

Corporate Governance Overview Statement

OVERVIEW OF OUR APPROACH TO CORPORATE GOVERNANCE

Board of Directors (the Board) sets and steers the direction of Digi Group (Digi and its subsidiaries) and brings independent, informed and effective judgement on material decisions reserved for the Board. The Board also ensures that strategy, risk, performance and sustainable development considerations are effectively integrated and appropriately balanced. Recognising the importance of good corporate governance, the Board is committed to uphold high standards of business integrity and ethics and has worked with the management to maintain these standards throughout the course of the year. For a fair view of the Board's priorities and the Company's corporate governance practices in 2020, this statement is to be read together with the Corporate Governance Report (CG Report). The CG Report elaborates on the Company's application of each Principle of the Malaysian Code of Corporate Governance 2017 (MCCG 2017) for the financial year under review.

Summary of Corporate Governance Practices

Digi has applied all applicable Practices set out in the MCCG for the financial year ended 31 December 2020 save for:

Practice 4.1

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

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.

In line with the latitude provided in the application mechanism of the MCCG and the widely held notion that there is no "one-size fits all" modality in applying corporate governance practices, Digi has provided clear and forthcoming explanations for departures from the Practices in the MCCG. The explanations provided on the departures are supplemented with an articulation on the alternative measures that are in place to achieve the Intended Outcome of the departed Practices. Further details on Digi's application of each individual Practice of the MCCG are available on the CG Report which is available on Digi's website as well as via the announcement on the portal of Bursa Malaysia Securities Berhad (Bursa Securities).

Covid-19 response plan

In light of the Board's oversight responsibilities and as a matter of good corporate governance, the Board has worked closely with the Management to develop the Covid-19 response plan including the development of Business Continuity Plan (BCP), continuous evaluation on the potential disruptions to operations and business relationships, sustaining an open dialogue with Management on both the business risks and workplace health and safety issues, and reassessing long-term corporate strategy.

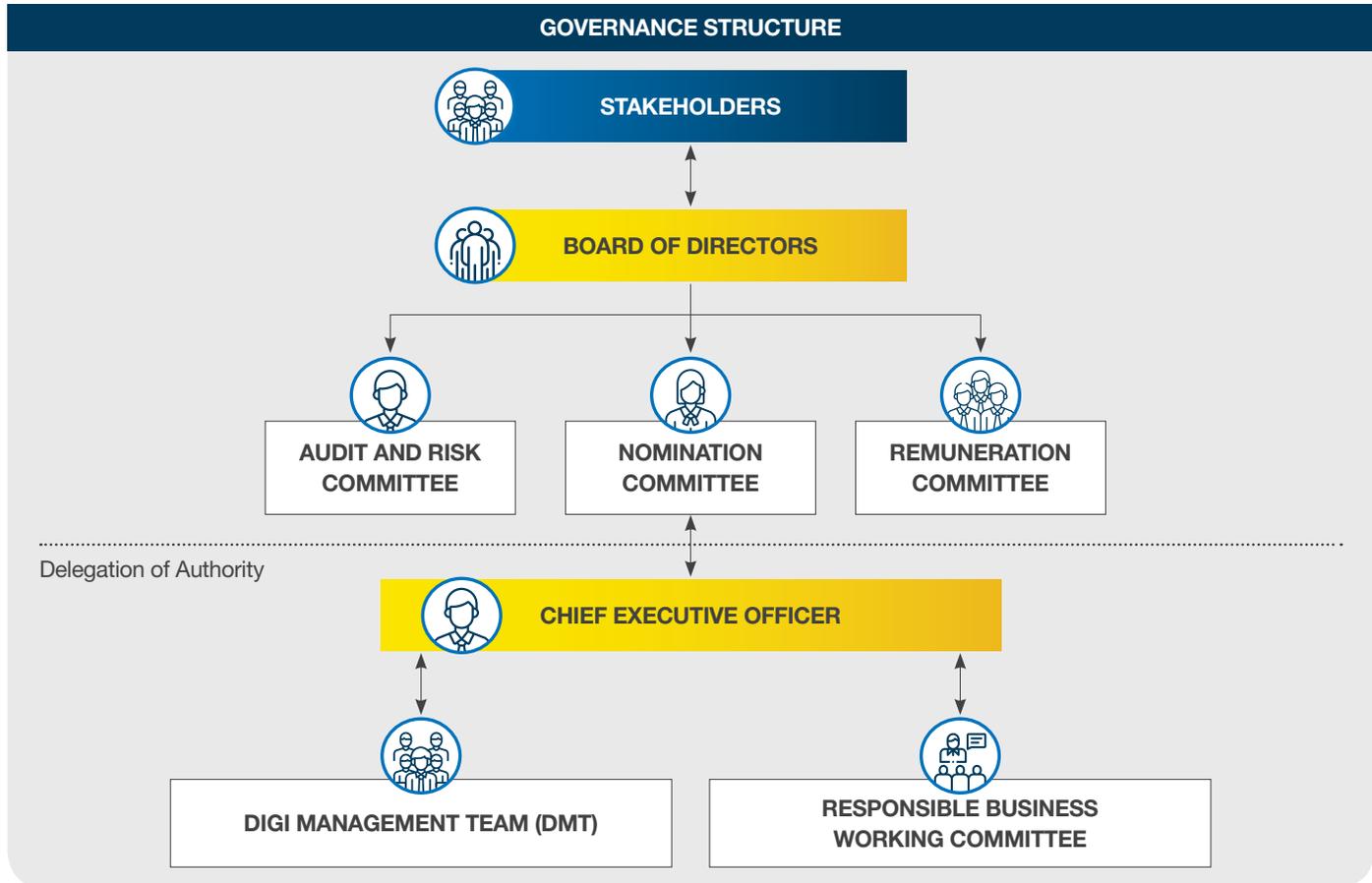
All Board meetings and communications are held through video conferencing during the Movement Control Order.

Statement by the Board on Corporate Governance

The Board is pleased to report to its shareholders that to the best of its knowledge, Digi has complied with and shall remain committed to attaining the highest possible standards of corporate governance through the continuous adoption of the principles and best practices of the MCCG 2017, and all other applicable laws. The status of the Company's application is reported in our CG report.

Corporate Governance Overview Statement

EMBRACING VALUES AND PRINCIPLES OF GOOD GOVERNANCE



The Board is dedicated to enhancing Digi's corporate governance practices which has shaped the way Digi operates. The Board believes in a structured governance to identify and manage Digi's business systematically to address risks and maximise the positive impact to the business, whilst conforming to global sustainability standards. Digi's approach is one of continuous improvement.

