensure that the Company's financial statements are in accordance with legislation and regulations and that the capital management is managed satisfactorily.



The Board can, at any given time, request the CEO to provide the Board with a detailed account of specific issues. This can also be requested by individual Board members.

As often as the Board deems it necessary, the CEO shall, either in writing or in a meeting, report to the Board on the Company's operation and its situation, as well as on the profit performance as determined by the Board and/or described in the rules of procedure for the CEO.

## **9. CHAIR OF THE BOARD AND CEO**

Digi aims to ensure a balance of power and authority between the Chair of the Board and the CEO with a clear division of responsibility between the running of the Board and the Company's business respectively. The position of Chair and CEO are separated and clearly defined.

The Board shall appoint one of its members to be Chair of Board in accordance with the Constitution of the Company. The Chair is responsible to :

- Provide leadership for the Board, ensuring effectiveness on all aspects of its role, ensuring the Board plays a full and constructive part in determining the Company's strategies and policies and that the Board decisions taken are in the best interest and fairly reflect Board's consensus.
- Setting Board agenda alongside the CEO and the Company Secretary, ensuring adequate time is available for discussion of all agenda items and Board members receive complete and accurate information in a timely manner;
- Encourage active participation and allow dissenting views to be freely expressed, and promote a culture of openness in ensuring no one Director dominates the discussion;
- Manage the interface and act as the main conduit between the Board and Management;
- Lead the Board in establishing and monitoring good corporate governance practices in the Company;
- Ensure effective communication with shareholders;
- Facilitate the effective contribution of non-executive directors and ensuring constructive relations between executive and non-executive directors, and
- Act on the results of Board performance evaluation by recognising the strengths and addressing the weaknesses of the Board.

The CEO, in association with the Chair, is accountable to the Board for the achievement of the Group's mission, goals and objectives and the CEO is accountable to the Board for the observance of Management's limitations. The responsibilities of the CEO are described in the Rules of Procedures for CEO as annexed therein.

## **10. DISQUALIFICATION OR CONFLICT OF INTERESTS**

Board members are not permitted to take part in the processing or decision of issues that have such significance to them or any closely related parties that they must be regarded as having a distinct personal or financial special interest in the issue. This also applies to the CEO.



In addition to abstention from deliberation and voting, every director or CEO who has a direct or indirect interest in any contracts or arrangement with the Company shall immediately declare his interest to the Board.

An actual, potential or perceived conflict of interest shall not necessarily disqualify an individual Director from the Board provided that full disclosure of the interest has been made in good faith and due honesty.

#### **11. CONFIDENTIALITY**

All information and documentation received by the Board from the Company shall be treated as confidential, unless otherwise expressly decided by the board. All board members are responsible for ensuring that any material received is properly protected and remains confidential.

If any information shall be provided to third parties, this shall be provided by the Chair-or the CEO if so agreed with the Chair.

The confidentiality obligation shall continue to apply after the board member has ceased to be a board member.

The Chair may provide such information at the Company's General Meeting if deemed necessary and in accordance with corporate disclosure requirements.

#### **12. REVIEW OF BOARD CHARTER**

This Charter shall be periodically reviewed and may be amended by the Board as it deems appropriate to ensure its relevance and effectiveness.

This Board Charter was reviewed and approved by the Board of Directors on 11 March 2020.