



LET'S INSPIRE

Integrated Annual Report 2020

CONNECTING YOU

TO WHAT MATTERS MOST



Inside This Report



2020 was an extraordinary year that underscored how digital connectivity has quickly become ubiquitous and is an essential 'lifeline' for people to stay connected with each other.

The cover highlights the joy, relief and support that communications, powered by digital connectivity, bring to every segment of the society, at a time when we needed to be physically apart. In helping Malaysians deal with the impact of Covid-19, we remain steadfast in our responsibility and purpose to connect people to what matters most, whilst creating long-term value for the nation.



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Report 2020 online

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About This Report

This is Digi.Com Berhad's 2nd Integrated Annual Report (IAR) 2020, prepared in accordance with the principles prescribed by the International Integrated Reporting Council (IIRC). We strive to continuously improve on our disclosures, guided by integrated reporting practices to create long-term value for our stakeholders.

Scope and Reporting Boundaries

The report covers our financial and non-financial performance from 1 January 2020 to 31 December 2020, unless stated otherwise. The reporting scope remains largely the same as last year's report, covering the activities of our wholly owned subsidiary, Digi Telecommunications Sdn Bhd, which is the core of our business operations.

Assurance

Our audited annual financial statements are disclosed in Section 6. We have also engaged an external auditor to provide a limited assurance for selected non-financial indicators. The independent assurance report can be found on pages 181 to 182 of this report.

Integrated Approach and Materiality

This year, our report is more concise with a holistic picture of the interrelatedness of our six (6) capitals against risks, opportunities, mitigation strategies and long-term approach to deliver value to our stakeholders. More details on our sustainability efforts will be disclosed in Digi's Sustainability website.

In addition, our materiality assessment processes are enhanced to review risks and opportunities that are material to both our stakeholders and the business. The revisions to the Top 13 material matters and our strategic responses to these material issues are presented throughout Section 2 to 4. Our disclosures are aligned to the Materiality principles of International <IR> Framework. We discussed the essence of the material matter without specifying information that might cause the company to lose competitive advantage.

Forward-looking Statements

This report may contain forward-looking statements with respect to Digi's future performance and prospects. It is subject to uncertainties that could cause actual results to differ materially from our expectations.

Approval by the Board

The Board of Directors of Digi has adopted integrated thinking in preparing and presenting Digi's IAR 2020 as guided by the IIRC's Integrated Reporting <IR> Framework and GRI Standards. The report was approved by the Board on 12 March 2021.

Feedback

Your feedback is important to us and we welcome your input to enhance the quality of our reporting. Please email your feedback to invesrel@digicom.my

Reporting Suites

We are committed to report openly and honestly to our broad range of stakeholders. To view the full suite, visit our website at www.digicom.my



Integrated Annual Report (IAR) 2020

Our report demonstrates our relationship between interdependent elements involved in our value creation.



Corporate Governance Report 2020

Our Corporate Governance report details out Digi's corporate governance practices.



Sustainability Performance and GRI Content Index

As part of our digitalisation efforts, our Sustainability performance and GRI Content Index are published on our website:

<https://www.digicom.my/sustainability/reporting.html>



Reporting Framework & Principles

Our reporting suites are in compliance with:

- | | |
|--|--|
| 1 IIRC's Integrated Reporting <IR> Framework | 6 Malaysian Financial Reporting Standards (MFRS) |
| 2 Companies Act 2016 | 7 International Financial Reporting Standards (IFRS) |
| 3 Bursa Listing Requirements | 8 GRI Standards (Core) |
| 4 Bursa Sustainability Reporting Guidelines & Toolkits | 9 ISAE 3000 (Revised) – Limited Assurance Engagement |
| 5 Malaysian Code on Corporate Governance 2017 | |

NAVIGATION ICONS

Our Capitals

- Financial Capital
- Intellectual Capital
- Manufactured Capital
- Human Capital
- Natural Capital
- Social and Relationship Capital

Our Strategic Pillars

- Growth
- Modernisation
- Responsible Business

About Digi

WHO WE ARE

Digi is a leading and trusted digital connectivity and services company, empowering societies and keeping customers connected to what matters most.

Our number one priority is to deliver connectivity in a safe, reliable and efficient way to Malaysians across the country.

Connectivity is a growing, fundamental need for modern societies. We believe connectivity empowers everyone to improve their lives, builds societies and secures a better future for all.

We are focused on growth and creating value for the long-term, delivered through a well-defined strategy.

We have built solid fundamentals and expertise in future-ready networks, digitalisation, customer experience, workplace and people development, and responsible business practices – shaped by a culture of innovation.

Being customer-obsessed, we are driven to continuously innovate and deliver personalised, engaging and safe digital products and services to enhance Malaysians' digital lifestyles.

Building on these capabilities, we believe we are well positioned to advance customers and society through digitalisation and powering the nation with 5G services and a future of new possibilities.

Our Values



Always Explore

We believe growth comes from learning every day. We're curious and we dare to challenge, test, fail fast and pivot.



Create Together

We believe diverse teams find better solutions. We seek different perspectives, share, involve, and help each other succeed.



Keep Promises

We believe that trust is key in all our relationships. We take ownership and pride in delivering with precision and integrity.



Be Respectful

We believe in the unique human ability to understand what matters for people. We meet everyone at eye level, listen and show that we care.

Our Way of Work



Customer Obsessed

Putting our customers at the heart of everything we do.



Innovation 360

Exploring ways to do things differently and to do different things that serve to improve the lives of our customers.



About Digi

Our Purpose

Connecting Customers To What Matters Most

Empowering Societies

Connecting people, businesses and societies has been the core of our business for the last 26 years. Today, internet connectivity impacts nearly every part of our lives, and we are making it more personalised and relevant than ever before. To us, it is more than good business. It is empowering societies.

Building on this, we want to enable participation for all, advance connectivity to accelerate digital future, and safeguard the planet, people and data in the digital world and beyond. 2020 has demonstrated that our purpose is more relevant than ever.

Delivering our purpose requires a dedicated focus on transforming and modernising our organisation to enable growth and create efficiencies, while innovating on our core services and customer experiences, and conducting our business in a responsible manner always. This is how we aim to create value for our customers and stakeholders for the long-term.

Our Strategy

We have a clearly defined strategy driving our purpose to connect customers to what matters most and empower societies. Anchored on Growth, Modernisation and Responsible Business, our strategy steers us to remain a leading and trusted digital connectivity partner.

Refer to Our Strategy on pages 42 to 43.

Our Promise to Customers



Best in Internet and Value

Deliver value to customers through innovative, personalised and relevant products and services, experienced seamlessly on quality, reliable and secure 4G LTE connectivity.



Digital Customer Experience

Create innovative digital services and relevant self-serve platforms to enhance customers' digital lifestyles.



Trusted by Customers

Create equal opportunities for people, businesses and societies to benefit from connectivity, in a safe and responsible way to establish long-term trust.

Corporate Structure



Digi.Com Berhad

[Registration No. 199701009694 (425190-X)]

100%

Digi Telecommunications Sdn Bhd

[Registration No. 199001009711 (201283-M)]

100%

InfraNation Sdn Bhd

(Formerly known as Y3llownation Sdn Bhd)
[Registration No. 200901003326. 846253-D)]

100%

Digi Services Sdn Bhd

[Registration No. 199201012386 (243889-T)]

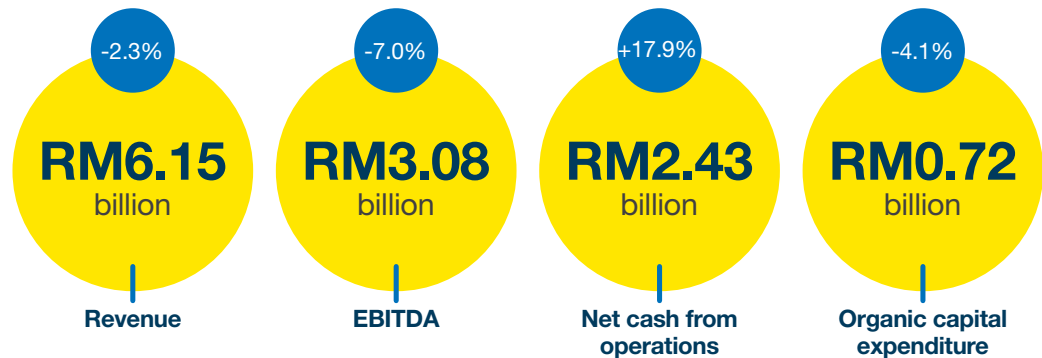
100%

Y3llowlabs Sdn Bhd

[Registration No. 200001032596 (535203-H)]

The Value We Created

Financial Performance



FOR OUR CUSTOMERS

Wider network population coverage nationwide

92% 4G LTE | **75%** 4G LTE-A | **9,890** sites

Delivered fastest and most consistent network

Ranked #1 in most consistent network*

Ranked #1 or #2 in download speed across all states*

*measured via third-party crowdsourcing data

Increased self-serve transactions on digital channels

+16% **4.4 million monthly active users** on MyDigi application

+7% **RM242.5 million** of upsell volume transacted

FOR OUR INVESTORS

Near 100% dividend payout ratio

RM1.21 billion (FY2019: RM1.42 billion) declared in dividends to equity shareholders

Recorded the highest return on equity over three years

for Big Cap companies (RM10-40 billion market capitalisation) in Telecommunications and Media by The Edge Billion Ringgit Club 2020



RM253 million (FY2019: RM246 million) paid in interest to debt funders

FOR OUR SOCIETIES

Free 1GB of data daily for selected education and productivity-related sites

Best value offers for **over 45,700 senior citizens** and **3,900 people with disabilities** under Yellow Heart

Provided digital learning contents, accessible to **5 million students and 500,000 teachers**, as part of being the Ministry of Education's (MOE) accredited digital content partner

More than 115,000 people engaged on online safety through Safe Internet initiatives

Raising standards by providing **2,426** total training hours for our suppliers

130 new suppliers signed Agreement on Business Conduct as part of the mandatory requirement

511 inspections conducted in line with our strict compliance to Health and Safety policy

The Value We Created

FOR OUR ENVIRONMENT

↑5% improvement

Recorded **166,953 tonnes** in total carbon emissions (FY2019: 175,200 tonnes)

Attributed to the on-going network modernisation and operational efficiency initiatives

↑31% improvement

in carbon intensity per data usage of **0.09 tCO₂e** (FY2019: 0.13 tCO₂e)

Reflecting our commitment to achieve lower carbon footprint and energy usage per unit of data consumed

↑27% improvement

in energy usage per data terabyte of **0.16 MWh** (FY2019: 0.22 MWh)

FOR OUR EMPLOYEES

RM242.1 million

(FY2019: RM224.6 million) paid in staff expenses which included bonuses, allowances and all other employment-related benefits for **1,473 employees**

86,420 hours

of total online learning hours by Digizens, **↑10%** through a range of online learning resources, expert courses and annual company-wide learning days

Highly diverse workforce

50% of our employees are women

47% women in leadership position

41% of our employees in 30-39 years old bracket



Enabling

CONTINUITY AMID SHIFTS IN THE WAY WE LIVE, WORK, AND LEARN

The nation is embracing an accelerated digital transition as we adapt to the 'now normal' way of virtual working, learning, and staying socially connected with friends and families. Building on the growing need for quality connectivity access anytime, anywhere, we continue to give our customers more value and better experience in the form of affordable high-speed internet plans and exciting device and digital services offers.





