

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 6947  
**COMPANY NAME** : Digi.Com Berhad  
**FINANCIAL YEAR** : December 31, 2020

## OUTLINE:

### **SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE**

*Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.*

### **SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

*Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.*

## SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

*Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.*

### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.1

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board shoulders the ultimate responsibility of determining the direction of the Digi Group, assisting in the fine-tuning of corporate strategies and ensuring effective execution of these strategies and necessary resources are in place to meet its objectives to protect the interests of the shareholders and stakeholders of Digi Group.</p> <p>The Board recognises that a healthy corporate governance culture defined on the principles of transparency, objectivity and integrity are fundamental to Digi's business purpose and strategy. In order to ensure the effective discharge of its functions, the Board has delegated its specific powers of the Board to the relevant Board Committees, the Chief Executive Officer (CEO), who heads the Management Team (DMT) and Management Committees.</p> <p>Three (3) Board Committees namely the Audit and Risk Committee (ARC), Nomination Committee (NC) and Remuneration Committee (RC) are set up to perform its oversight function of the Board. These Board Committees have each specific responsibility all of which are governed by clearly defined terms of reference which are available on Digi's website at <a href="https://digi.listedcompany.com/corporate_governance.html">https://digi.listedcompany.com/corporate_governance.html</a>.</p> <p>The Board delegates the implementation of its strategies to the DMT that plays a critical role in setting the tone from the top in championing behaviour in committing to ethical values and our Digi Way of Work. Meanwhile, the Board remains ultimately responsible for corporate governance and the affairs of the Company.</p> <p>The CEO is accountable to the Board for the achievement of the Group's mission, goals and objectives alongside the observance of management's limitations. The CEO, together with the DMT, reports to the Board the operational, regulatory and financial performance of the Group on a quarterly basis and as and when required.</p>

Various Management Committees comprising key DMT members have been established to oversee the areas of business operations assigned to them under their respective documents mandates. These Committees are: -

- The Vendor and Investment Committee that governs the approval process regarding material capital investments and operating expenditure for Digi including the review and approval of the vendor evaluation criteria and vendor selection. The Commercial Forum governs the decision-making process for commercial issues and is managed by Marketing.
- The Regulatory Steering Committee provides direction and makes decisions on regulatory matters and/or related topics that have a significant impact on Digi.
- The Risk Management Forum reviews and deliberates on the significant risks reported across Digi and makes decisions on the coordinated action plans necessary to mitigate risks. The monthly Forum is chaired by the CFO with DMT as members of the Forum.
- Responsible Business Forum oversees Digi's Sustainability focus and Environment, Social and Governance (ESG) performance.

Digi has an established Delegation Authority Matrix (DAM) providing a framework of authority and accountability. The DAM outlines approval authority for strategic, capital and operational expenditure approved by the Board. The DAM is reviewed and approved by the Board in line with changes in business needs.

However, the Board retains full responsibility for guiding and monitoring the Company, in discharging its responsibilities. The Board had in December 2020 deliberated the Digi's 3-Year Strategy Plan from year 2021 to 2023, the Preliminary Financial and Operational Targets for 2021 as well as the Build Plan & Capital Expenditure Allocation 2021 and approved the strategy plans thereon.

The Board constantly reviews management's performance and provides leadership within a framework of prudent and effective controls which enable risks to be appropriately assessed and managed.

Notwithstanding that, the Board also involves in any matters that have significant impact on Digi's business, including, and not limited to, issues within objectives and strategies, operations, finances and employees.

The Board ensures that Digi's strategic plan supports long term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability. The Board is aware of the

	<p>significant financial and non-financial elements that could result in exposures and alter the risk profile accordingly.  The Board is guided by the Board Charter and the DAM to ensure an optimal structure for efficient and effective decision making in Digi.</p>	
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

## Practice 1.2

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Chair of the Board, Mr Haakon Bruaset Kjoel is a Non-Independent Non-Executive Director and he plays an effective role as Chair of the Board by:</p> <ul style="list-style-type: none"> <li>(a) leading the Board in establishing and monitoring good corporate governance practices in the Company, including but not limited to inclusion of corporate governance element as agenda item for discussion at Board meetings;</li> <li>(b) providing leadership, demonstrating strong commitment and judgement in overseeing management function;</li> <li>(c) ensuring the Company's decisions taken are in the best interest of shareholders and other stakeholders as well as fairly reflect the Board's consensus;</li> <li>(d) facilitating board meetings to ensure effective contribution by all Directors and allows dissenting views to be freely expressed, promotes a culture of openness in ensuring no one Director dominates the discussion;</li> <li>(e) managing the interface and act as the main conduit between the Board and Management in ensuring constructive relations; and</li> <li>(f) acting on the results of Board performance evaluation by recognising the strengths and addressing the weaknesses of the Board.</li> </ul> <p>The details of the roles and responsibilities of the Chair of the Board have been clearly specified in the Board Charter, which is available on Digi's website at <a href="https://digi.listedcompany.com/corporate_governance.html">https://digi.listedcompany.com/corporate_governance.html</a>.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.3