Digi's culture is defined through the Digi Way of Work, the Code of Conduct (the Code), Whistle Blowing Policy and Manual, Anti-Corruption Policy, No Gift Policy, and Health, Safety and Environmental (HSE) Policy. These policies are accessible in Digi's website at <https://www.digi.com.my/about-us/governance>. Various activities are conducted to increase awareness amongst employees, essential to instill a compliance culture within Digi's Group. Digi is committed to the highest standards of transparency and to be accountable for the impact on the operations, products and services, and environmental footprint of the value chain Digi operates in.

The Board believes that upholding high standards of corporate ethics is key to long-term value creation and will contribute directly to improved business performance. The Board has zero tolerance for corruption and Digi Group's corporate values and ethical standards represent an important foundation for implementing our governance framework.

Digi's efforts have positioned the Company amongst the Top ASEAN Public Listed Companies in terms of corporate governance effectiveness, and quality of disclosure has instilled investors' confidence in Digi.

These continuous efforts are reflected through Digi's achievement as the winner of the Excellence award for Long Term Value Creation for ASEAN and domestic level, a significant recognition by the MSWG-ASEAN Corporate Governance Scorecards Award 2019.

Corporate Governance Overview Statement

How Sustainability is embedded in the Governance Structure

Sustainability matters in Digi are addressed as part of Digi's overall Responsible Business (RB) strategic pillar. The RB covers material issues relating to Environmental, Social and Governance (ESG); Sustainability; Compliance and Labour Law; Data Protection; Cybersecurity; Supply Chain and Health and Safety; Diversity and Inclusion. These are governed across different leadership levels within the organisation – the Board, Management and key departments and support functions. Digi's sustainability framework defines the governance structure and the responsibilities of each parties within.

The key departments and functions involving Sustainability, Compliance and Labour Law, Supply Chain Sustainability and Health, Safety and Environment (HSE), Privacy, Security, Human Resource and Enterprise Risk Management oversee the daily operations of RB to meet the non-financial Key Performance Indicators (KPIs) established jointly with Telenor Group. These material issues and KPIs are reported quarterly to the Responsible Business Forum (RBF). Chaired by the Chief Executive Officer (CEO), the forum includes the Chief Human Resource Officer, Chief Technology Officer, Chief Corporate Affairs Officer and other senior leadership members. RB agenda is also discussed at the quarterly Board meetings.

Key functions of the RBF are to:

- Formulate RB strategies, policies and goals
- Monitor and facilitate adherence to the related RB policies and manuals
- Support departments to meet RB goals
- Conduct RB awareness and engagement activities
- ESG and Non-Financial Reporting (NFR) performances

Digi Sustainability Governance Framework

Digi Board of Directors

- Oversee Digi's Responsible Business Focus and Performance

Quarterly Reporting

Digi Management Team

- Responsible for sustainable business policies and directions
- Oversee responsible business related risks and progress of non-financial KPIs
- Provides quarterly updates to the Board via RBF

Quarterly Reporting

Responsible Business Forum (RBF)

RBF is a standing quarterly agenda to the Digi Board of Directors. Non-Financial Reporting (NFR) on people, social, and environmental data is collected on a quarterly and annual basis by the NFR Coordinator and signed off by the Chief Financial Officer

Responsible Business Working Committee

- Comprises Heads of Departments and senior leadership
- Guided by sustainability guidelines, international best practices and recommendations, Digi's Code of Conduct, and policies and manuals relevant to the scope of the committee members
- Supports the Management and Board in addressing responsibilities related to the RB agenda and reporting of best practices

Quarterly Reporting

Telenor Group Sustainability

- Alignment to KPIs and global partnerships
- Quarterly reporting of responsible business KPIs
- Annual non-financial reporting

On-going Reporting

Sustainability, Compliance, Human Resource, Supply Chain Sustainability and Health & Safety, Privacy and Security departments

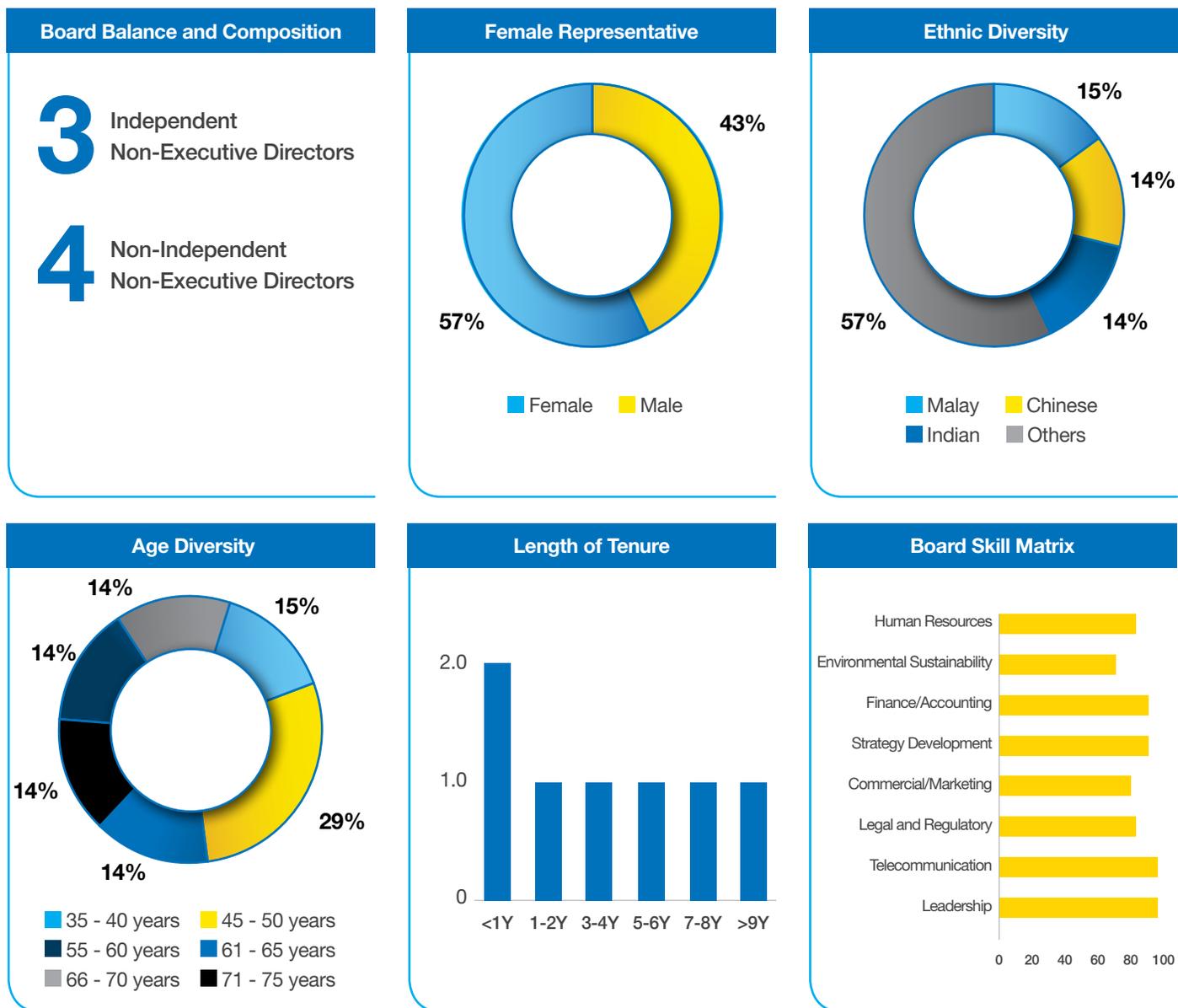
- Day-to-day management of responsible business principles, risks and issues
- Ensure compliance of relevant responsible business-related policies and principles