Our Response to Covid-19

Driving Inclusivity To Build Socio-economic Recovery

Digi's response to the pandemic underscores our commitment and leadership in Responsible Business as we prioritise the safety of our employees and stakeholders, whilst keeping Malaysians connected and accelerating digital transformation for businesses. These are the six key focus areas of our response.

Key
1

Maintaining network stability to sustain leading position on consistency and quality



Continued **traffic management and network optimisation** at essential sites such as hospitals, quarantine centres, government agencies, and residential areas



Prioritised investments on targeted new coverage and capacity sites to support businesses and essential services institutions

Key
2

Promoting safe internet and digital inclusion and accessibility for underserved communities



A joint industry effort with Malaysian Communications and Multimedia Commission (MCMC) in supporting **#MYBaikHati** campaign to crowdsource used devices for distribution and loan at Pusat Internet Komuniti (PIK) or Community Internet Centres for B40 communities



Online Future Skills webinars and training for over 20,000 teachers and students. In partnership with MCMC, distributed **micro:bit quick start learning kits at remote and rural PIK anticipated to benefit 7,000 students**

Enhanced **digital platforms** features to enable easier access for the visually impaired community, including launching a best practice **digital touchpoint playbook** for accessibility improvements

Providing Future Skills and online safety content to Digital Educational Learning Initiative Malaysia (**DELIMa**) by Ministry of Education

Unlimited data access for national curriculum resources on Jom Tuisyen



Continuous online capacity building on **scam awareness** and webinar series on **safe internet** in partnership with **UNICEF Malaysia**



Supported **Tabung Cerdik**, a government-led initiative by providing devices and affordable connectivity options to B40 students for remote learning

Our Response to Covid-19

Key 3

Keeping customers connected via special plans and digital channels



Digi Prepaid Abadi,

first prepaid plan with free life insurance coverage in partnership with AXA Affin



More@Home Campaign,

affordable postpaid and smart bundle plans to help Malaysians stay connected at home

Exclusive

Digi Postpaid Smart Bundle

for frontliners and essential services workforce



New services on

Digi Store Online

such as appointment settings, drive-thrus and door-to-door deliveries

1GB free data since 22 March 2020 for selected education and productivity services to facilitate e-learning

Improved online billing and reload features through **self-serve kiosks and e-wallet partnerships with** Touch 'n Go Digital and Grab



Key 4

Helping micro businesses and SMEs digitalise for business continuity



Partnered with MDEC to drive **Business Continuity Digitalisation programme** to support businesses in their digitalisation journey



Offered PENJANA SME Digitalisation Grant via Digi Business **Go Digital Bundles**



Supported over **60 small businesses** on MyDigi Bazaar



Extended discounts and facilitated payment extensions for some **NGOs** during Movement Control Order period



Our Response to Covid-19

Key
5

Supporting humanitarian and emergency relief efforts with Covid-19 aid



Nationwide crowdfunding via MyDigi app to provide **RM50,000 worth of PPE** to hospitals



RM2 million pledged

to support relief and recovery efforts via GLC/GLIC Disaster Response Network (GDRN) and Mercy Malaysia



Zero-rated calls

to state health emergency and hotline numbers



Sponsored devices and connectivity for video calls

for Hospital Kuala Lumpur and Sarawak General Hospital to enable safe, remote consultations with patients and for family members to stay in touch

Supported government in disseminating Covid-19 related information via

daily SMS broadcasts



Our Response to Covid-19

Key
6

Facilitating remote working whilst prioritising health and safety across our value chain



207 virtual inspections

within supply chain and weekly meetings with all in-house and Tier-1 vendor representatives or HSE officers on Digi's Covid-19 response plans



Mandatory health and safety e-learning

for employees before returning to workplace and a suite of **productivity and digital toolkits**, coupled with access to numerous learning resource platforms



Improved access to connectivity for employees with **discounted Digi home fibre plans** in addition to existing staff benefits



Comprehensive Business Continuity Plan (BCP) which included alternative locations for technology operations and customer service teams

Precautionary measures such as daily sanitisation, temperature readings, demarcation lines at workplace and providing masks to employees at all Digi premises



Chair of the Board's Statement

Navigating a year of strong challenges and deep responsibility for all



Haakon Bruaset Kjoel
Chair of the Board

“

Looking back on 2020, in challenging times Digi kept its promise to keep customers connected to what matters most. This promise took on new meaning as the reality of the global pandemic took hold in Malaysia. Along with the sector, we took on the critical responsibility of ensuring people could learn and work from anywhere, could easily shift to online transactions for personal and business needs, and could stay socially connected with one another, when we needed to be physically apart.

Digi reaffirmed our daily commitment in providing reliable and affordable connectivity and solutions for each of our 10.4 million customers. Trust is central to the way Digi operates, and in these tough times we deepened our responsible business framework, built on the tenets of good corporate governance. This enables us to deliver services to customers credibly, and partner with a range of stakeholders with transparency and integrity.

Chair of the Board's Statement



Guided by the principle of doing good by doing right, **Responsible Business is a strategic priority** for Digi

Q How did Digi deliver its commitments in the face of a global pandemic?

A As we navigated a year like no other, we had two main priorities – doing everything we could to protect the health and safety of our employees and supply chain while ensuring that we kept our promise to customers and businesses so that they could remain connected.

Over the course of the year, Digi maintained stable and reliable networks which were able to keep up with peaks of extraordinary demand. We helped empower people and businesses as well as ensuring medical and other public frontliners could access the connectivity they needed to fulfill their essential duties. Digi's retail frontliners transformed themselves into online retail agents and shifted to digital channels to continue serving customers across the nation while complying with all required safety procedures.

In responding to the economic impact of restrictions Digi worked with the government, supporting efforts to ease the burden on people and various segments of business. Initiatives included a year-long

provision of daily free 1GB data for productivity and education, access to PENJANA digitalisation grants for small and medium enterprises, and various Yellow Heart community initiatives to support critical relief efforts. On the latter, Digi in 2020 pledged RM2 million via the GLC Disaster Response Network (GDRN) for Covid-19, firstly to help medical frontliners in the early phase of the pandemic, and later as part of an industry effort through the 'To Malaysia With Love' campaign, aiding Mercy Malaysia's humanitarian efforts throughout the country.

The Board records its appreciation to all Digizens and partners who stepped up to adapt to the high demands of our business during this time, particularly our frontliners who ensured that services remain uninterrupted for customers and businesses in all parts of the country. The Board also commends the Management on its robust and holistic Business Continuity Plan (BCP) which was activated early as the impact of Covid-19 became apparent, and allowed the management team to address rising risks effectively.

Read more about our response to Covid-19 in pages 8 to 11 of this report.

Q Responsible Business is a core pillar of Digi's strategy. How is Digi leading in this area?

A The Board places high importance on maintaining our responsible business leadership. Guided by the principle of doing good by doing right, this remained a strategic priority for Digi in the year. Digi's responsible business framework

is anchored on our "Yellow Heart" brand aspirations: to raise standards across our operations and supply chain, and to partner with society to build required skills and resilience for an accelerated digital future.

The Board is pleased to note various achievements of the company in maintaining high standards of ethics and integrity in our business conduct; in safeguarding the health, safety, and wellbeing of our employees and supply chain; in keeping to the highest human rights standards in our operations; in protecting the privacy of customers' personal data, and the security of our infrastructure; in being environmentally responsible in our practices; and in building an organisation that cherishes the value of diversity and inclusion.

Read more about how Responsible Business is embedded in the way we create value in Section 4 pages 54 to 69 of this report.

Q Describe how Digi values diversity as a foundation of its strength.

A Digi continues to build an inclusive and dynamic workplace, built on collaboration and on promoting a culture of innovation and customer obsession. We firmly believe that a diverse workforce at all levels of the organisation helps us maximise the power of different experiences. Diversity and inclusion is a central pillar of good governance and drives better decision making, stimulates innovation, increases organisational agility, strengthens resilience to disruption, and attracts high-performing talent.

Chair of the Board's Statement

In this respect, the Board is deeply proud of Digi's inclusion in both the Bloomberg Gender-Equality Index (GEI) 2021 and Refinitiv Global Diversity and Inclusion Index 2020, which recognise public-listed companies for bringing transparency to gender-related practices and policies, therefore increasing the breadth of environmental, social, governance (ESG) data available to investors.

The Board is confident we have the appropriate balance of knowledge, skills, experience and independence to drive the company agenda and govern effectively.

The recent appointments of Randi Wiese Heirung and Wenche Agerup as Non-Independent Non-Executive Directors have further strengthened the Board from a competence and diversity perspective. We would also like to thank Torstein Pedersen and Anne Kvam for their valued contribution during their time with the Board, and wish them the best in their next endeavours.

Read more about the value we create with our human capital in pages 58 to 61 and our governance focus in Section 5 of this report.

Q How did Digi deliver healthy returns to its shareholders amidst a challenging year?

A In spite of operating in a hyper-competitive market, our focused execution on business and prudent financial management have led the Board to declare a net dividend per share of 15.6 sen, returning a

total payout of RM1.21 billion to shareholders and sustaining a near 100% dividend payout ratio for FY2020. Year on year, we continue to exceed the company's dividend policy of distributing a minimum 80% of net profits, keeping to our commitment to deliver strong and sustainable returns to our shareholders.

Read more about the value we create with our financial capital in pages 46 to 49 of this report.

Q How would you describe the year ahead for Digi?

A Digi has rallied against uncertain macroeconomic and market conditions throughout 2020, driven by a focus on efficient operations and delivery of transformation initiatives. In the year ahead, we will continue to prioritise three key areas; accelerating our digital agenda; modernising our network and IT infrastructure to enhance customer experience; and partnering with other stakeholders to support Malaysia's recovery and growth. The experience of the recent year has accelerated the digital economy in Malaysia and is creating a real impetus for businesses to fast-track the digitalisation of their operations.

We are also encouraged that the Malaysian government has put in place social and economic strategies – including a cohesive Covid-19 National Immunisation Programme – that will guide the

nation's recovery in the coming months. We share the view that our immediate shared future requires a "whole-of-society" mindset, and Digi looks forward to playing our part in stimulating the nation's recovery and driving a brighter future for all.

We are confident in our ability to continue creating value for our stakeholders.

Notwithstanding, our strategic focus on growth, modernisation, our unwavering commitment to responsible business, and the company's organisational agility to always explore new possibilities creates a strong foundation for us to address any challenges that the future may bring.

On behalf of the Board, I express appreciation to all Digizens for their collective contribution to Digi's performance in 2020. I would also like to thank our business partners and stakeholders for their ongoing collaboration and engagement. Lastly, the Board also thanks all shareholders for their support.

In view of Covid-19, we continue last year's virtual shareholder engagement into 2021, to prioritise your safety whilst continuing our dialogue with you. Please see details outlined in our Notice to the 24th Annual General Meeting (AGM). We look forward to sharing more on our business at the AGM on 18 May 2021.