The positions of Chairman and CEO are held by different individuals.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The positions of Chair of the Board and CEO are held by two (2) different individuals. The Chair, Mr Haakon Bruaset Kjoel leads the Board with a keen focus on governance and compliance while ensuring its effectiveness whereas the CEO, Mr Albern Murty ensures effective implementation of the Board's policies, achieves strategic and performance targets, exercises high levels of business judgment and manages the relationships with stakeholders and the public.</p> <p>The clear distinction between the roles of the CEO and the Chair of the Board is to ensure a balance of power and authority, making sure that no one individual has unfettered decision making power.</p> <p>The distinct and separate roles and responsibilities of the Chair and CEO are clearly articulated in the Board Charter and CEO Charter which are available on Digi's website at <a href="https://digi.listedcompany.com/corporate_governance.html">https://digi.listedcompany.com/corporate_governance.html</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.4

The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Board is supported by two (2) suitably qualified and competent Company Secretaries in discharging their functions. The Company Secretaries play an advisory role to the Board and are qualified under Section 235(2) of the Companies Act 2016 (the Act), experienced, and competent in performing their duties. The Company Secretaries carry out, among others, the following tasks:</p> <ul style="list-style-type: none"><li>• statutory duties as specified under the Act, Listing Requirements and other relevant laws and regulations;</li><li>• 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;</li><li>• monitoring corporate governance developments and assisting the Board in applying governance practices to meet the Board's needs and stakeholders' expectations;</li><li>• attending and ensuring that all Board and Shareholders' meetings are properly convened, pertinent issues discussed and decided upon, and conclusions are properly recorded;</li><li>• following-up on the action points and implementation of the Board's decisions to Management;</li><li>• facilitating the provision of information to the Board and Board Committees, and between Directors and Management from time to time;</li><li>• facilitating the orientation of new Directors and assist in Directors' training and development;</li><li>• ensuring availability of information required by new Directors for the proper discharge of their duties;</li><li>• supporting the Board in ensuring adherence to Board's policies and procedures; and</li><li>• providing full access and services to the Board and carrying out other functions deemed appropriate by the Board from time to time.</li></ul> <p>All Directors have full access to the advice and services of the Company Secretaries who ensure that Board procedures are adhered to at all times during meetings and advise the Board on matters including corporate governance issues, and Directors' responsibilities in complying with relevant legislations and regulations.</p>

	The removal of Company Secretaries, if any, is a matter for the Board to decide collectively.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.5

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The agenda for the meeting of the Board is set by the Chair in consultation with the CEO and the Company Secretaries. The agenda, the relevant reports and Board materials are furnished to Directors via electronic Board portal at least seven (7) days prior to the meetings to allow Directors sufficient time to peruse the materials, thereby facilitating effective discussion and decision making during the meeting. Exceptions may be made for certain ad hoc or urgent instances when Directors unanimously consent to short notice. The Board has a regular schedule of matters which are typically on the agenda and is reviewed during the course of the year.</p> <p>The proceedings of and resolutions passed at each Board and Committee meetings are minuted by the Company Secretaries and the minutes are circulated within a reasonable timeframe for comments and/or confirmation.</p> <p>The minutes of meetings record the decisions, including key deliberations, rationale for each decision made, any concerns or dissenting issues and matters where Directors abstained from voting or deliberation. Minutes of each meeting are kept at the registered office.</p> <p>The Company Secretaries are responsible to ensure Board's decisions and recommendations are communicated to the relevant Management. The Company Secretaries will also follow up with the Management on status of actions taken with reference to the previous minutes of meetings for updating to the Board. All action items would be tracked as matters arising in the minutes of meetings until they are resolved.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
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### Intended Outcome

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

### Practice 2.1

The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is guided by the principles contained in the Malaysian Code on Corporate Governance (MCCG), the Board Charter and the Delegation Authority Matrix, which set out the practices and processes in the discharge of its responsibilities, roles and responsibilities of the Board, Board Committees, individual Directors and Management, matters that are reserved for Board's consideration and decision making, specific focus areas that require attention from the Board, 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.</p> <p>The key matters reserved for the Board's full decision-making powers as stated in the Board Charter include conflict of interest issues relating to a substantial shareholder or approving related party transactions, material acquisitions and disposition of assets not in the ordinary course of business including significant capital expenditures, strategic investments, mergers and acquisitions and corporate exercises, Digi Delegation Authority Matrix, treasury policies, risk management policies and key human resource issues.</p> <p>The Board Charter and Terms of Reference (TOR) for Board Committees are periodically reviewed and updated in accordance with the needs of the Company and any new/revised regulations in ensuring optimal structure for efficient and effective decision making. In March 2021, the Board reviewed and approved the revisions to the Board Charter and TOR of the Audit and Risk Committee.</p> <p>The Board Charter and TORs are published on Digi's website at <a href="https://digi.listedcompany.com/corporate_governance.html">https://digi.listedcompany.com/corporate_governance.html</a>.</p>
<b>Explanation for departure</b>	:	

*Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.*

<b>Measure</b> :		
<b>Timeframe</b> :		

### Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

### Practice 3.1

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p><b>A) Digi Code of Conduct (Code)</b></p> <p>The Board has adopted and implemented a Code which is a vital and integral part of Digi Group's governance regime. It defines Digi' Group's core principles and ethical standards in conducting business with all stakeholders in a responsible manner and in accordance with the relevant laws and regulations. The said Code is based on the following four principles:</p> <ol style="list-style-type: none"><li>1) We play by the rules: We follow laws, regulations and our policies, and, if in conflict we uphold the highest standard;</li><li>2) We are accountable for our actions: We actively seek information, understand our responsibilities, and recognise our wider impact on the societies in which we operate;</li><li>3) We are transparent and honest: We are open and truthful about our challenges; and</li><li>4) We speak up: We ask questions when in doubt and raise concerns without fear of retaliation.</li></ol> <p>The Code sets Digi's expectations on Digi employees and Board members, identifies risks and provides guidance on the following areas:</p> <ul style="list-style-type: none"><li>• anti-corruption</li><li>• business partners</li><li>• competition</li><li>• confidentiality and information handling</li><li>• conflict of interest</li><li>• climate and environment</li><li>• financial integrity and fraud</li><li>• gifts, hospitality and travel</li><li>• health, safety and people security</li><li>• human rights and labour rights</li><li>• insider trading</li><li>• money laundering</li></ul>

- privacy
- news and social media
- public officials
- safeguarding our assets
- workplace environment
- how to speak up

The principles and provisions in the Code have been incorporated in other relevant Digi Group’s governing documents where appropriate. All employees including the Board Members are required to read and confirm that they have read and understood the Code, and will comply with it.

The Code does not apply directly to Digi’s business partners. However, as part of Digi Group’s responsible business practices, Digi has implemented relevant measures to ensure association with business partners that operate in accordance with the highest ethical standards. In this regard, since 2018, Digi conducts integrity due diligence on its key business partners to validate their respective backgrounds. This is to ensure that Digi’s business relationship with Business Partners do not pose unacceptable compliance risks pertaining to subject matters such as corruption, fraud, money laundering, trade sanctions, privacy, business security, health and safety, human rights and the environment. In addition, business partners are also required to accept and comply with Digi’s Agreement on Responsible Business Conduct and its Supplier Conduct Principles.

**B) The Audit and Risk Committee (ARC)**

The ARC oversees the implementation and effectiveness of Digi Group’s Compliance Plan. Digi’s Compliance Officer is responsible for preparing an annual Compliance Plan for the purpose of carrying out activities such as periodic employee communications and training on the Code, Policies and Manuals. These activities include dilemma trainings, Digi-wide campaigns and eLearning sessions. Digi’s Compliance Officer provides quarterly updates to the ARC on the said Compliance Plan. These updates include completion rates of eLearning modules, employees’ acceptance of the Code and details pertaining to training sessions conducted in Digi.

In addition to the ARC’s responsibilities pertaining to the compliance plan, the ARC also oversees compliance risk in Digi. Digi’s Compliance Officer provides bi-annual updates to the ARC on compliance risk assessments. These include updates on compliance risk assessments on specific subject matter, identification of appropriate mitigation steps and implementation status of the said mitigation steps.

The ARC also reviews compliance cases reported and the disciplinary action taken for the said reported cases.

The Code is accessible on Digi’s website at <https://www.digi.com.my/about-us/governance/code-of-conduct>.

<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

### Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

### Practice 3.2

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Digi updated its Whistleblowing Policy in 2020. The objective of this Whistleblowing Policy is to provide an avenue for employees, business partners, customers and the general public to speak up anonymously or otherwise about any malpractice involving Digi or breach of Digi Group’s Code of Conduct (Code), Agreement on Responsible Business Conduct and Supplier Conduct Principles.</p> <p>A reporter may raise a complaint/blow the whistle via several channels:</p> <ul style="list-style-type: none"> <li>i. Report via the Integrity Hotline, which can be assessed at <a href="http://telenorhotline.ethicspoint.com">http://telenorhotline.ethicspoint.com</a></li> <li>ii. Reports directly to Digi Management/leaders, Digi’s Compliance Officer, or to Digi’s Internal Audit Department (Digi IA).</li> </ul> <p>Digi IA, Digi Compliance and the various governance functions within the Company work closely in carrying out and concluding investigations as well as taking appropriate action including legal action where appropriate.</p> <p>Pursuant to the Code and Whistleblowing Policy, where applicable, any failure by a Digi employee to report a breach of the Code will warrant an immediate inquiry and appropriate disciplinary action, including an up to dismissal based on the gravity of the breach.</p> <p>The Audit and Risk Committee (ARC) is responsible to oversee the reports raised by whistle blowers, with a view to ensure objective and independent investigations are carried out on the said reports. Digi IA, and Digi Compliance provide quarterly updates to the ARC on reported cases as well as the follow up actions on the same.</p>
<b>Explanation for departure</b>	:	

*Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.*

<b>Measure</b> :		
<b>Timeframe</b> :		

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 4.1

At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>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 Board composition is balanced and complies with Paragraph 15.02 of the Main Market Listing Requirements of Bursa Malaysia (MMLR) of at least 2 or 1/3 of the Board of Directors are Independent Directors.</p> <p>In view of the need to ensure independent and objective judgement in Board deliberations, all Independent Directors of Digi have no relationships with other Board Members or other telco industry or to persons connected to them, directly or indirectly. Besides, the Independent Directors are knowledgeable about the Company's business strategies, market and competitors in the telco industry. The Independent Directors are of high calibre with diversified background and wide skills and in-depth experience in boardroom and leadership positions.</p> <p>As a Member of the Board, the Independent Directors take their roles and responsibilities to shareholders and other stakeholders seriously and hold constant discussions and deliberations during Board and Board Committees meetings. They are also open to raise ideas and offer different views in deliberations during Board or Board Committees meetings. They do not shy away from asking hard and uncomfortable questions during deliberations and willing to challenge Management if answers provided are not satisfactory.</p> <p>The Independent Directors are constantly engaging in in-depth dialogues with the CEO and Digi Management Team including taking initiatives to have strategy review discussion and bringing their breadth of knowledge to the Board's deliberation. They are able to exercise strong independent judgment and provide check and balance to the Board with their unbiased and independent views as to foster greater objectivity in the boardroom. During the year 2020, Digi has held a total of seven (7) Board meetings dealing in finance, operational and strategies issues.</p>