Corporate Governance Overview Statement

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

Digi's Board has the appropriate balance of knowledge, skills, experience, diversity and independence to objectively and effectively discharge their governance role and responsibilities.

The diversity in its membership creates value by promoting better decision-making and effective governance and the Board has escalated its efforts to establish a diverse Board with a variety of skills, experience, age, cultural background and gender. Similarly, the Board is committed to developing a corporate culture that embraces all aspects of diversity and inclusion practices in the Group. The Board of Digi is guided by its Board Diversity Policy and accessible in Digi's website at https://digi.listedcompany.com/corporate_governance.html



Corporate Governance Overview Statement

BOARD ROLES AND RESPONSIBILITIES

The roles of the Chair of the Board and CEO are separated and held by different individuals. Whilst the Chair of the Board provides leadership of the Board, the CEO heads the Management Team for the day-to-day management of the business. The CEO has been delegated certain powers to execute transactions that are guided by the rules and procedures for the CEO and in accordance with the authority limits as defined and formalised.

The following Board Committees have been established to assist the Board in its oversight function with reference to specific responsibility areas:

- (i) Audit and Risk Committee (ARC)
- (ii) Nomination Committee (NC)
- (iii) Remuneration Committee (RC)

It should however be noted that at all times, the Board has collective oversight over the Board Committees. These Board Committees have been constituted with clear Terms of Reference (TOR).

Overview of the roles of the Board

Chair of the Board

- Leads and manages the Board's effectiveness with a keen focus on strategy, governance and compliance
- Leads Board meetings, sets the agenda and promotes a culture of open debate between the Directors
- Regularly engages with the CEO and the Management Team to stay informed on operational matters
- Ensures effective communication with shareholders

Non-Executive Directors

- Contribute to developing Digi's strategies
- Scrutinise and constructively challenge the performance of Management in the execution of Digi's strategies

Senior Independent Non-Executive Director (Sr INED)

- Provides a sounding board to the Chair and appraises his performance
- Acts as intermediary for other Directors, if needed
- Responds to shareholders' concerns as and when other channels are exhausted

Matters reserved for the Board

- Review, approve and adopt Digi Group's strategic plans and annual targets
- Overseeing and evaluating the conduct and performance of overall business
- Declaration of dividends, approval of financial statements, annual and quarterly reports of the Company
- Strategic investment, mergers and acquisition, divestment and any corporate exercises
- Material acquisitions and disposition of assets not in the ordinary course of business
- Reviewing the adequacy and integrity of the internal control system
- Changes in all policies, procedures and delegated authority limits
- Identifying and managing principal risks affecting the Company

Key features of the Board

- Separation of roles between the Chair of the Board and CEO
- The Chair of the NC and ARC are Independent Non-Executive Directors
- Meets Board Diversity requirements, in particular gender diversity with four (4) women serving as members of the Board (57% female representation)
- Management do not sit on the Board
- The Chair of the ARC is not the Chair of the Board

Board Access to Management, Company Secretary, Information and External Experts

The Board has direct access to the Management Team to arrive at informed decisions with unrestricted and immediate access to information relating to Digi's business affairs.

The Board also has full access to the qualified Company Secretaries, who are equipped with the skills and expertise to provide comprehensive support, appropriate governance and advice, to ensure adherence to corporate governance issues and compliance with relevant policies and procedures, and laws and regulatory requirements, in addition to corporate secretarial matters.

Corporate Governance Overview Statement

Meeting materials are provided to the Board and Board Committees via a secured electronic Board portal at least seven (7) days prior to the meetings to accord the Directors' sufficient time to assess and review the proposals or information. Materials are disseminated digitally and instantly.

Other than the aforesaid internal resources, the Board and Board Committees have at their disposal access to external information and expert advice by engaging independent external experts at the expense of the Company, if they deem it necessary in facilitating the performance of their duties.

Detailed description of these roles can be found on the Board Charter inclusive of the TOR of the Board Committees online at https://digi.listedcompany.com/corporate_governance.html

Board Meetings

The Board held eight (8) meetings during the year. Members of the Management Team were invited, when appropriate to attend Board meetings. The CEO and Chief Financial Officer attended all Board meetings.

Directors	Board Meetings	
	Attendance	%
Haakon Bruaset Kjoel (Chair of the Board)	8/8 	100.0
Tan Sri Saw Choo Boon	8/8 	100.0
Yasmin Binti Aladad Khan	8/8 	100.0
Vimala V.R. Menon	8/8 	100.0
Lars Erik Tellmann	7/8 	87.5
Wenche Marie Agerup ¹	3/3 	100.0
Randi Wiese Heirung ¹	3/3 	100.0
Anne Karin Kvam ²	4/5 	80.0
Torstein Pedersen ²	5/5 	100.0

Notes:

¹ Appointed as Director on 15 October 2020

² Resigned as Director on 15 October 2020



25.1 hrs

Total hours of the Board meetings



98.2%

Overall % of the Board meetings attended by Directors



35.6 hrs

Total hours of the Board and Board Committee meetings

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities.