Chief Executive Officer's Statement

Stronger Together, Building A Better Tomorrow

“

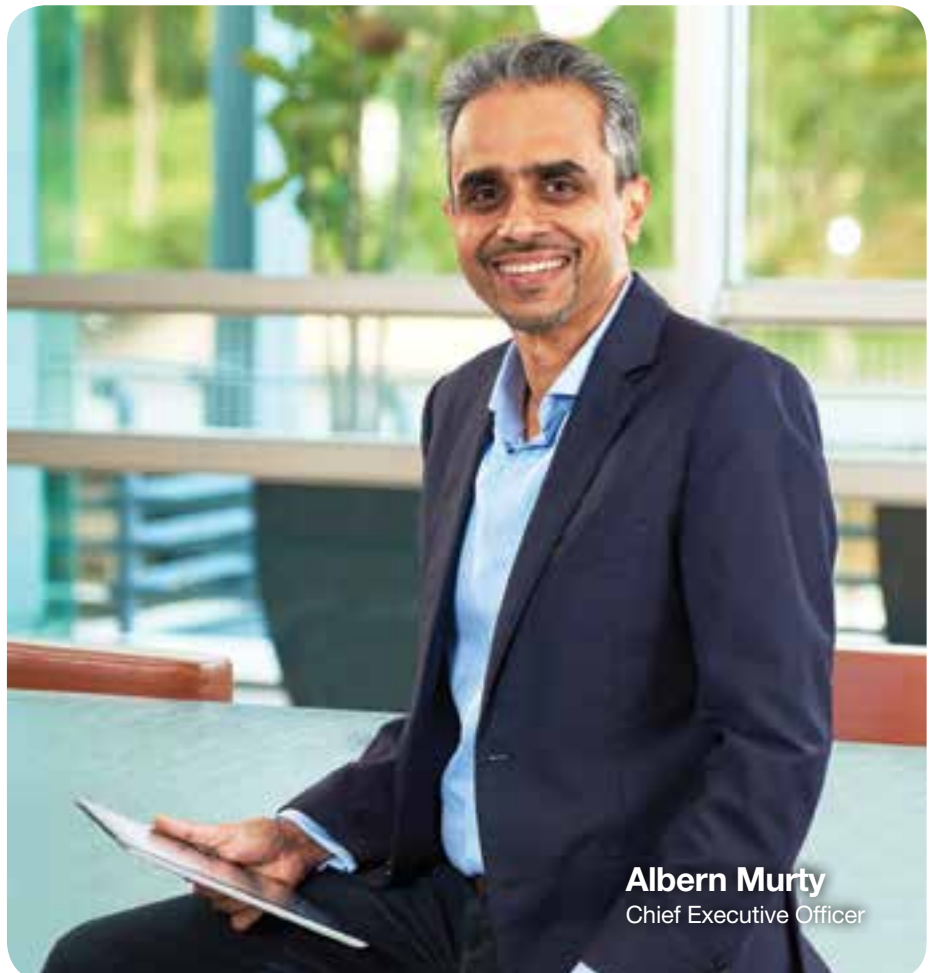
2020 was a year of learning and exploration for Digi – new ways of working and staying connected to our teams, finding innovative means of serving our customers, and doing things to grow closer as a team despite being physically apart. This was a year where we grew as a company and explored new growth areas, driving efficiency and modernisation. The experience underscored the importance of what we do every day – connecting you to what matters most. Connectivity became even more fundamental – in keeping people, businesses, governments, and societies in general connected and running. In this regard, much of Digi's priority during the year was to ensure the consistent availability of our network and services, while taking necessary precautions to keep everyone under our care safe, and doing our part to aid the nation's recovery.

Q How would you describe Digi's performance in FY2020?

A During the year, Digi like many companies in Malaysia faced a challenging and uncertain market. Over the various Movement Control Orders (MCO), telecommunications networks experienced a huge surge in data traffic, driven by usage peaks in productivity, education, communications, video, and gaming applications. Led by the government and the Malaysian Communications and Multimedia Commission (MCMC), Digi and our industry colleagues collaborated to reshape a national plan to radically uplift the quality of broadband and digital services.

Against this backdrop, our performance was a result of an all-round focus on operational excellence, the success of transformation initiatives, and our signature brand of inspired resilience. By executing well on our growth and modernisation agenda we were able to deliver earnings and sustain healthy returns to shareholders, which were in line with 2020 revised guidance.

More details on Digi's financial review by our Chief Financial Officer in pages 18 to 21, and how we create value across our six capitals in pages 46 to 69 of this report.



Albern Murty
Chief Executive Officer

Chief Executive Officer's Statement

“

We will focus on delivering our long-term strategic goals, built on robust financials, organisational agility, and our trusted brand.

Q What measures did Digi take in responding to the challenges brought on by Covid-19?

A Early in the year, we activated our comprehensive Business Continuity Plan to mitigate the rising impact of Covid-19 on our operations and the way we serve customers. We were one of the first few companies to shift to having more than 70% of our workforce working from home, and critical roles were strengthened by redundant locations to be able to serve our customers while keeping our teams safe.

Maintaining the availability of network services, and enhancing coverage at critical areas

We mobilised our team to work 24/7 to maintain sites, upgrade capacity, and improve coverage. This was vital given the surge in data traffic due to increased internet usage and shift in capacity from business zones to residential areas, and to ensure mission-critical areas such as hospitals and key government offices were given adequate focus.

Benefits for customers focused on learning, connectivity, and productivity

We gave free 1GB data to our 10.4 million customers every day since March 2020. We enabled free access to e-learning platforms like Jom Studi, and curated special plans catering to customers' current needs and affordability, along with business continuity boosters for businesses to manage their operations.

Optimising service channels to better meet customer's needs

We took up the challenge of ensuring accessibility to our services at a time when movement and travel was limited. Digital self-service channels in the form of MyDigi app and Digi Online Stores supported essential transactions, while our Customer Care hotline, Live Chat, Kiosk and social media platforms continued to be staffed 24/7.

Timely dissemination of information to all

Since the start of MCO, we have been working with the authorities to disseminate health, emergency, and public interest announcements via daily SMS broadcasts to our customers for free.

Supporting relief efforts

In addition to pledging RM2 million to the GLC/GLIC Disaster Response Network (GDRN), we collected RM50,000 through customer-driven crowdfunding on MyDigi and channeled the funds to purchase personal protective equipment (PPE) for hospitals.

Safeguarding health and wellbeing of people across our value chain



















In delivering all the above and more, we took every necessary measure to protect the safety and health of our employees, partners, and the supply chain, adhering strictly to the highest safety standard operating procedures, as well as enhancing physical and mental health support for our employees. .

Read more about the company's Covid-19 response in page 8 to 11 of this report.

Q How will Digi continue to deliver value and growth, and lead the industry in responsible business practices in the next 2-3 years?

A In the past year, we learnt that more than ever, we needed to be agile in a rapidly changing environment. In the next three years, we will continue our growth by seeking smarter ways of delivering value to customers and society, by continuing to modernise our network and infrastructures, and by leading in responsible business practices.

Chief Executive Officer's Statement

Strategic Pillars	Ambitions	Targets	Link to capitals
 <p>GROWTH</p>	<p>Sustainably grow Consumer, and lead organic B2B revenue growth</p>	<p>20% growth in Postpaid and Fixed subscribers</p> <p>33% growth in B2B revenues</p>	<ul style="list-style-type: none">  Financial  Manufactured  Intellectual  Natural  Social and Relationship
 <p>MODERNISATION</p>	<p>Best customer experience, built on channel digitalisation and automated operations</p>	<p>100% touch-free operations on Digi's network</p> <p>#1 most consistent network experience</p>	<ul style="list-style-type: none">  Financial  Manufactured  Intellectual  Human  Natural
 <p>RESPONSIBLE BUSINESS</p>	<p>Leader on sustainable business standards and ESG practices in Malaysia</p>	<p>300k users engaged via Yellow Heart programmes on digital resilience and future skills</p> <p>#1 Malaysian telco for ESG performance</p>	<ul style="list-style-type: none">  Financial  Manufactured  Intellectual  Human  Social and Relationship

Legend:  Financial  Intellectual  Social & Relationship  Manufactured  Natural  Human

Read more about Our Strategy on pages 42 to 43 of this report.

Q What are your priorities and outlook for 2021?

A Digi will focus on delivering our long-term strategic goals, built on robust financials, organisational agility, and our trusted brand. We will prioritise accelerating our digital agenda and modernising our network and IT infrastructure to enhance customer experience, driving financial sustainability via cost efficiency initiatives, upholding the highest standards in responsible business practices, and by partnering to support society's recovery. We continue to innovate and deliver on our brand promise and purpose of connecting customers to what matters most through our services and future enhancements of technology.

On behalf of the management team, I would like to thank our employees, our Board, and most of all our customers for their support and loyalty during the last year. We also express our appreciation to Malaysia's first responders, enforcement agencies, government authorities working tirelessly to keep society safe and lead us on the path of recovery.

Chief Financial Officer's Statement



Inger Gløersen Folkesson
Chief Financial Officer

Maintaining solid financial momentum driven by a resilient operating model

“

We maneuvered through an unprecedented health crisis by focusing on driving commercial recovery as the Covid-19 pandemic challenged our growth and profitability opportunities. In order to protect shareholder value, key emphasis has been placed on cost optimisation and disciplined capital and resource allocation, underpinned by our strong Operational Efficiency mindset. As we recover, we will remain steadfast on demonstrating effective cost and liquidity management, maintaining industry-leading margins while continuing to invest in compelling customer experiences and future growth.

Q The challenging backdrop and other Covid-19 related pressures had adversely impacted companies' operating results. How did you manage this?

A Overall, FY2020 results manifested our disciplined execution on securing growth opportunities, driving digital modernisation efforts, and across-the-board operational resilience during the year. However, our total revenue softened by 2.3% to RM6,152.7 million attributed to sustained pressure on consumer and business spend, while total subscriber base lowered by 7.4% to 10.4 million, as we focus on quality acquisitions. This was mitigated by opex reduction of 1.4% led by disciplined cost containment measures. Our immediate priorities to quickly respond to the changes impacting our business in ensuring financial resilience were:

Building sustainable revenue mix

- Grew **active Malaysian base by 5.9%** to cushion impacts from border closures via **affordable and flexible bundles**
- Increased the **availability and appeal of our digital products and services to yield 9.9% growth** in internet and digital revenues
- Accelerated digital adoption for SMEs and large enterprises to escalate our B2B subscriber and **revenue growth by 5.5% and 4.0%**, respectively

Driving optimal cost and capex controls

- **Optimised advertising and promotion spend** on lower on-ground activities
- Intensified **credit management** and **collection process** to deliver low provision of doubtful debts ratio of 3.2%, well below industry level
- Disciplined capex prioritisation to **conserve cash** by prioritising **modernisation initiatives**

Robust working capital management

- Managed an **efficient supply chain management resulted in timely deliveries** in equipment and supply
- Maintained **sufficient stock holdings** through effective stock and distribution management
- Re-negotiated **key supply contracts** and **repayments**

Chief Financial Officer's Statement

Q Your balance sheet and capital allocation must have faced a lot of pressures. What were the immediate focus areas in maintaining the balance sheet?

A We continue to closely monitor and review our balance sheet and capital requirement periodically to ensure our balance sheet is optimised. Our credit profile remains intact and resilient throughout the challenging time to fund business requirements including our infrastructure and spectrum investments, as evidenced by the reaffirmation of our sukuk rating on the RM5 billion Sukuk Programmes of AAA/Stable/P1 by RAM Rating Services in December 2020.

Together with our Profit After Tax of RM1,221.0 million, we were able to close FY2020 with a sustainable return on equity ratio and return on total assets of 201.5% and 14.9%, respectively despite the overall subdued backdrop.