	<p>In addition, the assessment on independence of the Independent Directors are conducted on an annual basis based on the criteria of independence in the MMLR and other criteria, in particular their abilities to exercise their objective and independent judgement to act in the best interests of the Company.</p> <p>In order to enhance the independence of the Independent Directors, the following provisions are implemented: -</p> <ol style="list-style-type: none"> <li>1) Board's decisions are made objectively in the best interest of Digi taking into account diverse perspective and insights;</li> <li>2) Rotation of Non-Executive Director in every three (3) years and be eligible for re-election subject to the shareholders' approval;</li> <li>3) Key Senior Management do not sit on the Board or Board Committees; and</li> </ol> <p>Digi's Chair continuously draws on the expertise and perspective of all the Directors during deliberations to ensure robust discussion in Board meetings and had shown his commitment to raise and deal with tough issues arising.</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>	<p>:</p>	<p>Tan Sri Saw Choo Boon acts as the Senior Independent Director to provide a sounding board to the Chair. He ensures that each Non-Executive Director is given due consideration and where necessary, to act as a communication channel between Independent Directors and Non-Independent Directors to ensure proper checks and balance are in place. In areas of conflict of interest, the Chair will abstain from relevant discussions and deliberations. Tan Sri Saw is also available to respond to shareholder's concerns when contact through the normal channel is inappropriate.</p>
<p><b>Timeframe</b></p>	<p>:</p>	<p>Others</p> <p>Digi intends to maintain current Board composition. In addition, Digi has obtained the approval for waiver to comply with paragraph 3.2C of Practice Note 9 of MMLR pursuant to the disclosure of the timeframe for adoption of practice 4.1 of MCCG in the Company's CG Report, from Bursa Malaysia via its letter dated 5 March 2021.</p>

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 4.2

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.

<b>Application</b>	:	Applied - Annual shareholders' approval for independent directors serving beyond 9 years
<b>Explanation on application of the practice</b>	:	<p>The provision in Board Charter relating to the nine (9) years independence limit as prescribed in Malaysian Code of Corporate Governance 2017 (MCCG 2017) has been reviewed and approved by the Board, to allow for re-designation of Independent Director who has served on Board for more than a cumulative term limit of nine (9) years as Non-Independent Director or if the assessment justifies, to be retained as Independent Director as prescribed under MCCG 2017, subject to shareholders' approval.</p> <p>The Board is of the view that in ensuring continuity, stability and orderly succession in the Board and/or Board Committees (if applicable), it is not possible at this point in time to adopt a nine (9) year term limit for Independent Director.</p> <p>Currently, there is none of the Independent Directors of the Company have exceeded the cumulative terms of nine (9) years.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 4.3 - Step Up**

The board has a policy which limits the tenure of its independent directors to nine years.

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

## Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

## Practice 4.4

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Board has adopted a formal policy on diversity of the Company by taking into account the number of aspects in designing the Board's composition, including but not limited to gender, age, culture and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard on the benefits of diversity on the Board.</p> <p>Appointment process for Directors and Senior Management are based on merit as well as objective criteria that assess competency, experience, skills and abilities. It also takes into account Digi's ambitions to be an inclusive and diverse organisation by paying attention to attributes such as gender, age, ethnicity and background. For financial year 2020, the Board members' skills and background are diverse ranging from accounting, legal, strategic planning, business management, telecommunication, Information Technology, Banking and Finance and science in engineering with average age from 37 to 73.</p> <p>The Nomination Committee has a vital role in achieving diversity on the Board and consider the following before making its recommendations of suitable candidates to the Board:</p> <ul style="list-style-type: none"><li>(a) To take into consideration the benefits from boardroom diversity and to appoint candidates based on merit and without prejudice, when reviewing the Board's composition;</li><li>(b) To consider the balance of skills, experience, independence, knowledge and the diversity of representation on the Board, as part of the annual performance evaluation on the effectiveness of the Board, Board Committees and individual Directors; and</li><li>(c) To implement and monitor the progress of the Diversity Policy towards the achievement of such objectives.</li></ul> <p>The Board Diversity Policy of Digi is accessible on Digi's website at <a href="https://digi.listedcompany.com/corporate_governance.html">https://digi.listedcompany.com/corporate_governance.html</a>.</p> <p>Digi has devised succession and development plans for senior women leaders in the Company in order for them to grow and create impact while developing their fullest potential as leaders in Digi and beyond.</p>

	<p>Diversity initiatives were accelerated in 2016 and over the last 5 years, Digi has organically achieved a great gender balance in the organisation, including at leadership layers. With the appointment of Inger Gløersen Folkeson as the Chief Financial Officer in March 2019, and Elisabeth Stene as Chief Human Resource Officer in October 2018, there are two females in the Senior Management team, while 48% of the extended management team is comprised of women. This has enabled Digi to build a diverse succession pipeline for the Senior Management team. In 2021, the focus would be on maintaining Digi's strength in diversity and to broaden the inclusion agenda.</p>	
<p><b>Explanation for departure</b></p>	<p>:</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>	<p>:</p>	
<p><b>Timeframe</b></p>	<p>:</p>	