Corporate Governance Overview Statement

Board Activities

During the financial year 2020, the Board focused on a number of specific areas in line with Digi's strategic goals and principal risks as outlined below:

Strategy



- Reviewed and approved Digi's Group Strategy plan, ambition and targets
- Oversaw the implementation of Digi's Group strategic and business plan through quarterly updates with the CEO
- Reviewed and discussed on Group Corporate structure

Financial Performance



- Approved the Quarterly Digi's Group performance
- Approved the Quarterly Financial Results
- Approved the Quarterly Interim Dividend and solvency position
- Approved the Audited Financial Statements for Financial Year Ended 31 December 2019
- Reviewed and approved Digi's Group ambitions and targets
- Reviewed and approved Digi's Group Capital expenditure

Risk and Internal Controls



- Digi's risk assessment encompassing financial and non-financial aspects
- Implementation of appropriate internal controls and mitigation measures
- Received the Quarterly Enterprise Risk and Opportunities status update
- Risk oversight on Management's implementation of risk management policies and procedures
- Approved the Internal Audit Plan 2020
- Received the Audit Status Report

Governance



- Approved the 2019 Integrated Annual Report Statements
- Approved the CG Report to Bursa Securities
- Recommended the draft Circular to shareholders in relation to the Proposed Renewal Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading nature for shareholders' approval
- Approved Board and Board Committee restructuring
- Approved the remuneration package of the CEO and renewal of CEO's contract
- Established and identified the Succession Plans for Management Team
- Analysed the Performance Evaluation for Board and Board Committee members
- Approved Digi's Code and implementation of Governance Work Programme 2020 changes to Digi Policies
- Received Digi's Anti-Corruption and compliance updates
- Approved Digi's Board Calendar and Meeting plans 2021
- Reviewed and approved Digi's CEO Short-Term Incentive 2019 payout and Scorecard
- Reviewed and approved the Board Committees' TOR
- Recommended the payment of Directors' fees and benefits payable to Independent Non-Executive Director for shareholders' approval
- Approved to convene the 23rd Virtual Annual General Meeting (AGM)
- Recommended the Directors standing for re-election at the AGM
- Reviewed the tenure of Directors
- Recommended the retention of Sr INED for shareholders' approval

Corporate Governance Overview Statement

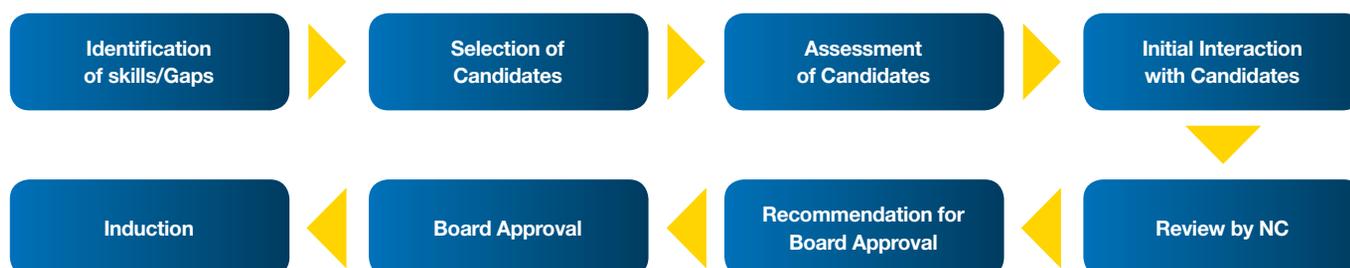
Board Appointment Process

Digi practices a transparent and rigorous process on the appointment of new Directors. The Board composition is consistently reviewed to identify and bridge any gap in the Board's functional knowledge and competencies by bringing in new directors with the required experience, knowledge and expertise to meet the current and future needs of the Company.

In designing the Board's composition, Board diversity is considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments are based on meritocracy, and candidates considered against objective criteria, having due regard for the benefits of diversity on the Board.

During the year under review, Digi had engaged a professional recruiting firm and considered recommendations from the Board members to assist in the search for a new Independent Director based on the identified selection criteria approved by the NC. The NC shortlisted several candidates for engagement sessions to review the suitability of the candidate prior to recommending to the Board for approval.

The Board appointment process is summarised in the chart below:



Board Re-election and Re-appointment

Article 98(A) of the Company's Memorandum and Articles of Association (M&A) provides that one-third (1/3) of the remaining Directors are required to retire by rotation and all Directors must submit themselves for re-election at the AGM at least once in every three (3) years.

Article 98(E) of the Company's Constitution provides that any new Director appointed by the Board during the year is required to stand for re-election at Digi's next AGM.

Upon the Board's endorsement on 12 March 2021, the following Directors to be considered for re-election pursuant to Article 98(A) and 98(E) of the Company's M&A at the Twenty-Fourth (24th) AGM and they have given their consent for re-election. The re-election of each Director will be voted as a separate resolution during the 24th AGM.

Article 98(A)	Tan Sri Saw Choo Boon Yasmin Binti Aladad Khan
Article 98(E)	Wenche Marie Agerup Randi Wiese Heirung

As at the date of this report, none of the Independent Directors has served the Board for more than nine (9) years except for Tan Sri Saw Choo Boon. At the last AGM held on 1 June 2020, the shareholders have approved for Tan Sri Saw Choo Boon, who has reached a cumulative term of nine (9) years as a Senior Independent Non-Executive Director (Sr INED) of the Company, to continue in office until the conclusion of the next AGM. However, Tan Sri Saw Choo Boon had on 10 February 2021 notified of his intention to retire and will not seek for re-election upon the conclusion of the 24th AGM scheduled to be held on 18 May 2021.

Corporate Governance Overview Statement

Board Performance Evaluation

Every year, under the purview of the Nomination Committee, the Board performance evaluation is undertaken to assess the effectiveness of the following:

The Board as a whole and the Board Committee

Contribution of each Individual Director

Independence of Independent Director

During the year under review, the Board performance evaluation was conducted internally and the process covered the Board, Board Committee, Peer and Self Evaluations of the Board members. The Board performance evaluation 2020 focused on maximising the effectiveness and performance of the Board and its Committees in the best interest of Digi. The Board performance evaluation results were compiled by an independent external secretarial firm to facilitate the Board evaluation via evaluation forms.

Based on the 2020 Board evaluation findings, the Board is satisfied and acknowledged that the Board has continued to carry their duties well and amicably with most areas rated in the range of “4” (Good/Competent) to “5” (Strong/Outstanding). The respective Board Committees had performed their responsibilities diligently and efficiently. The Board evaluation also assesses the effectiveness of the Board Committee, particularly in the elements on function, composition, skills & competencies, meeting administration and conduct.