To ensure we maintain solid headroom on the balance sheet and manage our gearing and capital allocation prudently, our immediate focus areas were:



Effective risk management for trade receivables



Protect flexibility for easy access of competitive rates



Execute interest rate swap exercises to hedge against interest rate risk



Competitive funding facilities at all times to support growth and short-term disruption, if any



Clear capital allocation process that promotes long-term growth

Q Digi has set out ambitious strategic roadmap and targets for the next three years as outlined in 'Our Strategy'. How can investors evaluate and measure your performance?

A To achieve our targets which are aligned with our long-term strategic ambitions, we use financial and non-financial indicators to measure the achievements as highlighted below:



GROWTH

- Positive service revenue growth
- Positive subscriber growth for B2B and Fibre-to-the-home (FTTH)
- Improve 4G capacity



MODERNISATION

- Increase digital sales
- Increase active MyDigi users
- Improve network net promoter score
- Reduce total costs on digitalisation, productivity, and other efficiencies
- 40 hours of online learning per employee



RESPONSIBLE BUSINESS

- More efficient governance structures aimed at faster decision-making
- Increase in Health, Safety and Environment (HSE) adoption in supply chain
- Reduce CO₂ emissions versus baseline
- New Environmental, Social and Governance (ESG) brand preference score
- Users engaged via Yellow Heart programmes

Chief Financial Officer's Statement

Q Investors are increasingly measuring a company's performances against ESG criteria and values. What are Digi's efforts to improve ESG disclosure and reporting?

A Our commitment in delivering the highest standards of transparency and disclosure has always prepared us for increased scrutiny on ESG performance from regulators, investors, and the public. We have set science-based targets to minimise our environmental impact and aligned our reporting towards globally recognised reporting frameworks. In addition, we participate in annual ESG rating assessments by various rating houses such as Sustainalytics, FTSE4Good and S&P RobecoSAM, which reflects our dedication in achieving our target to become the number one telco ESG performance in Malaysia by 2023.

Our approach to provide a meaningful ESG disclosure is through continuous improvement, which is aligned to our reporting guidelines for our stakeholders. The immediate focus areas are as follows:

Focus Areas	Progress	Completion Target
Conduct company-wide data integrity exercise to build a robust ESG reporting framework	Ongoing	End 2021
Ensure a comprehensive alignment of ESG material issues and enterprise risks	Ongoing	End 2021
Drive resource prioritisation and process improvement to manage ESG inquiries	Ongoing	End 2021
Increase sustainability investments particularly in energy-efficient or climate-friendly technologies and solutions	Embarking	By 2023
Enhance our climate change risk monitoring, management and governance	Embarking	By 2023

Lastly, we truly believe that upholding high standards of corporate responsibility is key to long-term value creation and contributes directly to improved business performance and brand integrity.

Q What do the new ambitions and targets mean to dividend payments going forward?

A We remain strongly committed to equip ourselves with the ability to pay steady dividends over time above our minimum payout ratio of 80%. Our track record in maintaining high dividend payout ratio of above 95% demonstrates Digi's financial strength as a compelling stock.

In essence, I have confidence in our resilient business model to ensure our dividend distribution is in line with our strategy to enhance free cash flow, improve the sustainability of our operations, thus delivering attractive returns to our shareholders.

5-Year Financial Summary

RM Million	2016	2017	2018	2019	2020
KEY FINANCIAL RESULTS					
Revenue	6,597	6,340	6,527	6,298	6,153
Telecommunication revenue					
- Service revenue	6,264	5,969	5,827	5,644	5,428
- Others	62	65	75	87	84
- Sales of device	271	306	625	567	641
Earnings before interest, taxes, depreciation and amortisation (EBITDA) ¹	2,956	2,886	3,033	3,311	3,080
Earnings before interest and taxes (EBIT)	2,304	2,100	2,229	2,113	1,805
Interest cost	78	132	130	246	253
Profit before taxes	2,238	1,985	2,080	1,892	1,622
Profit after taxes	1,633	1,477	1,541	1,433	1,221
Capital expenditure (Capex)	776	1,345	818	751	720
Net cash flow from operating activities ²	1,532	2,577	2,176	2,062	2,432
KEY FINANCIAL POSITIONS					
Total assets	5,498	5,834	6,206	8,149	8,187
Non-current liabilities	2,150	3,033	2,838	4,732	5,067
Total debts	2,282	2,704	2,694	5,150	5,452
- Conventional borrowing	2,257	1,292	1,293	780	555
- Islamic borrowing	-	1,391	1,393	2,322	2,316
- Finance lease	25	21	8	2,048	2,581
Shareholders' equity	519	519	673	660	606
KEY FINANCIAL RATIOS³					
Return on equity	315%	285%	229%	217%	201%
Return on total assets	30%	25%	25%	18%	15%
EBITDA margin	45%	46%	46%	53%	50%
Net debt/EBITDA (x)	0.6	0.7	0.7	1.4	1.7
Interest cover (x)	29.5	15.9	17.1	8.6	7.1
SHARE INFORMATION					
Earnings per share (sen)	21.0	19.0	19.8	18.4	15.7
Dividend per share (sen)	20.9	18.8	19.6	18.2	15.6
Net assets per share (sen)	6.7	6.7	8.7	8.5	7.8
Dividend yield	4.3%	3.7%	4.4%	4.1%	3.8% ⁴

Notes:

- 2019 and 2020 Financial Information are based on post-MFRS 16

1 EBITDA excludes the gain or loss on:

- disposal and write-off of property, plant and equipment
- disposal and write-off of intangible assets
- termination of lease

2 Refers to net cash flow from operating activities per Statements of Cash Flows

3 Key financial ratios prior to 2019 are calculated based on MFRS 15

4 Yield calculated based on the closing price of RM4.14 as at 31 December 2020





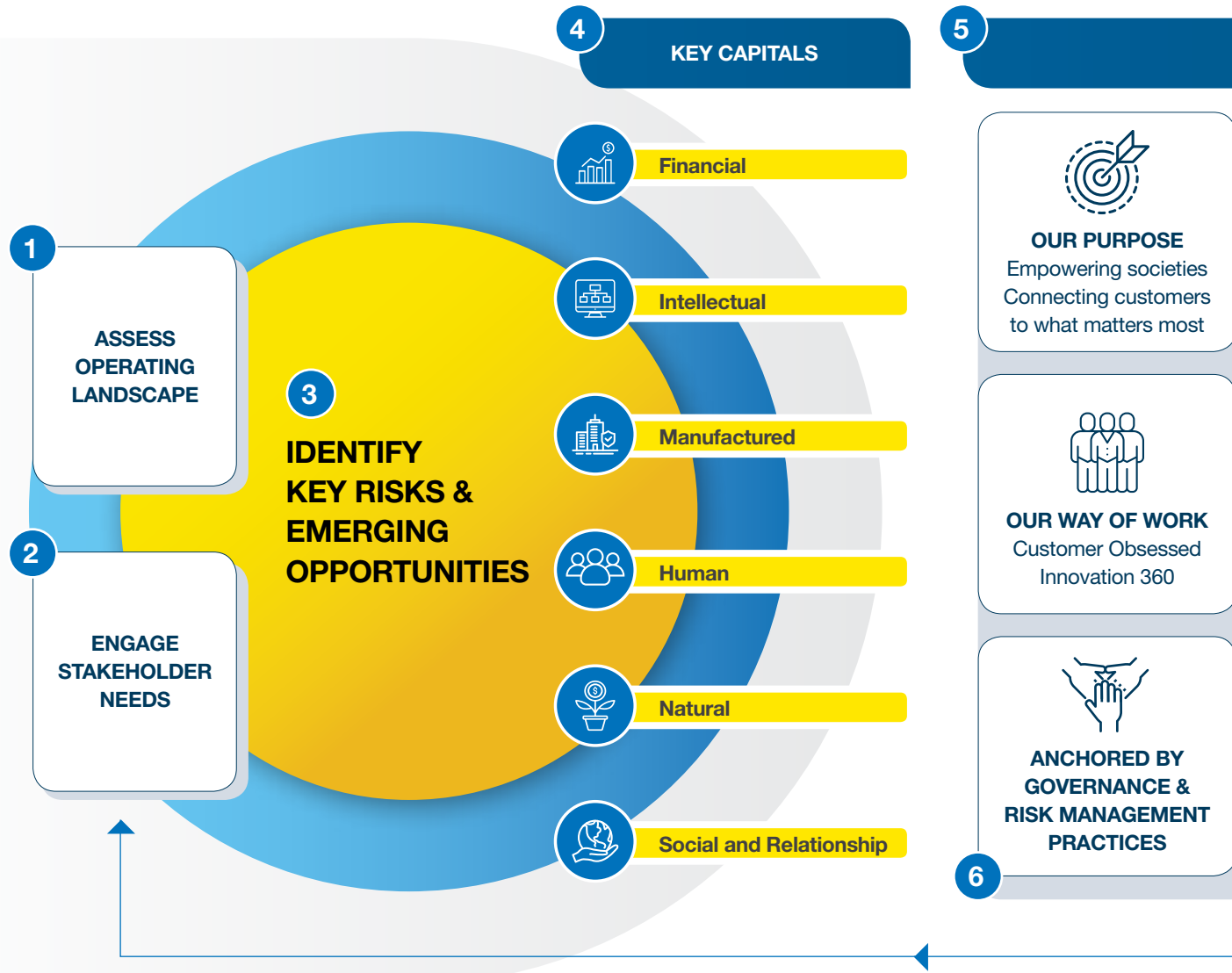
Catering

TO THE SOCIETY'S NEEDS IN EXTRAORDINARY TIMES

As a leading and trusted digital services provider, we continue to serve Malaysians with different connectivity needs and demands. Be it small business owners who need digital solutions to survive and thrive, or front-liners on mission-critical work – we assume the crucial responsibility of helping them stay connected to what matters most, with relevant aid and value-added digital services.

Our Business Model

Our business model is anchored on long-term value creation for the success and health of our company and the best interests of our stakeholders. We seek to actively create value through technologies and processes to ensure we deliver on our purpose to connect customers to what matters most and empower societies. We consider the impact of our operations and relationships that are critical to our ability to create value. In addition, we identify risks and opportunities that can affect the delivery of our strategy, whilst remain committed in creating superior value to all stakeholders. Further details of each component in our business model and how it impacts our capitals are available in Section 3 to 4 of this report, unless otherwise stated.