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 4.5**

The board discloses in its annual report the company’s policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>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.</p> <p>Currently there are four (4) women serving as members of Digi Board reflecting a 57% female representation among Non-Executive Directors.</p> <p>The Board Diversity Policy of Digi is accessible on Digi’s website at <a href="https://digi.listedcompany.com/corporate_governance.html">https://digi.listedcompany.com/corporate_governance.html</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 4.6**

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 independent sources to identify suitably qualified candidates.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board does not solely rely on recommendations from existing Board Members, Management or Major Shareholders. Digi engages Independent search firm in identifying suitably qualified candidates as Independent Directors of Digi based on the criteria identified.</p> <p>Telenor which is the major shareholder nominates their representatives as Non-Independent Non-Executive Directors of the Company.</p> <p>The Nomination Committee is guided by its Terms of Reference in carrying out its responsibilities in respect of the nomination, selection, and appointment process in Digi.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 4.7**

The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board believes that the role of the Chair of Nomination Committee can be effectively carried out by an Independent Director in ensuring objectivity and independence in the deliberations of the Nomination Committee including the evaluation of the Board, Board Committees and individual Directors as well as the selection and appointment process.</p> <p>Tan Sri Saw, a Senior Independent Non-Executive Director chairs the Nomination Committee in 2020.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

### Practice 5.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out and its outcome.

For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has adopted a formal and objective annual evaluation of the Board, Board Committees and Directors' performance. The assessment took into account the contribution and performance of the Directors in relation to their competencies, time commitment, and experience in meeting the needs of the Company.</p> <p>The evaluation process was based on self/peer assessments whereby the Directors assessed themselves and also the Board as a whole as well as the performance of each Board Committee. The criteria and outcome of the assessment were properly documented.</p> <p>The evaluation process is led by the Nomination Committee ("NC") Chair and the Company Secretaries. Each Director conducts the evaluation based on online questionnaire accessible via the Board portal in a confidential manner.</p> <p>Based on the recent assessment, the NC was satisfied that the Board size and its composition are optimum as the Board comprises individuals with the requisite skills, knowledge, experience, characteristics and competencies to effectively discharge their roles. The Directors, Board Committees and key officers had also discharged their responsibilities in a commendable manner and contributed to the overall effectiveness of the Board and Company. The Directors had also committed the time necessary to responsibly fulfil their commitment to the Company during the year. There were a total of eight (8) Board meetings and twelve (12) Board Committees meetings during the financial year 2020.</p> <p>The Board engages the external Company Secretary who is from an independent external secretarial firm to facilitate the Board evaluation via evaluation forms. Our external Company Secretary from Boardroom Corporate Services Sdn Bhd assists in the preparation of documents for the annual evaluation and facilitates the evaluation which includes self and peer evaluation.</p>

	<p>Based on the evaluation, the Chair encourages and seeks all Directors' participation during Board meetings. The Independent Directors do not just rely on representation presented by Management but also raised their queries or concerns on papers presented to the Board or its Board Committees. The following feedbacks and areas for improvement from the Board Members: -</p> <ol style="list-style-type: none"> <li>1) maintain an appropriate balance between governance and performance. The Board has fared better in 2020 to evaluate the performance portion.</li> <li>2) receives additional information from Management that is critical to the core business of Digi in addition to Board materials.</li> <li>3) focus areas for 2020 Board agenda.</li> <li>4) management to engage more with Board on Strategy development and discussion.</li> </ol>	
<p><b>Explanation for departure</b></p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>		
<p><b>Timeframe</b></p>		

### Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company’s desire to attract and retain the right talent in the board and senior management to drive the company’s long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

### Practice 6.1

The board has in place policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The policies and procedures are periodically reviewed and made available on the company’s website.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board via the Remuneration Committee has responsibility over the establishment of Remuneration Policy framework for Directors and Senior Management and reviews the remuneration of Directors which is linked to the strategy objectives of the Group to ensure that Digi is able to attract and retain high-performing Directors and/or Senior Management.</p> <p>The Group’s Remuneration Policy for Non-Executive Directors, Remuneration Policy &amp; Procedure for Senior Management and Terms of Reference of Remuneration Committee are in place and are published on Digi’s website at <a href="https://digi.listedcompany.com/corporate_governance.html">https://digi.listedcompany.com/corporate_governance.html</a>.</p> <p>Digi engages independent/external Human Resource firm periodically to benchmark the remuneration of Senior Management against the market. At present, Digi’s Board and Senior Management remuneration remains competitive and is benchmarked against industry standards to attract and retain the right talent in Digi to drive the Group’s long-term objectives.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