All Board Committees received positive response with no area of concern indicating that the Committee members have discharged their duties and responsibilities well with professionalism to uphold the interest of Digi and other stakeholders and to meet the needs of Digi Group.

Self and Peer Evaluation are conducted to assess each Director's professional competency, attributes and personality. Directors' Peer Evaluation overall results continued to be high in 2020.

2021 Priorities

Based on the 2020 results and moving forward, the Board continues to navigate a complex, unsettling environment following a year of geopolitical turmoil, social unrest, economic volatility and the ongoing Covid-19 pandemic. The Board has identified the following priorities for 2021:

- Strategically prepare for growth amid increased uncertainty
- Evolve Governance, Risk Management and Compliance processes
- Transforming the governance of risk management
- Take a continuous improvement approach to board effectiveness
- Strengthen communication and engagement with stakeholders

The Board evaluation questionnaires towards an effective Board covers the following parameters:

Responsibility and Conduct

- Business Strategy governance and implementation
- Risk Management and Internal Control
- Company's value creation

Structure and Composition

- Diversity
- Members competency
- Board and Committee composition

Process and Administration

- Board focus, agenda and frequency of meetings
- Sufficient information availability on timely basis
- Relationship with Management

(1) Summary of Strengths and Challenges (2) Areas of Improvement (3) Professional Development

Board Discussion

Action Plan initiatives

Corporate Governance Overview Statement

Induction and Continuous Professional Development

An induction programme is conducted for newly appointed Directors via a briefing session by the Management Team to provide the necessary information and to assist them in understanding the operations of Digi Group, current issues and corporate strategies. All new Directors have completed the Mandatory Accreditation Programme (MAP).

All Directors are encouraged to attend continuous education programmes, talks, seminars, workshops and conferences to enhance their skills and knowledge and to ensure that they are kept abreast with the new developments in the business environment and corporate governance.

Despite the Covid-19 pandemic, all Directors ensured continuous participation in virtual trainings and development programmes. Details of the trainings and programmes attended by the Directors during the financial year were outlined below:

Name of Director	Training Programme/Conference/Seminar
Haakon Bruaset Kjoel	<ul style="list-style-type: none"> • Digi 3-Year Strategy Workshop (Part 1) • Digi 3-Year Strategy Workshop (Part 2) • Telenor Global Forum 2020
Tan Sri Saw Choo Boon	<ul style="list-style-type: none"> • Reinventing Cybersecurity with Artificial Intelligence • Outthink the Competition: Excelling in a Post Covid-19 World • Rethinking Workforce Strategy: Changes to safeguard productivity • Force Majeure & Covid-19 • Malaysia Economic Monitor – “Surviving the Storm” • Risks: A Fresh Look from the Board’s Perspective • Managing Virtual Banking and Insurance Businesses • Contracting in a Digital-First Economy • Demystifying the Future of Work • Business Foresight Forum 2020 • Malaysia REITs: Managing the New Normal • Digi 3-Year Strategy Workshop (Part 1) • Digi 3-Year Strategy Workshop (Part 2)
Vimala V.R. Menon	<ul style="list-style-type: none"> • Section 17A of the MACC Amendment Act 2018 • Future of payments – A workshop with Visa International • Open Enrolment Programs – Tightening the Screws on Corruption Risk Management • Digi 3-Year Strategy Workshop (Part 1) • Digi 3-Year Strategy Workshop (Part 2)
Yasmin Binti Aladad Khan	<ul style="list-style-type: none"> • Insider Trading Law • Competition Compliance • Anti-Corruption training • Certified Data Protection • Code of Conduct Compliance • Certified GoGreen Specialist Foundation • Compliance Management System Self-Assessment workshop • Digi 3-Year Strategy Workshop (Part 1) • Digi 3-Year Strategy Workshop (Part 2)
Wenche Marie Agerup <i>(Appointed on 15 October 2020)</i>	<ul style="list-style-type: none"> • Mandatory Accreditation Programme • Digi Induction Programme • Digi 3-Year Strategy Workshop (Part 1) • Digi 3-Year Strategy Workshop (Part 2)
Randi Wiese Heirung <i>(Appointed on 15 October 2020)</i>	<ul style="list-style-type: none"> • Mandatory Accreditation Programme • Digi Induction Programme • Digi 3-Year Strategy Workshop (Part 1) • Digi 3-Year Strategy Workshop (Part 2)
Lars Erik Tellmann	<ul style="list-style-type: none"> • Digi 3-Year Strategy Workshop (Part 1) • Digi 3-Year Strategy Workshop (Part 2) • Telenor Global Forum 2020

Corporate Governance Overview Statement

NOMINATION COMMITTEE (NC) REPORT

Committee membership	Meetings attended	Responsibilities
Tan Sri Saw Choo Boon (Chair)	3/3 	<ul style="list-style-type: none"> Regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board Review the succession planning for Directors and Management Team Responsible for identifying and nominating for the approval of the Board, candidates to fill Board's vacancies as and when they arise
Yasmin Binti Aladad Khan	3/3 	
Haakon Bruaset Kjoel	3/3 	

The NC consists of a majority of Independent Non-Executive Directors in compliance with the requirement of the Main Market Listing Requirements (MMLR) of Bursa Securities, which provides that the NC must comprise exclusively Non-Executive Directors, a majority of whom must be Independent. The composition also observed the MCGG 2017 where the NC is chaired by a Senior Independent Non-Executive Director.