- 1** The environment in which we operate impacts our ability to create value. Refer to pages 26 to 28
- 2** Top material matters and stakeholders' concerns are prioritised and addressed accordingly. Refer to pages 29 to 33, and 38 to 40 respectively

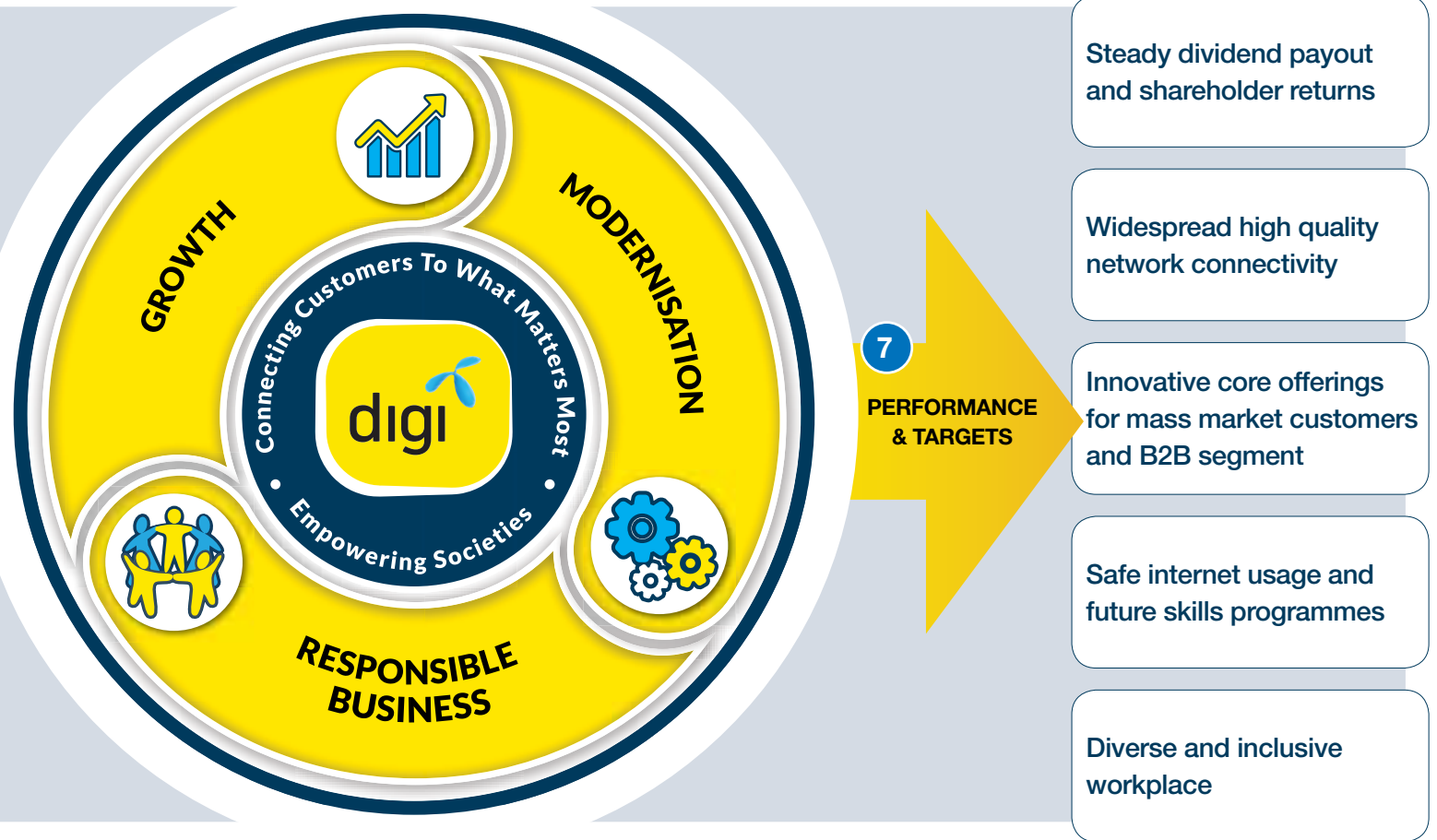
- 3** Key risks and opportunities we consider to execute on our strategies. Refer to pages 34 to 37 and 41 respectively
- 4** Resources from our capitals that are critical to create value. Refer to Section 4, pages 46 to 69

Our Business Model

OUR STRATEGY FRAMEWORK

8

CREATING SUSTAINABLE VALUE



7

PERFORMANCE & TARGETS

Steady dividend payout and shareholder returns

Widespread high quality network connectivity

Innovative core offerings for mass market customers and B2B segment

Safe internet usage and future skills programmes

Diverse and inclusive workplace

5

Our strong foundation enables us to set a clear direction to drive growth. Refer to pages 42 to 43

6

We are backed by Our Purpose, Way of Work and high standards of Responsible Business practices. Refer to Section 5, pages 72 to 104

7







Our ambitions are aligned to key performance indicators and targets. Refer to pages 42 to 43 and throughout Section 4, pages 46 to 69





8

Our ability to create value is reflected in the outcomes we derive for all stakeholders. Refer to Section 4, pages 46 to 69

Our Operating Landscape





The Malaysian telecommunications market landscape continued to be challenging in 2020, with far-reaching effects of Covid-19 across customers' data usage, spending capability and mobility, businesses' ability to operate, as well as intense price competition impacting industry revenue growth. Throughout this unprecedented pandemic, Digi has demonstrated resilience and has put in place robust internal processes to regularly review megatrends, market developments and strategies to adapt, capture new growth opportunities and mitigate risks. For more information on how Digi demonstrated its resilience in driving continued value creation, please refer to Section 4: How We Create Value, on pages 46 to 69 of this report.

-  Financial
-  Intellectual
-  Social and Relationship
-  Manufactured
-  Natural
-  Human

Aspect	Impact to business & industry	Digi's Response
 <p>Macroeconomic</p> <p>Link to capitals:</p> <div style="display: flex; justify-content: space-around;">    </div>	<ul style="list-style-type: none"> Malaysian GDP contracted by 5.6% in 2020 on the back of ongoing global pandemic Cautious consumer sentiment, employment insecurity and slower domestic economic activities National lockdowns and movement control orders led to heightened demand in network usage from home, hospitals, government agencies and other essential areas 	<ul style="list-style-type: none"> Delivered high availability and reliability in our network at critical sites and high demand locations Innovated and widened our offerings for various consumer groups via segmented approach to be relevant to customers' needs Accelerated customer digital touchpoints to ensure business continuity Ensured seamless network and service deployments via continuous optimisation and efficient supply chain management Deployed strict Business Continuity Planning measures to preserve employee and customer safety

2021 Outlook

- Expect continued uncertainties from Covid-19 response and movement restrictions, making it difficult to predict the pace of economic recovery
- Gradual recovery with no significant change in current industry dynamics while waiting for nationwide rollout of Covid-19 vaccinations
- Prioritise defending market share, capturing new growth opportunities and delivering industry-leading cost structure

Aspect	Impact to business & industry	Digi's Response
 <p>Competition</p> <p>Link to capitals:</p> <div style="display: flex; justify-content: space-around;">    </div>	<ul style="list-style-type: none"> Heightened price competition with multi-tiered product plans impacting industry ARPU trend and revenue growth Speed-tiered unlimited data plans in prepaid mobile introduced by large competitors since June 2020 Increased focus on acquiring SMEs to leverage on SME Digitisation Grant under PENJANA initiative While industry mobile penetration in Malaysia has matured at 132%, fixed penetration at 48% presents opportunities for further growth 	<ul style="list-style-type: none"> Focused on high-speed prepaid internet plans with easy entry starting at RM15, and monetisation of high-speed data Expanded presence in fixed connectivity by bundling postpaid plans with fibre-to-the-home via More@Home position Introduced best-in-value Go Digital Bundles to boost recovery and growth for SMEs as part of PENJANA Further optimised cash flow and delivered disciplined operational efficiency initiatives via new technologies and processes

2021 Outlook

- Intense competition as competitors fight to capture share of economic recovery
- Shift in customer behaviour driving increased need for home connectivity and digital services

Our Operating Landscape

Aspect



Emerging Regulatory Requirements

Link to capitals:



Impact to business & industry

- The government has announced Jalanan Digital Negara (JENDELA) initiative to upgrade Malaysia's digital infrastructure and provide wider coverage and better quality of broadband experience for the *rakyat*, whilst preparing the country for 5G technology
- 3G sunset and subscriber migration to 4G present execution challenge among mobile telcos to ensure no impact to customer experience
- New provision of the Malaysian Anti-Corruption Commission (MACC) Act 2009 regarding graft offences and corporate liability to push greater governance and corporate citizenship

Digi's Response

- Committed to invest to increase overall service coverage, reliability and quality to provide digital inclusion for all Malaysians
- Set up internal governance with cross functional and CXOs involvement to ensure seamless 3G sunset and subscriber migration to 4G
- Continued to adopt an open and collaborative stance with the regulator and industry stakeholders to ensure achievement of national goals as well as spectrum access
- Conducted organisation-wide training on the revised MACC Act on Corporate Liability that took effect on 1 June 2020

2021 Outlook

- Accelerate Malaysia's 4G connectivity and coverage, whilst preparing the country for 5G technology via JENDELA
- Prepare for nationwide 3G sunset

Aspect



Technology

Link to capitals:



Impact to business & industry

- Cloud, data and analytics, artificial intelligence, and network technologies continue to reshape the telco industry
- Cyber-security and data privacy becoming more important for customers and enterprises
- The need for the right digital talent to adopt digital transformation strategies at a faster pace to meet rising demands and new opportunities from technology innovation



Digi's Response

- Set up Data Hub department to consolidate expertise and deployed digital initiatives such as use of data analytics for improved process efficiency and develop strategic data assets to drive personalised offerings
- Leveraging learnings from 5G use cases and trials conducted nationwide while modernising our network
- Robust governance and processes to ensure compliance, privacy controls and security system to enhance data protection
- Develop critical digital competencies through a plethora of e-learning resources and cross-function job exposures

2021 Outlook



- Develop critical digital competencies in Digi to drive customer-obsessed, innovative and data-driven culture
- Expect higher demand and expectations for reliable network connectivity, digitalisation offerings, and affordable data due to continued remote working conditions
- Prioritise capex and investment to support exponential data growth and upcoming 5G infrastructure rollout

Our Operating Landscape

Aspect	Impact to business & industry	Digi's Response
 <p>Social</p> <p>Link to capitals:</p> 	<ul style="list-style-type: none"> • Increased importance of sustaining high brand trust • Clear responsible business strategies to demonstrate stronger resilience • Creating a safe working environment to protect employees and partners from effects of Covid-19 	<ul style="list-style-type: none"> • Maintained highest standards of corporate governance, security and sustainability • Delivered Yellow Heart initiatives on building digital resilience, driving digital inclusion and support for inclusive business • Ensured strict adherence to operational and business standard operating procedures (SOPs) • Provided Covid-19 initiatives to boost remote work environment and continuous e-learning to all employees and stakeholders across our value chain

2021 Outlook

- Ensure continued recognition as a leader in responsible business
- Deepen efforts to retain and expand on Yellow Heart as a brand differentiator to promote digital safety and digital inclusion
- Supporting the government's and sectoral initiatives such as the 12th Malaysian Plan and JENDELA

Aspect	Impact to business & industry	Digi's Response
 <p>Environment</p> <p>Link to capitals:</p> 	<ul style="list-style-type: none"> • Rising global concerns over climate change has compelled mobile operators to adopt climate-friendly and energy-efficient solutions amidst expansive roll-out of mobile networks to meet the exponential demands for connectivity 	<ul style="list-style-type: none"> • Identified green-tech innovative solutions • Deployed efficient resource consumption • Reduced material resources and waste

2021 Outlook

- Energy efficiency and technical mitigation towards building a low carbon network architecture
- Refine internal ESG risk management framework to mitigate rising climate impact
- Data-integrity exercise for consistent and accurate climate data as part of non-financial reporting

Our Key Relationships

In recent years, stakeholder capitalism movement is gaining traction, spurred by increasing focus on climate action and increasing social challenges. At Digi, we believe that it is crucial to balance the corporate purpose for the benefit of the company and all stakeholders, society and the planet. We constantly engage with our key stakeholders to better understand their concerns and emerging priorities.