### Practice 6.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Remuneration Committee of Digi has implemented policies and procedures on remuneration of Non-Executive Directors and Senior Management. Both policies and procedures are published on Digi's website at <a href="https://digi.listedcompany.com/corporate_governance.html">https://digi.listedcompany.com/corporate_governance.html</a>.</p> <p>The Remuneration Committee reviews and recommends the remuneration of Independent Directors for the Board's approval and subsequently for shareholders' approval pursuant to the Terms of Reference of the Remuneration Committee and Remuneration Policy of Non-Executive Directors. Digi does not have an Executive Director on Board. The Remuneration Committee has delegated to the CEO to determine the remuneration package for Senior Management under Digi Delegation Authority Matrix approved by the Board.</p> <p>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.</p> <p>At present, Digi's Board and Senior Management remuneration remains competitive and is benchmarked against industry standards to attract and retain the right talent in Digi to drive the Group's long-term objectives. To ensure the competitiveness of the remuneration of the Independent Directors, a benchmarking exercise on Board remuneration review against companies within the same industry was carried out by an external professional advisor, AON Hewitt in January 2019.</p>

	Digi engages an independent Human Resource firm to benchmark the remuneration of Senior Management to the market periodically.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

### Practice 7.1

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board collectively determined the remuneration for the Independent Directors based on the recommendation of the Remuneration Committee. Each of the Independent Directors has abstained from deliberating and voting on his or her own remuneration.</p> <p>The Board ensures that information relating to Directors' remuneration is made transparent to all shareholders in line with good corporate governance practice and the Main Market Listing Requirements of Bursa Malaysia. The detailed disclosure on Directors' remuneration for the financial year 2020 is disclosed on named basis for Digi and its subsidiaries in the Annual Report.</p> <p>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 or its subsidiaries.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

### Practice 7.2

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	Currently, Senior Management's remuneration is not disclosed in the annual report for confidentiality reason as it may be detrimental to the interest of the Company and individuals concerned. The Board wishes to give assurance that the remuneration of the Senior Management commensurate with their individual performance, taking into consideration of the Group's performance and achievement of key performance indicators. Market benchmark is also conducted on an annual basis to maintain a total compensation level which is competitive compared to the market.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Remuneration Committee will review the disclosure of the top five (5) Senior Management in the required band and on named basis.
<b>Timeframe</b>	:	Within 2 years

**Intended Outcome**

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

**Practice 7.3 - Step Up**

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

**Intended Outcome**

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee’s findings and recommendations.  
The company’s financial statement is a reliable source of information.

**Practice 8.1**

The Chairman of the Audit Committee is not the Chairman of the board.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Audit and Risk Committee (ARC) comprises three (3) independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director.</p> <p>The ARC is chaired by Vimala V.R. Menon, an Independent Non-Executive Director, with more than thirty (30) years of experience in Finance and General management. She is a Fellow of the Institute of Chartered Accountants in England and Wales, United Kingdom and a member of the Malaysian Institute of Accountants.</p> <p>The Chair of the ARC and is not the Chair of the Board, so as not to impair the objectivity of the Board’s view of the ARC’s findings and recommendations.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee’s findings and recommendations. The company’s financial statement is a reliable source of information.

**Practice 8.2**

The Audit Committee has a policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>None of the Audit and Risk Committee (ARC) members are former key audit partners of the External Auditors of Digi.</p> <p>The Terms of Reference of the ARC requires a former key audit partner to observe a cooling -off period of three (3) years before being appointed as ARC member by the Company, or any of its related corporations.</p> <p>This is to ensure that the objectivity, effectiveness and independence of the External Auditors are preserved.</p> <p>The Terms of Reference of the ARC is accessible on Digi’s website at <a href="https://digi.listedcompany.com/corporate_governance.html">https://digi.listedcompany.com/corporate_governance.html</a>.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.  
The company's financial statement is a reliable source of information.

### Practice 8.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board recognised the value of an effective Audit and Risk Committee (ARC) in ensuring the integrity in reporting and quality of audit in assisting investors in making an informed decision.</p> <p>This duty is discharged via reviewing the Company's financial statements and quarterly results to ensure completeness, adequacy and accuracy, in the presence of external auditors and internal auditors before recommending the same for Board's approval.</p> <p>On an annual basis, the ARC considers the reappointment, remuneration and terms of engagement of the external auditors. A formalised review procedure is used to assess the independence, objectivity and the service standards provided by the external auditors, inter alia, reviewing external auditors' performance and quality of work, the ability to meet deadlines, timeliness of key deliverables, including the provision of non-audit services.</p> <p>The ARC had conducted an assessment of the external auditors for the year 2020. Areas assessed included the level of knowledge, technical competencies, capabilities, adequacy of specialist support and the accessibility of senior audit partners and time committed. The external auditors confirmed to the Board their independence within the meaning of the provision of the Bye-Laws on Professional Independence by the Malaysian Institute of Accountants.</p> <p>Following the assessment, the ARC was satisfied with Messrs. Ernst &amp; Young PLT's technical competency and audit independence and recommended the re-appointment of Messrs. Ernst &amp; Young PLT for shareholders' approval at the forthcoming Annual General Meeting.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.  
The company's financial statement is a reliable source of information.