Main Activities of the NC for 2020



- Annual assessment and review of composition of Board and Board Committees
- Facilitated the 2020 Board evaluation and validated the results thereof
- Reviewed the tenure of Independent Directors
- Reviewed the Directors' training requirements
- Reviewed the Board's Skills and Experience Matrix
- Recommended the appointment of Non-Independent Directors
- Conducted induction programmes for newly appointed Directors assisted by the Company Secretary
- Assessed the independence and time commitment of each Independent Director
- Conducted annual review on the NC Terms of Reference and Board Diversity Policy
- Reviewed Performance Planning and Key Performance Indicators for CEO
- Assessed and recommended to the Board on the re-election.
- Reviewed the NC Report for inclusion in the 2019 Integrated Annual Report

Key Matters Reported to the Board

The Chair of NC updated the Board on matters of major importance deliberated at the NC meetings and its recommendations. The copies of confirmed minutes of each NC meeting were also circulated to the Board for notation. Among the key matters considered by the NC during 2020 were the following:

Significant matters	Description	Outcome
Proposed Succession Planning for Management Team	Reviewed the proposed succession plan for Management Team, taking into consideration the criteria and skill sets of the successors and their readiness level	<p>The list of successors approved were considered as part of the selection process for the Management Team:</p> <ul style="list-style-type: none"> Praveen Rajan was redesignated as Chief Digital Officer to Chief Marketing Officer w.e.f. 14 September 2020 Cheng Weng Hong was appointed as Chief Sales Officer w.e.f. 14 September 2020

Priorities for 2021

- To undertake the necessary changes to the composition of the Board and its Committees, following retirements and resignation as the same arises from time to time
- To review Management Team succession planning
- To monitor follow up actions based on the Board performance evaluation findings

Corporate Governance Overview Statement

REMUNERATION COMMITTEE (RC) REPORT

Committee membership	Meetings attended	Responsibilities
Haakon Bruaset Kjoel (Chair)	4/4 	<ul style="list-style-type: none"> Ensure the remuneration package of Non-Executive Directors are well-structured and able to attract, retain and motivate Directors Implement remuneration policies and procedures
Yasmin Binti Aladad Khan	4/4 	
Wenche Marie Agerup (Appointed on 15 October 2020)	0/0	
Torstein Pedersen (Resigned on 15 October 2020)	4/4 	

The RC comprises all Non-Executive Directors who oversee the implementation of the remuneration policy and structure, and reviews and recommends matters relating to the remuneration for Directors and Management to the Board.

Main Activities of the RC for 2020



- Discussed the proposed fee and benefits payable for the Independent Non-Executive Directors
- Conducted annual review on Terms of Reference and Non-Executive Directors' Remuneration Policy
- Recommended the proposed remuneration package of the CEO
- Recommended the CEO's Short-Term Incentive 2020 payout and scorecard

Directors' Remuneration

The Board had revised the remuneration structure in 2020, following a benchmarking exercise conducted in 2019 by AON Hewitt on the remuneration packages including benefits payable to the Independent Non-Executive Directors.

Each of the Independent Directors abstains from deliberating and voting on his or her own remuneration. The Non-Independent Non-Executive Directors receive their remuneration from their employing companies within the Telenor Group and do not receive any form of remuneration from Digi.

The breakdown of the Directors' remuneration paid in 2020 is as follows:

	Directors' Fees (RM)		Benefit-in-kind (RM)	TOTAL (RM)
	Company	Subsidiaries		
Independent Non-Executive Directors				
Tan Sri Saw Choo Boon	290,000	31,992	5,300	327,292
Vimala V.R. Menon	275,000	Nil	300	275,300
Yasmin Binti Aladad Khan	300,000	Nil	5,300	305,300
Total	865,000	31,992	10,900	907,892

The remuneration packages for Management Team are set based on industry standards, reflecting the senior management's roles, responsibilities, level of skills and experience, and motivates performance. The reward matrix is assessed based on the Company's performance indicators for all strategic pillars.

Priorities for 2021

- To review and propose fee and benefits payable for the Independent Non-Executive Directors
- To review and propose the remuneration package of the CEO
- To review and propose the CEO's Short-Term Incentive 2021 payout and scorecard

Please refer to our website at https://digi.listedcompany.com/corporate_governance.html for the Non-Executive Directors' Remuneration Policy, and Remuneration Policy and Procedure for Senior Management

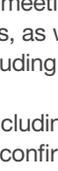
Corporate Governance Overview Statement

PRINCIPLE B - ACCOUNTABILITY AND EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit and Risk Committee Report

Composition and Terms of Reference

In line with the requirements of Paragraph 15.09(1)(a) and (b) of the MMLR, the composition of the Audit and Risk Committee (ARC) and attendance of each member at the ARC meetings are as follows:

Name	Meetings attended	Full Profile on page
Vimala V.R. Menon (Chair)	5/5 	74
Tan Sri Saw Choo Boon	5/5 	74
Yasmin Binti Aladad Khan	5/5 	75
Randi Wiese Heirung (Appointed on 15 October 2020)	1/1 	76
Torstein Pedersen (Resigned on 15 October 2020)	4/4 	N/A

The ARC held five (5) meetings during the financial year ended 31 December 2020.

No alternate Directors were appointed as members of the ARC.

Vimala V.R. Menon is a Fellow of the Institute of Chartered Accountants in England and Wales, 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 requires at least one (1) member of the ARC to be a qualified accountant.

The duties and responsibilities of the ARC are set out in its Terms of Reference which is accessible in the Corporate Governance section of Digi's website at https://digi.listedcompany.com/corporate_governance.html

The Chief Executive Officer, Chief Financial Officer and Head of Internal Audit attend the ARC meetings as permanent invitees. The Chair of the ARC may also invite other Board members and/or Management to participate in the meetings, when necessary.

The external auditors were invited to the ARC meetings to present their annual audit plan and discuss the quarterly unaudited financial results and annual audited financial statements, as well as other matters deemed relevant. Both the internal and external auditors have unfettered access to members of the ARC including the Chair of ARC, throughout the year.

All deliberations during the ARC meetings, including the issues tabled and rationale adopted for decisions were properly recorded. Minutes of the ARC meetings were tabled for confirmation at the following ARC meeting and subsequently presented to the Board for notation. The Chair of the ARC reported to the Board on the activities and significant matters discussed at each ARC meeting.

Summary of Activities of the ARC

The ARC carried out the following major activities during the year:

Risk Management and Internal Control

- Reviewed Digi's top risk profiles and deliberated on the significant threats and opportunities on a quarterly basis, including progress and adequacy of mitigation strategies.
- Discussed improvements to the Enterprise Risk Management process to ensure proactive and holistic risk identification and monitoring of mitigation actions to reduce risk impact to an acceptable level.

Corporate Governance Overview Statement

- (c) Evaluated the overall adequacy and effectiveness of internal controls through review of the work performed by both internal and external auditors, other assurance providers within Digi, and discussions with Management.