STAKEHOLDER PRIORITISATION PROCESS

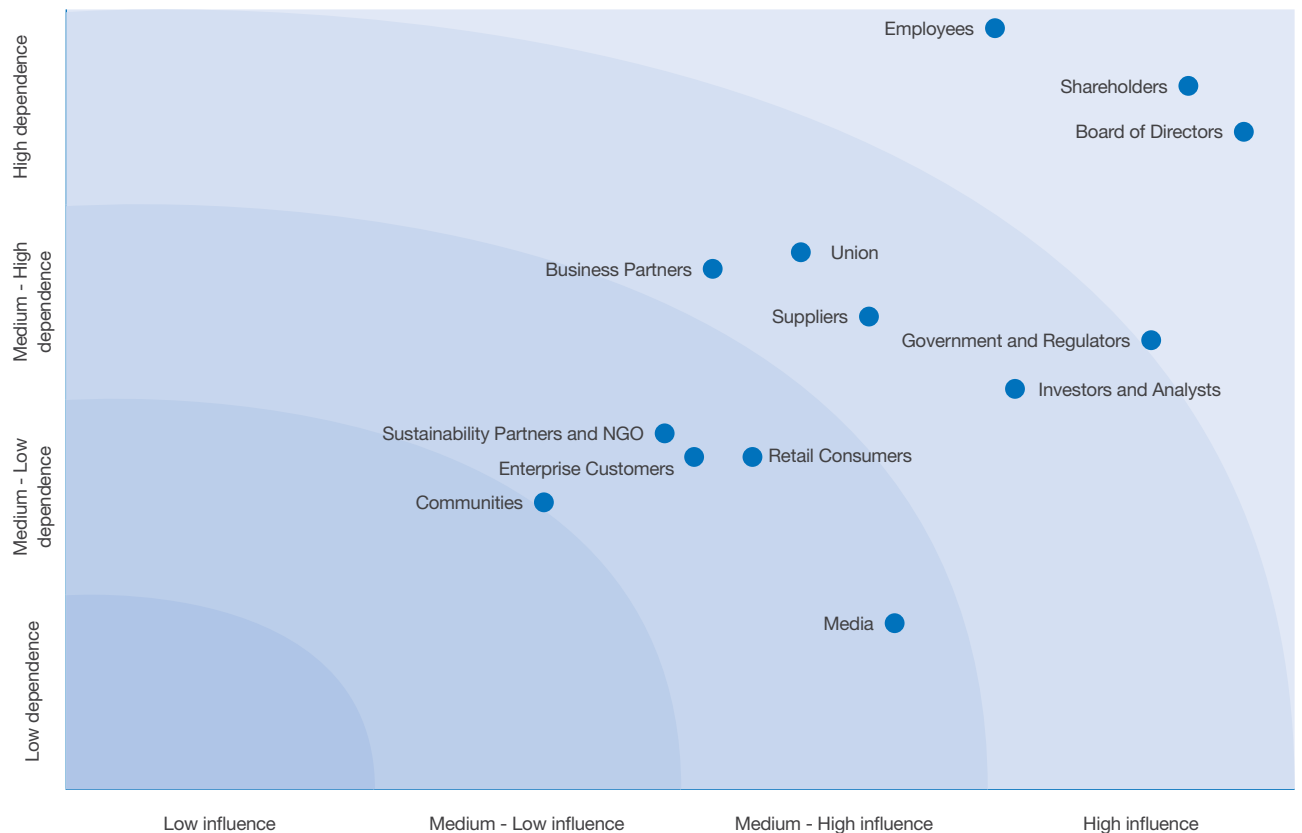
This year, we undertook a stakeholder prioritisation exercise to perform a comprehensive assessment on the priority level of each stakeholder group identified.

As guided by the Bursa Malaysia's Sustainability Reporting Guide (2nd Edition) and Bursa Malaysia's Toolkit, including Toolkit on Stakeholder Engagement and Toolkit on Materiality Assessment, the representatives from various departments within the company deliberated on the level of influence and dependence of each stakeholder group to Digi.

The outcome of the deliberation, as represented below, has allowed us to augment a holistic view of our stakeholder groups and to better address their expectations.

STAKEHOLDER PRIORITISATION MATRIX FY2020

STAKEHOLDER'S DEPENDENCE ON DIGI



STAKEHOLDER'S INFLUENCE ON DIGI

Our Key Relationships

In addition to the day-to-day engagement process, during the year under review, we have performed a Stakeholder Engagement exercise to better understand our stakeholders’ views on Digi’s sustainability management. Based on the outcome of the stakeholder prioritisation process, we have expanded the scope of engagements to both internal and external stakeholder groups. The engagement was conducted with guidance from an external consultant. Various engagement methods were leveraged in engaging with the different stakeholder groups, including the participation in a qualitative and quantitative survey.

SUMMARY OF ENGAGEMENT WITH KEY STAKEHOLDER GROUPS

Stakeholder Groups	Engagement Channel and Frequency	Issues and Expectations	Digi’s Response
<p>BOARD OF DIRECTORS Responsible as the company’s leadership, setting out strategic aims, reviewing the management’s performance to meet objectives</p>	<ul style="list-style-type: none"> Annual General Meeting Quarterly Board meeting Board effectiveness evaluation Company events/ activities <p>Frequency of engagement: W Q Y</p>	<ul style="list-style-type: none"> Existing agenda on ESG matters (i.e. climate change, anti-corruption, compliance, welfare and wellbeing of the stakeholders) Review financial and non-financial performances 	<ul style="list-style-type: none"> Engage on Digi’s financial and non-financial performance, strategic growth plans, operational and talent management Ensure transparency in corporate reporting and disclosures through multiple platforms Strengthen communications and engagements with stakeholders
<p>GOVERNMENT AND REGULATORS Access to spectrum and operating licenses, set regulatory measures with financial implications, and compliance in accordance to national laws and aspirations</p>	<ul style="list-style-type: none"> Regular reports and periodical information sharing with Ministry and regulators Participate in JENDELA and 5G Taskforce Company website Annual Report and Financial Report Yearly site audit and visit Analyst briefings <p>Frequency of engagement: W Q Y</p>	<ul style="list-style-type: none"> Widespread digital adoption Service reliability and quality Achieving Jalinan Digital Negara (JENDELA) targets Tech talent development Climate action and environmental management Digi’s efforts in data privacy and protection 	<ul style="list-style-type: none"> Wider coverage and better quality of broadband experience Improve our 4G network nationwide Rollout of ‘#BuatLebihL4Gi campaign with Digi 4G’ to drive adoption Foundation to prepare the country for 5G technology together with industry Affordable access for education and productivity, digitalisation for SMEs and businesses and inclusive products and offerings for the <i>rakyat</i>

Our Key Relationships

Frequency of engagement:

- D Daily Q Quarterly
W Weekly H Half-yearly
M Monthly Y Yearly

Stakeholder Groups	Engagement Channel and Frequency	Issues and Expectations	Digi's Response
<p>CUSTOMERS Subscribers of Digi's products and services</p>	<ul style="list-style-type: none"> Self-serve options via MyDigi App Digi retail outlets Website and social media Digi's annual Customer Obsessed Day Customer service channels (online customer service and call centre) <p>Frequency of engagement:</p> <p>D W M Y</p>	<ul style="list-style-type: none"> Coverage and service quality Bill shocks from third party content providers Notification during service lapses Competitive plan and price points Pace of 5G implementation and IoT 	<ul style="list-style-type: none"> Maintain as the fastest and most consistent network in Malaysia Innovative and affordable products such as Digi Prepaid Abadi, Digi Postpaid Smart Bundle for frontliners and essential workers and Digi Prepaid SPM/STPM pack Improve digital capabilities of self-service channels
<p>EMPLOYEES Individuals employed under Digi, consisting of full-time, hires under contractual terms, and part-time employees</p>	<ul style="list-style-type: none"> Best On People Council (BOPC), led by a committee selected by employees annually Digi Telecommunications Sdn Bhd Employee Union Annual Employee Effectiveness Survey Internal engagement channels Leadership forums <p>Frequency of engagement:</p> <p>D W Q H Y</p>	<ul style="list-style-type: none"> Career development plans Rewards and benefits structure Employee engagement and enablement Covid-19 impacts on Digizens Diversity and inclusion (i.e gender balance, skills and capabilities, and equal opportunities for all) 	<ul style="list-style-type: none"> People dialogues and performance based rewards 40-hours online learning challenge via various digital learning platforms Organisation-wide events such as Responsible Business Summit, Digital Day, Customer Obsessed Day, Teambuilding, What's Your Next sessions

Our Key Relationships

Stakeholder Groups	Engagement Channel and Frequency	Issues and Expectations	Digi's Response
<p>EMPLOYEE UNION Participation by employees who meet the eligibility in Digi Telecommunications Sdn Bhd Employees Union (DGEU)</p>	<ul style="list-style-type: none"> • Meetings with union committee members • Company events/ activities • Forums and seminars <p>Frequency of engagement: Q M H</p>	<ul style="list-style-type: none"> • Employee welfare and culture • Alignment to company direction • Covid-19 impacts • Climate change and green practices (i.e. recycling, go-green products, renewable energy) 	<ul style="list-style-type: none"> • On-going dialogues with Digi Management on general employee welfare and company direction • Renewed commitment to foster strong relations and establish partnerships by way of signing the Third Collective Agreement
<p>SHAREHOLDERS, ANALYSTS AND INVESTORS Our provider of capitals require consistent and clear communication on financial and strategic development to build stronger expectations and trust</p>	<ul style="list-style-type: none"> • Dedicated investor relations office as the focal point for investor updates • Integrated annual reports • Annual General Meeting • Quarterly earnings call • Non-deal roadshows and investor conferences • Digi Investor Relations website (www.digi.com.my/investors) <p>Frequency of engagement: W M Q Y</p>	<ul style="list-style-type: none"> • Business performance and outlook • Sustainable shareholder return • Digital transformation and strategy • ESG practices • Corporate governance standards • Customer data privacy and protection 	<ul style="list-style-type: none"> • Facilitate discussions on Digi's performances and outlook • Provide timely and comprehensive disclosures • Provide adequate access to Digi's management team
<p>BUSINESS PARTNERS Businesses having a direct contractual relationship with Digi, to offer its own services to Digi, or to co-develop products and services for Digi customers</p>	<ul style="list-style-type: none"> • Mutual collaboration as required • Tenders and commercial agreements or partnerships • Regular meetings • Media <p>Frequency of engagement: W M Q D</p>	<ul style="list-style-type: none"> • Connectivity options and service offerings for customers • Helping SMEs and B2Bs recover and diversify through digitalisation 	<ul style="list-style-type: none"> • Offer Fit-for-purpose solutions to maximise broadband connectivity • Introduce Go Digital with PENJANA SME Digitalisation Grant • Conduct Business Continuity Digitalisation programme