**Practice 8.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b> :	Not Adopted
<b>Explanation on adoption of the practice</b> :	

## Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

## Practice 8.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The review of the term of office and performance of the Audit and Risk Committee (ARC) and each of its members are conducted on an annual basis concurrently with annual Board assessment by the Nomination Committee pursuant to Paragraph 15.20 of the Main Market Listing Requirements of Bursa Malaysia (MMLR).</p> <p>Based on the results of the recent ARC evaluation, the Board is satisfied with the ARC's performance as the Chair and its members possess the necessary knowledge, experience, expertise and skills which contributed to the overall effectiveness of the ARC.</p> <p>All members of ARC are financially literate and have sufficient understanding of Digi's business and commercial expertise skills required to discharge their roles and responsibilities effectively. The composition of the ARC is set out in the Audit and Risk Committee Report while the profile of each member is disclosed in the Directors' profiles of the Annual Report.</p> <p>Vimala V.R. Menon is a Fellow of the Institute of Chartered Accountants in England and Wales, United Kingdom and a member of the Malaysian Institute of Accountants. The ARC, therefore, meets the requirement of Paragraph 15.09(1)(c)(i) of the MMLR, which stipulates that at least one (1) member of the ARC is a qualified accountant.</p> <p>The ARC ensures that the financial reports of the Company comply with applicable financial reporting standards.</p> <p>All ARC members keep abreast of relevant industry developments including accounting and auditing standards, business practices and rules, and enhance their skills through appropriate continuing education programmes and constantly update themselves on new statutory and regulatory requirements.</p>

	The details of training programmes attended by the Directors during the year under review are set out in the Integrated Annual Report 2020.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

## Practice 9.1

The board should establish an effective risk management and internal control framework.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board recognises its overall responsibility for establishing and overseeing Digi's system of internal control and risk management framework and ensuring the adequacy and effectiveness of the system.</p> <p>Digi has established its risk management framework that is designed to identify, assess and manage significant risks that may impede the achievement of business objectives and strategies whilst the internal control systems are designed to manage and minimise, rather than eliminate occurrences of material misstatement, financial loss or fraud.</p> <p>Management is responsible for implementing Board policies and procedures on risk management by identifying and evaluating risks and monitoring the risk vis-à-vis achievement of business objectives within the risk appetite parameters. The Board via the Audit and Risk Committee oversees the Company's risks through its quarterly review and deliberation on the key risks identified and responses in mitigating the risk exposures. The ARC also periodically reviews the process to ensure the internal control and risk management framework are adequate and effective.</p> <p>The Company's Risks Management processes are based on ISO 31000:2009 (a standard relating to risk management codified by the International Organisation for Standardisation) for the setting of objectives, risk identification, assessment, prioritisation, mitigation and monitoring.</p> <p>Details on internal control and risk management framework are set out in the Statement on Risk Management and Internal Control in the Integrated Annual Report.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		

<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

### Practice 9.2

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Management is responsible in managing the key business risks of the Group and implements appropriate internal control system to manage those risks. The Board via the Audit and Risk Committee (ARC) reviews the adequacy and effectiveness of the risk management framework and internal controls including technology security and control, and the, policies and compliance procedures in respect of key business practices.</p> <p>The features of its risk management framework and practices are disclosed in the Statement on Risk Management and Internal Control as part of the Integrated Annual Report, including the adoption of internationally recognised risk management framework, key risks areas and its relevant risk responses in mitigating the risk exposures. The Company's key risk is reviewed and its mitigation progress are reported to ARC on a quarterly basis, and the Board annually, or on ad hoc basis, when a material risk arises.</p> <p>The Internal Audit function assists the ARC in evaluating the effectiveness of the Company's risk management and internal control system through the implementation of its Internal Audit Plan. The ARC also obtains such assurance from Management and other assurance providers in ensuring the adequacy and effectiveness of its risk management and internal control systems.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

**Practice 9.3 - Step Up**

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

<b>Application</b> :	Not Adopted
<b>Explanation on adoption of the practice</b> :	

### Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

### Practice 10.1

The Audit Committee should ensure that the internal audit function is effective and able to function independently.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Internal Audit function is carried out by the Internal Audit department independently, and the Head of Internal Audit reports directly to the ARC. The internal audit function provides independent assurance over the areas reviewed on the effectiveness of Digi’s internal control system, based on the annual Internal Audit Plan approved by the Board of Directors. The purpose, authority and responsibility of the Internal Audit department are reflected in the Internal Audit Charter, which is reviewed and approved by the ARC annually.</p> <p>In fulfilling its responsibilities, the ARC reviews the performance of the Head of Internal Audit and holds private sessions without the presence of Management. This contributes to the effectiveness of the Internal Audit department in maintaining its ability to function independently.</p> <p>The internal audit reports are issued to Management for comments and to agree on remediation actions with corresponding deadlines committed. The reports are tabled, and the summary of key findings are presented to the ARC for deliberation to ensure that Management undertakes the agreed remedial actions. Management will be invited to present at the ARC meetings when major control weaknesses are highlighted by Internal Audit.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

### Practice 10.2

The board should disclose–

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Internal Audit department comprises seven (7) members, led by Serena Chin Hui Ling, who has experience in project management and auditing, in various industries such as broadcasting, property development, capital markets, banking and insurance. She holds a Bachelor of Business (Accountancy) degree from RMIT University and is a member of the Malaysian Institute Accountants.</p> <p>To preserve the independence of the Internal Audit function, its staff report to the Head of Internal Audit, who reports directly to the Chair of the ARC, and administratively to the Chief Executive Officer. The performance of the Head of Internal Audit is appraised by the ARC.</p> <p>The Head of Internal Audit confirms to the Committee, annually, the organisational independence of the internal audit function. All internal Audit staff are required to perform an annual declaration on their adherence to the Code of Ethics, and that they are free from any relationships or conflicts of interests, which could impair their objectivity and independence. Any non-conformance and/or conflicts of interest will be reported to either the Head of internal Audit or to the ARC.</p> <p>The Internal Audit department adopts the Institute of Internal Auditors International Standards for the Professional Practice of Internal Auditing and maintains a quality assurance and improvement programme covering its internal audit processes, which is subject to an annual internal assessment and an external assessment by a certified body once in five (5) years. In October 2020, the results of the Quality Assessment Review performed by Deloitte Risk Advisory, was presented and discussed with the ARC.</p>
<b>Explanation for departure</b>	:	

*Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.*

<b>Measure</b> :		
<b>Timeframe</b> :		

### Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

### Practice 11.1

The board ensures there is effective, transparent and regular communication with its stakeholders.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>In Digi, we utilise multiple communication channels to engage with our investment community on the development of Digi, which include our annual integrated reports, interim reports and media releases. Our corporate website (<a href="http://www.digi.com.my/investors">www.digi.com.my/investors</a>) is also the main communication channel for all shareholders, the investment community and the general public.</p> <p>The Covid-19 pandemic has reinforced the way we connect with our stakeholders. Our virtual engagements have risen throughout the year via various digital platforms, reflected our sharp focus on continuous stakeholder engagement despite the change of way of work.</p> <p>Meanwhile, we always ensure dissemination of information is made in a timely and accurate manner, particularly for all 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.</p> <p>In addition, all the filing of interim results or any major transactions in accordance with the relevant regulatory requirement on Bursa Malaysia's website, call conference or investment analyst briefing is scheduled on the same day to facilitate discussions on earnings performance, strategies and business operations or major transactions as well as to address clarifications from investment analysts and investors.</p> <p>Apart from the regular investor meetings, conference calls and site visits, Digi pro-actively engages institutional investors, fund managers and analyst via the participation in investors conferences and non-deal roadshows where Digi Management Team meets with existing shareholders and potential investors to provide updates on Digi's strategic focus, recent performances, and future prospects as well as to listen to their views.</p>

	<p>These regular dialogues between Digi Management Team and the investment community have 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.</p> <p>Based on the Covid-19 learning, we have also successfully organised our first virtual Annual General Meeting (“AGM”) in 2020. We believe in this new setup anchored on our seamless execution and modernised digital tools. A presentation on the Company’s performance, major activities during the year under review will be presented by the Chief Executive Officer. Our shareholders will also be provided with the opportunities to post questions and comment on the Company’s performance and operations.</p> <p>Lastly, shareholders and investors can also make inquiries about Investor Relations matters with Digi throughout the year via <a href="mailto:Invesrel@digicom.my">Invesrel@digicom.my</a>.</p>	
<p><b>Explanation for departure</b></p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>		
<p><b>Timeframe</b></p>		

### Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other’s objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

### Practice 11.2

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>This is the second year for the Company in its adoption of Integrated Reporting (IR) Framework set out by the International Integrated Reporting Council’s (IIRC). Digi’s first adoption towards this Reporting Framework was applied in the 2019 Integrated Annual Report, which was published in May 2020.</p> <p>We are currently fully integrating Sustainability Report and Sustainability Data Book into the upcoming 2021 Annual Integrated Report, which will be published in May 2021. The Board recognises our IR journey as the requirements of this global reporting framework continue to evolve and may take more than three (3) years to be fully compliant. This is mainly attributed to the extensive process of fully integrating Digi’s current reports which will require enormous coordination efforts, resources and time.</p> <p>Digi will gradually position the Company towards full adoption of integrated reporting by Financial Year 2023 through the establishment of necessary systems and controls as well as the presence of quality non-financial data which are necessary to support the development of an integrated report.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

**Practice 12.1**

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board considers the Annual General Meeting (AGM) as an invaluable platform for shareholders to engage the Board and Management of the Company in a productive and constructive two-way dialogue. As such, the Board strives to ensure that shareholders are accorded with sufficient time to prepare and accord due consideration to the resolutions that will be discussed and decided upon at the AGM.</p> <p>Digi's notice of AGM is sent to shareholders for not less than twenty-eight (28) days days prior to meeting date. In addition to sending notice, the Company also published the AGM Notice on the newspaper and on its website.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

**Practice 12.2**

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>All Directors including the chair of the respective Board Committee attend the last AGM. At the last AGM, the CEO provided shareholders with a presentation on the Group’s financial performance and operations. The Chair of the Board also shared with shareholders at the meeting and responded to questions submitted in advance by the Minority Shareholders’ Watchdog Group.</p> <p>Shareholders are invited to ask questions both about the resolutions being proposed before putting them to vote as well as matters relating to the Company’s operations in general and meaningful response were given to the questions raised.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

### Practice 12.3

Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate–

- including voting in absentia; and
- remote shareholders' participation at General Meetings.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>In line with the Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia, all resolutions put to general meetings have been voted by e-poll with an independent scrutineer appointed to validate the votes casted at the AGM. The outcomes of voting on the proposed resolutions have been disclosed to the market and posted on Digi's website after the AGM.</p> <p>At the coming AGM, Shareholders may participate and vote remotely via the facility at <a href="https://web.lumiagm.com">https://web.lumiagm.com</a>. Shareholders can register for remote participation Boardroom Smart Investor Portal prior to the meeting day to join the live streaming of the AGM proceedings and post questions to the Chair (Remote Meeting), and cast their votes online (Remote Voting).</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT  
CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

*Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.*

Not applicable
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