Internal Audit

- (a) Deliberated and provided input to the risk-based Internal Audit Plan to ensure adequate scope and coverage of Digi's activities, prior to recommending to the Board for approval. Monitored the progress of the approved Internal Audit Plan and approved changes to the Internal Audit Plan due to changes in business and/or risk environment.
- (b) Reviewed and deliberated on internal audit reports, audit recommendations and adequacy of Management's response to these recommendations. Significant issues were discussed at length with the presence of relevant Management team members to ensure satisfactory and timely remediation actions have been committed by Management to address identified risks.
- (c) Monitored the implementation of action plans agreed by Management on outstanding audit findings on a quarterly basis to ensure that all actions have been implemented in the related areas based on the committed timelines.
- (d) Provided guidance on ad hoc matters arising from on-going internal audit activities.
- (e) Reviewed the effectiveness of the Internal Audit function through evaluation of its performance and competency, and monitoring the sufficiency of resources and costs, to ensure that it has the required expertise to discharge its duties.
- (f) Reviewed and approved updates to the Internal Audit Charter.
- (g) Reviewed and deliberated on investigation findings and Management recommendations on remedial actions covering disciplinary and/or corrective actions. Extensive discussions were conducted with the Management on the root cause of the incidents and risk exposure before the said remedial actions were endorsed. Periodic updates are furnished to the ARC to ensure adequate and timely closure of remedial actions.
- (h) The ARC reviewed the results of an independent Quality Assurance Review carried out in October 2020 by an external party to benchmark the Internal Audit's activities against International Standards for the Professional Practice of Internal Auditing promulgated by the Institute of Internal Auditors. The Internal Audit achieved a 'Generally Conform' rating, the highest rating possible for the exercise indicating a satisfactory level of compliance with the Standards.

Compliance Programme

- (a) Monitored Compliance incidents reported by the Management and the recommended remedial actions for implementation by the Management to the ARC.
- (b) Reviewed the annual Compliance Risk Assessment exercise which includes anti-corruption and the recommended mitigation steps and controls to be monitored for implementation in 2021 by the Management.
- (c) Reviewed Company policies under the Governance Work Programme 2020 for implementation by Management.
- (d) Reviewed and endorsed the implementation of the Adequate procedures requirements pursuant to the Guidelines on Adequate Procedures issued by the Prime Minister's Department. This is in line with the enforcement of Corporate Liability in accordance with Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (MACC Act 2009), which took effect on 1 June 2020.
- (e) Reviewed the Compliance awareness plans for Digi employees and business partners.

Financial Reporting

- (a) Reviewed Digi's unaudited quarterly financial results and audited annual financial statements, and related announcements, before recommending them for the Board's approval, including:
 - (i) Deliberation on significant audit and accounting matters highlighted, comprising Management's judgments, estimates or assessments made and sufficiency of disclosures in the financial statements; and
 - (ii) Discussion of significant financial matters at length to ensure compliance with internal accounting policies and Malaysian Financial Reporting Standards (MFRS), focusing on MFRS 16.

External Audit

- (a) Reviewed the scope of work of the external auditors confirming their independence and objectivity.
- (b) Reviewed external auditors' Management Letter together with Management's responses, to ensure that appropriate actions have been taken.
- (c) Monitored on a quarterly basis, all non-audit services and fees incurred in which the external auditors were engaged, taking into account external auditors' independence and objectivity. The amount incurred by Digi and on group basis in respect of audit fees and non-audit related fees for services rendered by the external auditors is disclosed in Note 7 to the financial statements and in the Additional Compliance Information in this Integrated Annual Report.

Corporate Governance Overview Statement

- (d) Met privately with the external auditors at the ARC meetings held on 22 January 2020 and 15 October 2020 to ensure there were no restrictions to the scope of their audit and to discuss significant matters that arose during the course of audit.
- (e) Evaluated the performance of the external auditors and made recommendations to the Board on their re-appointment, subject to the approval of Digi's shareholders at the AGM.

Related Party Transactions

- (a) Reviewed the annual mandate compiled for recurrent related party transactions.
- (b) Reviewed related party transactions as disclosed in the financial statements and performed quarterly monitoring of the mandate for recurrent related party transactions to ensure compliance with the MMLR and Digi's policies and procedures.
- (c) Reviewed and deliberated on any new related party transactions to ensure that the terms and conditions of the transactions are commercially based and at arm's length.

Other Activities

- (a) Reviewed and recommended to the Board; the ARC Report, Corporate Governance Overview Statement, Corporate Governance Report, and Statement on Risk Management and Internal Control, for inclusion into the Integrated Annual Report.
- (b) Reviewed the proposed dividend payout on a quarterly basis, taking into consideration the cash flow requirements before recommending for the Board's approval.

Internal Audit Function

The Internal Audit Department reports functionally to the ARC, to ensure impartiality and independence in executing its role. Its' primary responsibility is to provide risk-based and objective assurance, advice and insight to the Board and Management on Digi's internal control, risk management and governance system.

The Internal Audit Department comprises seven (7) members, led by Serena Chin, who has 14 years of experience in auditing various industries such as property development, capital markets,

banking and insurance; eight (8) years of project management experience and two years in a regulatory role. She holds a Bachelor of Business (Accountancy) degree from RMIT University and is a member of the Malaysian Institute of Accountants. To further preserve the independence of the Internal Audit function, the performance of the Head of Internal Audit is appraised by the Chair of the ARC.

The Internal Audit function is guided by the provisions of its Internal Audit Charter, which is reviewed and approved by the ARC annually. The internal audit function's activities conform to the Institute of Internal Auditors International Standards for the Professional Practice of Internal Auditing, set forth by the Institute of Internal Auditors.

The Head of the Internal Audit, reporting directly to the ARC, is responsible for enhancing the quality assurance and improvement programme of the internal audit function. Its effectiveness is monitored through continuous internal and external quality assessments and the results are presented to the ARC. The internal assessment is performed annually while the external assessment by a certified body is conducted once every 5 years. The last external assessment was conducted in October 2020, and was performed by a qualified, independent assessor.

The Internal Audit Department executed a total of 14 reviews during the year, including advisory services. The reviews covered business priority and key risk areas, focusing on the efficiency and effectiveness of governance and controls within customer service operations, management of site rental and test lines, employee and contract staff claims, telco inventory management, sourcing processes, as well as privacy compliance. The Internal Audit Department had also conducted internal investigations into allegations of misconduct or breach of the Code of Conduct by employees.

Internal Audit staff performed an annual declaration on their adherence to the Code of Ethics, and that they are free from any relationships or conflict of interest, which could impair their objectivity and independence. Any non-conformance and/or conflict of interest will be reported to either the Head of Internal Audit or to the Chair of ARC. The total costs incurred for the Internal Audit Department in respect of the financial year ended 31 December 2020 amounted to RM1.5 million (2019: RM1.8 million).