Our Key Relationships


Stakeholder Groups	Engagement Channel and Frequency	Issues and Expectations	Digi's Response
<p>SUPPLIERS Businesses having a direct contractual relationship with Digi, to offer its own services to support Digi in its operations</p>	<ul style="list-style-type: none"> Annual Self Assessment Questionnaire (SAQ) Site inspections and audits Supplier training Product presentations <p>Frequency of engagement: W Y D</p>	<ul style="list-style-type: none"> Health and safety in supply chain Non-compliance in supply chain Integrity due diligence Green solution (including energy efficient infrastructure, e-waste management) Covid-19 impacts on the business and employees 	<ul style="list-style-type: none"> Training and capacity building sessions for our contractors and sub-contractors to raise standards on health and safety and responsible business practices Collaboration with industry to implement joint enforcements to maintain the highest standards of safety across our supply chain Achieved zero Lost Time Injury Frequency (LTIF) score in 2020
<p>MEDIA Mass communication organisations covering publication, broadcast and online mediums</p>	<ul style="list-style-type: none"> Strategic and operational media interviews and events Formal and informal briefings Media familiarisation visits On-demand requests <p>Frequency of engagement: D Q Y</p>	<ul style="list-style-type: none"> Corporate strategy Financial performance Products and services Customer and public matters of interest 	<ul style="list-style-type: none"> Regular media engagements to provide updates on business performance and strategy, products and services, and address issues of customers' concerns
<p>COMMUNITY, SUSTAINABILITY PARTNERS & NON-GOVERNMENTAL ORGANISATIONS (NGO) Partners who share the same aspirations for reducing inequalities and bridging the digital divide in communities</p>	<ul style="list-style-type: none"> Engage and partner with government agencies, corporates and NGOs to address issues in the community Global and local partnerships between Telenor Group, Digi and UNICEF <p>Frequency of engagement: M Q Y</p>	<ul style="list-style-type: none"> Leveraging mobile technologies and future skills content to empower local communities Safe internet use Internet access gap to the community ESG matters (i.e. Contribution to Sustainable Development Goals, Human Rights and Climate Action) 	<ul style="list-style-type: none"> Initiatives to bridge the digital gap and inequalities Implementation of digital resilience and digital inclusion programmes in partnership with NGO and communities





Our Key Risks

The increasingly interdependent ecosystem of telecommunications, digitalisation and technology evolution, as well as the emerging stakeholders’ expectations require holistic risk assessments. Digi leverages on its risk management framework to identify, measure and monitor strategic and operational risks, giving management a clear risk oversight to enable informed decision-making.





Digi’s risk management framework is broadly based on ISO 31000 International Risk Management Standard which sets the foundation on how risks are being managed, and the responsibilities of management team to assess significant threats and opportunities related to the company’s goals/ambitions. Key risks identified by owners and senior leaders are aggregated to produce Digi’s top risks profile and reported to the Board and Audit and Risk Committee (ARC) for governance oversight. Further details of our Risk Management Framework are available in the Statement on Risk Management and Internal Control, pages 97 to 102 of this report.

During the year under review, we have considered the Covid-19 impact which has resulted in operating constraints that have a knock-on effect on our key risks. To fully understand our risk landscape, we analysed the correlation between these key risks and the potential impact to derive informed business continuity strategies during the Covid-19 pandemic. New risks have been added to our watchlist while we continue to mitigate the risks arising from Covid-19.





-  Financial
-  Intellectual
-  Social and Relationship
-  Manufactured
-  Natural
-  Human

Key Risks	Risk Definitions / Description	Impact on Business	Mitigation Actions for Value Creation	Risk Movement
<p>MARKET AND COMPETITION</p>	<p>An externally driven risk as the effects of Covid-19 pandemic is gradually changing the dynamics of industry and socio-economic recovery pace. Heightened competition and availability of near-core digital offerings are expected to challenge industry growth</p>	<p>Softer consumer and business spend</p> <p>Change in customer behaviour and consumption patterns</p> <p>Outlook for tourism and influx of migrants remain softer due to border restrictions</p>	<ul style="list-style-type: none"> Intensify acquisition and base management efforts to capture growth from digital and internet adoption Drive digital value proposition to grow B2B revenue and market shares <p>Impact to Capital:</p> 	<p>(FY2019 vs. FY2020)</p> <p>Unchanged</p> 
<p>BUSINESS CONTINUITY</p>	<p>To ensure our ability to provide high quality and consistent network experience nationwide during the pandemic, it is imperative that Digi has a comprehensive business continuity plan to mitigate the risk of interruptions in these critical service areas:</p> <ul style="list-style-type: none"> Network services Information systems Contact centre services Retail operations Supply chain services 	<p>Reduced service level and network disruption</p> <p>Adverse impact on customer experience</p> <p>Delayed or loss of inventory supply or services from vendors/ business partners due to Covid-19 related restrictions</p>	<ul style="list-style-type: none"> Precautionary and contingency measures, segregated teams, and alternate sites were implemented to ensure continuity of services Dynamic sourcing and supply chain management to ensure adequate and contingency supply Multi-vendor strategy to diversify and minimise dependancy on a single vendor. <p>Impact to Capital:</p> 	<p>(FY2019 vs. FY2020)</p> <p>New risk in 2020</p> 


Our Key Risks

Key Risks	Risk Definitions / Description	Impact on Business	Mitigation Actions for Value Creation	Risk Movement
<p>EMPLOYEES' HEALTH AND SAFETY</p>	<p>The Covid-19 pandemic has brought about a new norm in our way of work, changing the way we engage with employees</p>	<p>Employee's engagement concerns arising from remote working conditions</p> <p>Adverse Covid-19 impact on employees' wellbeing and health</p>	<ul style="list-style-type: none"> • Continuous monitoring on the risk landscape of Covid-19 and frequent communication to employees on the development and precautions needed • Practice vigilance to sustain safe working condition for employees while following authorities' standard operating procedures and Digi's BCP • Employee surveys, increased virtual engagements and leadership enablement <p>Impact to Capital:</p> 	<p>(FY2019 vs. FY2020)</p> <p>New risk in 2020</p> 
<p>CAPITAL ALLOCATION AND OPERATIONAL EFFICIENCY RISK</p>	<p>Continued investment in digitalisation and network modernisation to provide the best internet experience</p> <p>Need for robust capital allocation, operational efficiencies, and free cash flow management</p>	<p>Shift in customers' data usage quota and increased demands for greater value on quality, speed, and reliability of our network</p> <p>Prioritisation of network traffic management from urban business centres to residential areas during the pandemic</p>	<ul style="list-style-type: none"> • Optimise traffic and prioritise investment in competitive network to ensure consistent customer experience • Continue to drive execution of operational efficiencies, modernise digital channels and invest in digitisation • Network Modernisation project focused on next-generation networks roll-out for energy efficiency and sustainable growth <p>Impact to Capital:</p> 	<p>(FY2019 vs. FY2020)</p> <p>Unchanged</p> 

Our Key Risks

Key Risks	Risk Definitions / Description	Impact on Business	Mitigation Actions for Value Creation	Risk Movement
<p>REGULATORY, LEGAL AND COMPLIANCE RISK</p>	<p>Digi and business partners' compliance with relevant legislation, and applicable industry regulations or requirements. These include spectrum, access licenses, customer registration, privacy, anti-corruption, and competition</p> <p>Failure to comply with these laws and regulations could lead to reputational damage, financial penalties and/or suspension of license to operate</p> <p>Other external risk factors include the government's ambition to promote digital inclusion across the nation and uplift of network quality and coverage</p>	<p>Non-compliance by Digi or business partners may result in reputational damage, financial penalties or suspension of license</p>	<ul style="list-style-type: none"> • Teams of subject matter experts along with overarching policy compliance framework • Strong internal governance, risk assessment, and functional compliance monitoring programmes across our business value chain • Regular participation in discussions and consultations with stakeholders like regulators, law enforcement authorities, and the industry • Optimise resources and cross functional team collaboration <p>Impact to Capital:</p> 	<p>(FY2019 vs. FY2020)</p> <p>Increased</p> 
<p>DATA PROTECTION AND RISK MANAGEMENT</p>	<p>Effective data governance is critical to fulfil heightened expectations in consumer data protection under the new remote way of work</p>	<p>Non-compliance may potentially result in loss of customers' trust and reputation, scrutiny by law enforcement agencies, and financial penalties</p>	<ul style="list-style-type: none"> • Strengthen operational compliance process and data protection impact assessment to identify privacy related risks • Privacy and Security teams ensure operational compliance monitoring <p>Impact to Capital:</p> 	<p>(FY2019 vs. FY2020)</p> <p>Increased</p> 

Our Key Risks

Key Risks	Risk Definitions / Description	Impact on Business	Mitigation Actions for Value Creation	Risk Movement
CYBER THREATS AND SECURITY RISK	As technology landscape changes, corporations need to monitor vulnerabilities to increased cyber-attacks by external threat actors	Loss of critical data and service interruptions could result to adverse creditability and negative customer experience	<ul style="list-style-type: none"> Dedicated security monitoring team to detect potential threats, and on-going enhancement of Digi's defendable security architecture to strengthen resilience to malicious cyber attacks <p>Impact to Capital:</p> 	(FY2019 vs. FY2020) Unchanged 
RESPONSIBLE BUSINESS COMMITMENT RISK	Maintaining commitment, internal ownership, and advocacy on responsible business practices throughout the organisation and supply chain	Adverse brand, reputation, and unmet stakeholder expectations Financial penalties from enforcement agencies	<ul style="list-style-type: none"> Sustainability framework to drive commitment in raising standards on responsible business conduct Stakeholder engagement on material sustainability matters <p>Impact to Capital:</p> 	(FY2019 vs. FY2020) Unchanged 
TALENT AND SUCCESSION MANAGEMENT RISK	Inability to effectively manage succession planning, attract new talents, retain top talents in competitive market, and adequately promote diversity and inclusion	Overworked employees, loss of key personnel and increased attrition rate will impact accomplishment of critical goals or objectives	<ul style="list-style-type: none"> Strengthen Digi employer's brand to uplift our digital presence while continuing to implement targeted retention strategies Proactive succession and workforce planning to identify skill gaps and talent development needs Programmes to fill identified competency gaps to address operating model shifts <p>Impact to Capital:</p> 	(FY2019 vs. FY2020) Unchanged 

Our Material Matters

In FY2020, we refreshed our materiality assessment to substantiate the materiality of economic, environmental, social and governance risks (known as “sustainability matters”) that are relevant to our business and stakeholder’s expectations. Our materiality assessment is guided by our risk management framework as well as Bursa Malaysia’s Sustainability Reporting Guide (2nd Edition) and Bursa Malaysia’s Toolkit. To understand our stakeholders’ perspective, we engaged with a wide range of external and internal stakeholders to further evaluate and shape our materiality matrix. Subsequently, these stakeholders’ findings are mapped against Digi’s strategic priorities and its business environment.

