

CORPORATE GOVERNANCE REPORT

STOCK CODE : 6947
COMPANY NAME : Digi.Com Berhad
FINANCIAL YEAR : December 31, 2018

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.

Application	:	Applied
Explanation on application of the practice	:	<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 shareholders and stakeholders of Digi.</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 Digi 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) were 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 www.digi.com.my/investors</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 Groups' 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.

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 2018 deliberated the Digi's 2-Year Strategy Plan from year 2018 to 2020, the Preliminary Financial and Operational Targets for 2019 as well as the Build Plan & Capital Expenditure Allocation 2019 and approved the strategy plans thereon.

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

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.

Application	:	Applied
Explanation on application of the practice	:	<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"> (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; (b) providing leadership, demonstrating strong commitment and judgement in overseeing management function; (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; (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; (e) Managing the interface and act as the main conduit between the Board and Management in ensuring constructive relations; and (f) Acting on the results of Board performance evaluation by recognising the strengths and addressing the weaknesses of the Board. <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 www.digi.com.my/investors</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

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.

Application	:	Applied
Explanation on application of the practice	:	<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 and CEO Charter which are available on Digi's website at www.digi.com.my/investors</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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.

Application	: Applied
Explanation on application of the practice	<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">• statutory duties as specified under the Act, Listing Requirements and other relevant laws and regulations;• updating and advising the Board on relevant guidelines on statutory and regulatory requirements periodically and the resultant implications to Digi and the Directors in relation to their duties and responsibilities;• monitoring corporate governance developments and assisting the Board in applying governance practices to meet the Board's needs and stakeholders' expectations;• attending and ensuring that all Board and Shareholders' meetings are properly convened, pertinent issues discussed and decided upon, and conclusions are properly recorded;• following-up on the action points and implementation of the Board's decisions to Management;• facilitating the provision of information to the Board and Board Committees, and between Directors and Management from time to time; and• facilitating the orientation of new Directors and assist in Directors' training and development;• ensuring availability of information required by new Directors for the proper discharge of their duties;• supporting the Board in ensuring adherence to Board policies and procedures; and• providing full access and services to the Board and carrying out other functions deemed appropriate by the Board from time to time. <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</p>

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

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.

Application	:	Applied
Explanation on application of the practice	:	<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 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 confirmation.</p> <p>The minutes of meetings records 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 Secretary 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>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is guided by the principles contained in the MCGG, 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 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 2019, 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 www.digi.com.my/investors.</p>
Explanation for departure	:	

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

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has adopted and implemented a Code of Conduct (Code) which is a vital and integral part of Digi's governance regime. It defines the core principles and ethical standards in conducting business with all stakeholders responsibly and in accordance with relevant laws and regulations. The said Code is based on four Code principles as follows: 1) We play by the rules: We follow laws, regulations and our policies, and in conflict we uphold the highest standard; 2) We are transparent and honest: We are open and truthful about our challenges; 3) We speak up: We ask questions when in doubt and raise our concerns without fear of retaliation; and 4) 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. The Code sets the expectations, identifies risks and provides guidance on anti-corruption, business partners, competition, confidentiality and information handling, conflict of interest, the environment, financial integrity and fraud, gifts, hospitality and travel, health, safety and people security, human rights and labour rights, insider trading, money laundering, privacy, public and social media, public officials, safeguarding our assets, workplace environment and how to speak up in the event that a breach of the Code is observed. The Code requirements are also incorporated in Digi's other governing documents as appropriate. It governs the conduct of all Digi employees including the Board members.</p> <p>Although the Code does not apply directly to the Company's business partners, however, Digi will not be associated with business partners that do not have the appropriate ethical standards. Digi has since 2018 adopted the requirement to conduct integrity due diligence or background searches on its key business partners. Business Partners are also required to accept and comply with Digi's Agreement of Responsible Business Conduct and its Supplier Conduct Principles.</p> <p>All employees including the Board members are required to read and confirm that they have read and understood the Code, and will comply</p>

	<p>with it.</p> <p>Digi's Ethics and Compliance (E&C) Officer reports on a quarterly basis to the Audit and Risk Committee on its annual compliance plan which includes activities such as periodic employee communications and training on the Code which incorporates ethical dilemmas, completion rates of eLearning modules and Code of Conduct acceptance, annual compliance risk assessment including anti-corruption which determines the materiality of any exposure identified and appropriate mitigation actions for implementation. The said committee also reviews compliance cases reported and disciplinary action, changes to policies, procedures and manuals as well as the effectiveness of mitigation actions, corrective action and disciplinary action taken based on regular compliance updates from the Management.</p> <p>The Code was last updated on 16 October 2018 and is accessible on Digi's website at www.digi.com.my/investors</p>	
Explanation for departure :		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure :		
Timeframe :		

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.