Details of the Risk Management and Internal Control Framework are set out in the Statement on Risk Management and Internal Control of this Integrated Annual Report

Corporate Governance Overview Statement

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Our Approach

As a public listed company, Digi believes in building trust-based relationships to enable growth while fulfilling its obligation to provide credible and timely information to all stakeholder groups. This is supported by Digi's Financial Disclosure Policy and Corporate Communication Policy which outlined a comprehensive approach to deliver open and clear communication in line with Bursa Securities' Market Listing Rules and Regulation.

Digi's strong commitment in delivering effective stakeholder engagement is reinforced by the stakeholder-focused mindset across the organisation as the Company recognises Digi's success and ability to deliver growth depends much on the support of all stakeholders. The details of all efforts can be found in the Key Relationships write-up under Section 3: Strategic Review on pages 29 to 33 of this report.

Investor Relations

In Digi, the Investor Relations team believes it is a business imperative to address expectations from diverse stakeholder groups with varying views of value creation. They actively engage with Digi's shareholders, analysts, and investors through a wide range of communication channels. They have also developed a dedicated section on Digi's corporate website for Investor Relations: <https://digi.listedcompany.com/> which includes all material information for the investment community.

The Investor Relations team welcome all investors' questions/queries which can be made via mail to the corporate office address as stated at the back cover of this report, or via electronic mail at invesrel@digi.com.my

Conduct of General Meetings

The AGMs serve as the principal avenue for shareholders to engage the Board and Management Team in a constructive two-way dialogue. Shareholders are encouraged to actively participate during the AGMs by raising questions and providing feedbacks to the Board and Management Team. Feedback gathered during the meeting are evaluated and considered for further action by the Board and Management Team.

The notice of the upcoming AGM, which is scheduled to be held on 18 May 2021, has been made available to shareholders for not less than twenty-eight (28) days prior to the meeting in order to accord shareholders with sufficient time to review the Company's financial and operational performance as well as the resolutions that are to be tabled during the 24th AGM.

The extended notice period is also intended to enable shareholders to make the necessary arrangements to attend the 24th AGM. Digi will leverage on digital and video conferencing tools to conduct the upcoming 24th AGM virtually. These technologies will also be critical to facilitate voting in absentia and remote shareholders' participation given the current circumstances of pandemic Covid-19 pandemic.

2020 Investor Calendar

Digi's engagements have become more significant than ever, amid the ongoing health crisis as Digi is dedicated to help manage the uncertainty and discuss the Company's developments in navigating through an unprecedented time. For the year under review, all Investor Relations activities were conducted virtually while enabling the investment community sufficient access to Digi Management Team through virtual events.

With the utilisation of digital and video conferencing tools, the Team successfully organised five (5) investor briefings, three (3) non-deal roadshows, and over forty (40) thematic meetings. Digi has also participated in three (3) regional investor conferences and nine (9) expert forums. The full investor calendar was illustrated below.



Corporate Governance Overview Statement

14 JUL 2020	▶	2Q 2020 Earning Call
06 AUG 2020	▶	Virtual Non-Deal Roadshow with JP Morgan
19 AUG 2020	▶	Virtual Non-Deal Roadshow with Nomura
26 AUG 2020	▶	Virtual Analyst Day - Update on Technology
16 OCT 2020	▶	3Q 2020 Earning Call
18 NOV 2020	▶	Global TMT Virtual Conference 2020 with JP Morgan

Summary of Investor Discussion

In the various engagement sessions with the investment community, key topics commonly raised were summarised as follows:

Key topics raised	Our responses
Impact of Covid-19	<ul style="list-style-type: none"> • Ensured business continuity through adherence to strict operational Standard of Procedures and facilitated work from home arrangements • Demonstrated Digi's ability to shift to online channels • Supported society recovery through a range of innovative products and services • Discussed Digi's recovery plans and impacts on revenue generation and profitability

Key topics raised	Our responses
Market competition	<ul style="list-style-type: none"> • Launched affordable hourly, daily, weekly and monthly internet passes, enriched with high-speed network connectivity • Continued Digi's focus to provide customers with compelling product propositions and differentiated customer experiences
Strategy to ensure sustained financial growth	<ul style="list-style-type: none"> • Strengthened sustainable revenue portfolio mix with increased internet and digital contribution to reduce reliance from traditional revenues • Delivered cost savings led by cost optimisation efforts and efficient bad debt risk management
Our foray into fibre-to-the-home (FTTH) and Business-to-Business (B2B) segments	<ul style="list-style-type: none"> • Expanded ultra-fast and unlimited FTTH as part of bundled product proposition for a seamless in and out of home service experience • Enlarged B2B customers and organic revenues driven by Digi's flexible and affordable digital bundle plans
Network quality	<ul style="list-style-type: none"> • Ensured high availability of reliable network services at critical and high demand locations • Implemented traffic management and dynamic network optimisation to cater for rising traffic demand • Rated as the fastest and most consistent network nationwide by Ookla as a testament of Digi's commitment to maximise best internet experience
Regulatory development with regards to Jendela and 5G	<ul style="list-style-type: none"> • Committed to deliver widespread high-speed 4G mobile services, improve in-door coverage for urban and suburban areas • Build 5G-ready network and grow 5G ecosystem via a collaborative approach with industry players and vertical partners

Corporate Governance Overview Statement

Integrity in Corporate Reporting

In Digi, we have established formal and rigorous processes to verify and protect the integrity of the corporate reporting. This includes the annual Directors' Report and other reports in the Company's corporate reports portfolio released to the public.

Key topics raised	Our responses
Financial reporting and disclosure	<p>During the reporting period, the Company implemented additional internal controls to ensure the integrity of corporate reporting systems, which included the accuracy of financial reporting</p> <p>Prior to the release to public domain, Quarterly Bursa Securities' reports and Management Discussion and Analysis (MD&A) will be reviewed by the ARC and ultimately approved by the Board</p>
Integrated Annual Report	<p>Sections pertaining to Strategic Review, Financial Review and Governance Reports will go through meticulous process of reviewing and evaluating by our appointed Auditor, alongside the compulsory reviews by Management Team</p> <p>This will subsequently be approved by the Board prior to the publication to the market. The process is crucial in ensuring the highest standards of accuracy and compliant in our annual reporting, thus providing stakeholders with right set of information to make informed decisions</p>

Statement by the Board

The Board has reviewed, deliberated and approved this Statement on 12 March 2021.

More information on Digi's principles and practices for corporate governance can be found at the Governance section at <https://digi.listedcompany.com/corporate-governance.html>