Application	:	Applied
Explanation on application of the practice	:	<p>Digi has established a whistle-blowing policy and manual. The objective of this policy and manual 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 the Code of Conduct (Code). Such reports may be raised via the Company's Integrity Hotline at http://telenorhotline.ethicspoint.com through the Company's leaders or directly to the Internal Audit and Investigations Department which is responsible for all investigations including those raised by whistle-blowers according to a well-defined process, as outlined in the Whistle-blowing Manual. The Internal Audit and Investigations department as well as Ethics and Compliance department work in close collaboration in concluding investigations and taking appropriate action including legal action where appropriate. Any failure to report a breach of the Code will similarly warrant an immediate inquiry and appropriate action to be taken against the relevant individual.</p> <p>The Audit and Risk Committee has responsibility over the reports raised by whistle-blowers, to review the applicable policy and manual in addressing such report with a view to ensuring the conduct of objective and independent investigations. Both the Internal Audit and Investigations and the Compliance and Labour Law departments will report to the Audit and Risk Committee and the Board on a regularly basis on any reported cases as well as follow-up actions taken.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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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.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<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 Securities (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 2018, 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"> 1) Board decisions are made objectively in the best interest of Digi taking into account diverse perspective and insights; 2) Rotation of Non-Executive Director every 3 years and be eligible for re-election subject to shareholders' approval; 3) Key senior management do not sit on the Board or Board Committees; and <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>Measure</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>Timeframe</p>	<p>: Others</p>	<p>Digi intends to maintain current Board composition.</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.

Application	:	Applied - Annual shareholders' approval for independent directors serving beyond 9 years
Explanation on application of the practice	:	<p>The provision in Board Charter relating to the nine (9) years independence limit prescribed in Malaysian Code of Corporate Governance 2017 ("MCCG 2017") has been reviewed and approved in March 2019, to allow for re-designation of Independent Director exceeding term limit of nine (9) years as Non-Independent Director or if the assessment justifies, to be retained as ID as prescribed under MCCG 2017, subject to shareholders' approval. 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 to adopt a nine (9) year term limit for Independent Director.</p> <p>Currently, none of the Independent Directors of the Company have exceeded the cumulative terms of nine (9) years. In the event that the Senior ID, Tan Sri Saw Choo Boon ("Tan Sri Saw") who will be retiring at the upcoming 22nd Annual General Meeting ("AGM") is being re-elected as Director until the next AGM, his length of service as Director will exceed a cumulative term of nine (9) years.</p> <p>Following the annual assessment by the Nomination Committee, the Board is recommending that Tan Sri Saw who is in his 9th year tenure, be retained as ID based on the following justifications:</p> <ul style="list-style-type: none">(a) He has fulfilled the criteria under the definition of ID as stated in the Main Market Listing Requirement of Bursa Malaysia;(b) His extension of service does not affect his independence and he continues to provide the necessary check and balances in the best interest of the Company;(c) He is conversant with the Group's industry and bring valuable insights and contributions to the Board; and(d) Is necessary for smooth transition for his successor.
Explanation for departure	:	

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

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.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

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.

Application	: Applied
Explanation on application of the practice	<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 2018, 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 47 to 72.</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">(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;(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(c) To implement and monitor the progress of the Diversity Policy towards the achievement of such objectives. <p>The Board Diversity Policy of Digi is accessible on Digi's website at www.digi.com.my/investors</p> <p>Digi has developed succession plans for woman leaders in the company under the Women Inspirational Network (WIN) where</p>

	<p>aspiring women leaders gather to inspire, grow and create impact while developing their fullest potential as a leader in Digi and beyond.</p> <p>This initiative started in 2016, and in a matter of 2 years, Digi has organically achieved a great gender balance in the organisation. With the appointment of Inger Gløersen Folkesson 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 46% of the extended management team is female. This has enabled Digi to build a diverse succession pipeline for the senior management team. In 2019, the focus would be to broaden the diversity and inclusion agenda and build towards an unbiased workplace.</p>	
<p>Explanation for departure</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>Measure</p>	<p>:</p>	
<p>Timeframe</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.

Application	:	Applied
Explanation on application of the practice	:	<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. Ms Anne Karin Kvam was a newly appointed Non-Independent Non-Executive Director on 16 October 2018.</p> <p>Digi's Board Diversity Policy is published on Digi's website.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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.

Application	:	Applied
Explanation on application of the practice	:	<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 who 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>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board believes that the roles 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>Puan Yasmin Binti Aladad Khan, an Independent Non-Executive Director chairs the Nomination Committee.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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.

Application	:	Applied
Explanation on application of the practice	:	<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 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 Nomination Committee 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 an unprecedented total of seven (7) Board meetings and nine (9) Board Committees meetings during the financial year 2018.</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 (Formerly known as Boardroom Corporate Services (KL) 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'</p>

	<p>participation during Board meetings. The Independent Directors do not just rely on representation presented by the 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"> 1) Maintained an appropriate balance between governance and performance. 2) To enhance internal controls through a risk-based approach. 3) Digi has maintained a good balance with strong participation from all Directors. 4) Try to plan for decisions to be taken in the planned Board meetings and decrease in circular resolutions. 5) Continue to improve on the board papers with inclusion of material information. Presentations should not diverge from what has been circulated, if it does, to highlight accordingly. 	
<p>Explanation for departure :</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>Measure :</p>		
<p>Timeframe :</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.

Application	:	Applied
Explanation on application of the practice	:	<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 strategy objectives of Digi to ensure that the Company is able to attract and retain high-performing Directors and/or senior management.</p> <p>Digi's Remuneration Policy for Non-Executive Directors, Remuneration Policy & Procedure for Senior Management and Terms of Reference of Remuneration Committee are in place and are published on Digi's website at www.digi.com.my/investors</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 Digi's long term objectives.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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.

Application	:	Applied
Explanation on application of the practice	:	<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 www.digi.com.my/investors</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 Executive Director on Board. The Remuneration Committee has delegated to the CEO to determine the remuneration package for senior management under Digi 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 Digi'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.	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

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.

Application	:	Applied
Explanation on application of the practice	:	<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 their 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 Securities. The detailed disclosure on Directors' remuneration for the financial year 2018 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>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	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.
		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>		
Measure	:	Remuneration Committee will review the disclosure of the top 5 senior management in the required band and on named basis.
Timeframe	:	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.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

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.

Application	:	Applied	
Explanation on application of the practice	:	Tan Sri Saw Choo Boon, Senior Independent Director is the Chair of the Audit and Risk Committee and is not the Chair of the Board. This is to ensure that the Board is able to objectively review the Audit and Risk Committee's findings and recommendations.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

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.

Application	:	Applied	
Explanation on application of the practice	:	<p>Digi does not have any former key audit partner as a member of the Audit and Risk Committee.</p> <p>The Audit and Risk Committee’s Terms of Reference requires a former key audit partner to observe a cooling off period of at least 2 years before being appointed as a member of the Audit and Risk Committee by the Company or any of its related corporations.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognised the value of an effective Audit and Risk Committee in ensuring the integrity in reporting and reliability of audit quality in assisting the investors to make informed decision. The Board had on 13 March 2019 formalised the procedures in assessing the suitability, objectivity and independence of the external auditor.</p> <p>The Audit and Risk Committee had conducted an annual assessment of the external auditors for the year 2018. Areas of assessment include technical competencies, capabilities, adequacy of specialist support and senior audit partners' accessibility and time commitment. The external auditors had confirmed to the Board their independence in writing by providing both audit and non-audit services up to the date of this report.</p> <p>Following the review of the assessment, the Audit and Risk Committee was satisfied with Messrs Ernst & Young's technical competency and audit independence and recommended the re-appointment of Messrs Ernst & Young for shareholders' approval at the forthcoming Annual General Meeting.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

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.

Application	:	Applied
Explanation on application of the practice	:	<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 Securities (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>Ms 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 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 themselves abreast with 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 Annual Report 2018.	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

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.

Application	:	Applied
Explanation on application of the practice	:	<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 Board has adopted the principles and guidelines on Risk Management under ISO 31000:2009 (which is 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 Annual Report.</p>
Explanation for departure	:	

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

Measure	:		
Timeframe	:		

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.

Application	:	Applied
Explanation on application of the practice	:	<p>Management is responsible to manage 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 system of internal controls including technology security and control, and the policies and compliance procedures with respect to business practices.</p> <p>The features of its risk management framework and practices are disclosed in the Statement of Risk Management and Internal Control as part of the Annual Report, including the adoption of internationally recognised risk management framework, key risks areas and its relevant risk responses in mitigating the risk exposures in which the Risk Management function reports to the Board on a quarterly basis.</p> <p>The Internal Audit function assists the ARC in evaluating the effectiveness of the company’s risk management and internal control system through 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>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Internal Audit function is carried out by the Internal Audit department independently as the internal audit personnel have no involvement in the operations and reports directly to the Audit and Risk Committee (ARC). The internal audit function thereby provides independent assurance on the areas reviewed on the effectiveness of the 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>The ARC further reviews the performance of the Head of Internal Audit and holds private sessions with her without the presence of Management to ensure IAs effectiveness as well as its abilities to function independently.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Internal Audit department comprises seven (7) members, led by Anushia Ganason, who has over 19 years of experience in operational and audit roles in various industries. Anushia is a Certified Internal Auditor (CIA) and is a member of the Malaysia Institute of Accountants. To further preserve the independence of the Internal Audit function, the Head of Internal Audit's performance is appraised by the Chair of the Audit and Risk Committee (ARC).</p> <p>Internal Audit staff are required to perform an annual declaration on the adherence to the Code of Ethics and any non-conformance and/or conflicts of interest are reported to either the Head of Internal Audit or the ARC to be dealt with.</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 5 years. The results are presented and discussed with the ARC.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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.

Application :	Applied
Explanation on application of the practice :	<p>We use a number of communication channels to report to shareholders on the performance and operations of Digi, including through our annual reports and interim reports. Our website (www.digi.com.my/investors) is a key communication channel for us to connect with our shareholders, the investment community and the general public. Timely and relevant updates are made on the Investor Relations section of the website to ensure investor-related corporate disclosures, such as current information on Digi's activities, quarterly financial results, corporate presentations, annual reports, announcements to Bursa Malaysia as well as information on Digi's business principles and Corporate Governance Framework, are up-to-date.</p> <p>Subsequent to 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>Prior to the earnings call conference, a briefing pack comprising of quarterly financial statements, management discussion and analysis report, earnings call presentation and press release are circulated to the investment analysts and investors via email and also published on Digi's website. This is to ensure that shareholders, investors and other participants in the capital market have equal access to Digi's quarterly financial performance and financial position as well as non-financial KPIs and other corporate information.</p> <p>Other than the regular investor meetings, conference calls and site visits, Digi pro-actively engages institutional investors, fund managers and analyst networks through investor conferences and Non-deal road shows where Digi Management Team meets with existing shareholders and potential investors to provide updates on Digi's strategic focus, recent performance and future prospects as well as to listen to their views. These regular dialogues between Digi</p>

	<p>Management team and the investment community has been instrumental to facilitate a clear, fair and holistic appreciation on Digi's performance, business strategies and prospects among research analysts, fund managers, investors and other stakeholders.</p> <p>During the Annual General Meeting ("AGM"), there is a presentation on the Company's performance, major activities which were carried out by the Company during the financial year and future prospects. Furthermore at the AGM, shareholders have the opportunities to post questions and comment on the Company's performance and operations.</p> <p>Shareholders and investors can also make inquiries about Investor Relations matters with Digi throughout the year via Investor_Relations@digicom.my</p>	
<p>Explanation for departure</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>Measure</p>		
<p>Timeframe</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.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board acknowledges that integrated reporting encapsulates more than a mere combination of the separate reports in the Annual Report into a single document.</p> <p>The current Annual Report of Digi.Com Berhad provides stakeholders with a comprehensive overview on the Company's financial and non-financial information including an overview of our business, strategy, opportunities and challenges as well as detailed assessment of our business performance both financial and non-financial, trends, outlook and prospects of the Company in the Management Discussion and Analysis section Our Corporate Governance Overview Statement and Statement of Risk Management and Internal Control form an integral part of the non-financial information. The Company has also, in the past, consistently incorporate the Sustainability Report as part of the Annual Report.</p> <p>Whilst certain characteristics of integrated reporting may be embodied in the Annual Report of Digi.Com Berhad it is on the whole not an integrated report based on the parameters set out by the International Integrated Reporting Council's (IIRC) Integrated Reporting Framework. The process of fully integrating our report will require extensive coordination efforts, resources and time. The Management has taken a progressive approach towards integrated reporting in line with the IIRC. This will gradually position the Company towards the adoption of integrated reporting 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>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:	The Board will look into integrated reporting based on a globally recognised framework later.	
Timeframe	:	Within 2 years	

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.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board considers the 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 at least thirty (30) 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>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

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.

Application	:	Applied	
Explanation on application of the practice	:	<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>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

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.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>Digi has taken the necessary steps to enable shareholders to participate, engage with the Board and Digi Management Team effectively and make informed voting decisions at General Meetings by organising shareholders' meetings in Kuala Lumpur to provide maximum opportunity for shareholders to attend alongside with the convenience of voting via e-polling and online real time results. Shareholders are allowable to vote via proxy if they are unable to attend the general meetings.</p> <p>In line with the Paragraph 8.29A of the Main Market Listing Requirements of Bursa Securities, 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>Taking into account of the intended outcome of this practice, the Board will continue to monitor on the developments of the technology available to facilitate the voting in absentia and allow remote participation by the shareholders and Board may consider implementing the same in the future.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	To be in line with the practice, the Board will closely monitor the development in the market for future consideration.
Timeframe	:	2 years

**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES
PERSUANT 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.

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