Phase 1: Review material matters

- Cross-functional deliberation sessions
- Basis for review – Internal business environment, business strategy, external trends and stakeholders’ feedback
- Identification of 25 sustainability matters for further review
- Mapping of sustainability matters against Digi’s three Strategic Pillars

Phase 2: Stakeholder engagement

- Engaged with representatives from 13 stakeholder groups
- Representatives from each stakeholder group rated the sustainability matters identified based on a 4-point Likert scale
- Average scores were tabulated based on equal-weighted approach applied across all stakeholder groups
- Stakeholders’ feedback and concerns were also gathered to better understand their needs and expectations in terms of sustainability management and reporting

Phase 3: Sustainability impact assessment

- The magnitude of each sustainability matter is assessed through our impact assessment
- Representatives from various business functions deliberated the sustainability matters scoring
- To ensure integration between our risk and materiality assessment, Digi’s enterprise risk parameters were used to guide us in scoring the likelihood and consequence of each sustainability matter
- Each sustainability matter is assessed based on the impact on revenue, cost, regulatory, brand and reputation, as well as health, safety and environment across a specific timeframe

Phase 4: Calibration of stakeholder engagement and impact assessment

- The findings from both exercises were tabulated and analysed
- The outcome of the analysis was presented in our materiality matrix, through which the top sustainability matters were determined
- The sustainability matters were further consolidated into 13 broad categories for discussions in this report

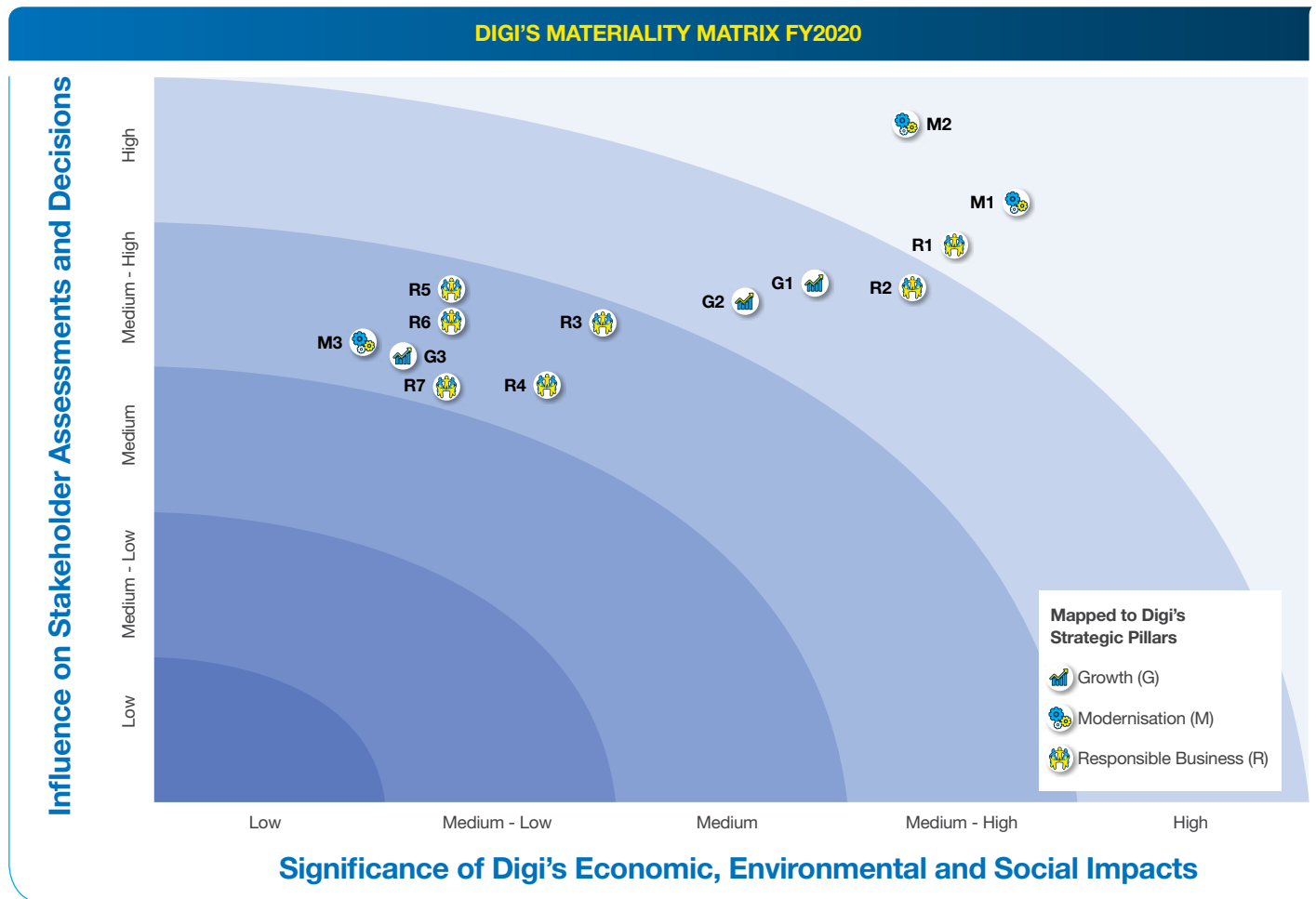
Phase 5: Review and approvals

- Upon finalisation of the materiality assessment, it was presented to the Board of Directors for approval

Our Material Matters

Materiality Matrix

Based on the input from both stakeholders and the business, we have developed our materiality matrix for FY2020 using the consolidated Top 13 material matters. We have also prioritised and mapped these matters in accordance with our strategic pillars. The matrix provides guidance for our future initiatives and sustainability planning.



Based on the outcomes of the assessment (and in comparison, to Digi's FY2019 assessment), the following inferences can be made.

- Customer Satisfaction, Data Privacy and Security, Service Reliability and Quality, Business Ethics and Corporate Governance, Occupational Health and Safety and Regulatory Compliance remain the top material matters to Digi.
- Due to the Covid-19 pandemic and geopolitical risks, focus areas such as Digital Resilience and Inclusion, Crisis Management and Response, and Occupational Health and Safety have become more material to Digi in order to maintain its business performance and operations in the new normal. Other social related matters still remain moderately material to Digi such as Talent and Culture and Respecting Human Rights and Freedom of Expression.
- Based on the top global risks in 2020, environmental issues are becoming more material to the business. This is in line with the upward trajectory of climate change in terms of priority for mobile operators in general, across the world. We take a long-term commitment in addressing climate issues and will continue adopting energy efficient solutions to mitigate rising climate impact.
- We remain steadfast to elevate best practices under our people commitment - embracing Digi's diversity, inclusion and talent development agenda, as well as continued efforts to maintain high ESG standards across our value chain.

Our Material Matters

Material Sustainability matters	Description
Very High Importance	
M1 Customer Satisfaction	Employing customer-centric solutions for a differentiated user experience in our highly competitive markets
R1 Business Ethics and Corporate Governance	Maintaining an effective governance framework and internal controls to uphold corporate values and ethical standards across our value chain
M2 Data Privacy and Security	Upholding strong governance to strengthen privacy controls and to protect stakeholders' data and information against cyberattacks
High Importance	
R2 Occupational Health and Safety	Conducive environment that improves health and safety conditions for employees and contracted workers along the supply chain
G1 Service Reliability and Quality	Providing quality and consistent network experience to customers
G2 Regulatory Compliance	Maintaining robust controls to meet the existing and emerging legislation and regulation
Medium-High Importance	
R3 Digital Resilience and Inclusion	Enable greater access whilst providing access to safe internet to enhance digital inclusion and resilience among stakeholders
R4 Climate Change and Environmental Management	Protect the environment via transitioning towards a low carbon economy and employing effective waste management within the business operations
R5 Respecting Human Rights and Freedom of Expression	Upholding human rights by mitigating risk of potential misuse across our value chain and access to the right information
R6 Crisis Management and Response	Well-prepared for crisis with a rapid and adequate response plan, whilst maintaining clear lines of reporting
R7 Supply Chain Management	Raising standards of our supply chain to positively influence social equality and environmental protection
G3 Business Development and Expansion	Robust strategies to acquire and expand businesses and value creation to drive growth and profitability
M3 Talent and Culture	Fostering an environment that attracts and retains high-performing talent while encouraging for continual development of digital competencies

Our Emerging Opportunities

Macroeconomic, regulatory, and technological developments have influenced the industry and consumer behaviour at a rapid pace. By understanding our stakeholder's expectations, coupled with thorough analysis of the operating trends and key risks, it has presented Digi with a host of opportunities that can positively impact our business and we continue to be mindful of how we can utilise our available assets to drive sustainable performance in the year ahead.



Financial



Intellectual



Social & Relationship



Manufactured



Natural



Human

Emerging Opportunities	Description	Action Plans by Digi
EXPANDING ULTRA-FAST AND UNLIMITED FIBRE-TO-THE-HOME SOLUTIONS	Scale up Digi Fibre Broadband offerings as part of end-to-end product portfolio to support postpaid growth	<ul style="list-style-type: none"> • Capture growing customer's need for reliable home connectivity • Provide customers with a bundled product proposition for a seamless in and out of home service experience <p>Impact to Capital </p>
DIGITALISATION OF CORPORATES, SMALL AND MEDIUM ENTERPRISES (SMEs)	Accelerate digitalisation of SMEs through development and provision of digital solutions beyond Digi's core connectivity business	<ul style="list-style-type: none"> • Continue to build ecosystem of partnerships and internal competencies to leverage fast-growing digital capabilities to deliver end-to-end digital solutions <p>Impact to Capital </p>
DEPLOY AND MONETISE 5G	Drive revenue upside from enterprises and customers by offering innovative 5G solutions	<ul style="list-style-type: none"> • Ensure network readiness for efficient 5G deployment • Drive collaboration with potential industry and solution partners leveraging Telenor's experience and expertise <p>Impact to Capital </p>
BUILD SUSTAINABLE TALENT PIPELINE	Develop robust and future-ready talent pipeline for the company and the industry as a whole	<ul style="list-style-type: none"> • Offer structured learning paths in seven expert competence areas deemed critical to Digi's strategy for continuous learning and upskilling • Select senior leaders for Strategy Execution Programme organised in collaboration with Telenor and Deloitte • Empower underserved communities with future skills training <p>Impact to Capital </p>
DIGITAL INCLUSION AND EQUALITY	Ensure fair and equal access to internet for all Malaysians while addressing the complex challenges related to online safety	<ul style="list-style-type: none"> • Drive digital inclusion and resilience for underprivileged communities under Yellow Heart • Provide safe internet training for educators and schools • Produce national survey findings on internet safety among students and children <p>Impact to Capital </p>

Our Strategy

Our long-term business strategy is anchored on our purpose to connect customers to what matters most and empower societies. In FY2020, we have reviewed and further enhanced our strategic framework into three pillars together with a three-year roadmap in achieving our ambition to be the trusted digital connectivity partner.



WHERE WE WILL BE IN 2023

RESPONSIBLE BUSINESS
 Leader on sustainable business standards and ESG practices in Malaysia

300,000
 Users engaged via Yellow Heart programmes on digital resilience and future skills

#1
 Malaysian telco for ESG performance (Maintain 2020 position)

GROWTH
 Sustainably grow Consumer and lead organic B2B revenue growth

20%
 Growth in Postpaid and Fixed subscribers (vs. 2020 baseline)

33%
 Growth in B2B revenue (vs. 2020 baseline)

MODERNISATION

Best customer experience, built on channel digitalisation and automated operations

#1
 Most consistent network (Maintain 2020 position)

100%
 Touch-free operations on Digi network (2020: 74%)

Our Strategy

2021

Building Foundations
For Growth In
The New Normal



GROWTH

- Easy, **seamless products and solutions** (mobile, fixed, digital)
- Build **position on trust** and security for fastest SME growth
- **Explore new revenue** streams



MODERNISATION

- Modernise operations to deliver **best customer experience**
- **Customer journeys** made seamless and simple



RESPONSIBLE BUSINESS

- Digi as **preferred brand** - known for customer obsession, innovation and responsible business

2022

Advancing Customers
And Society Through
Digitalisation



- Capture **fair share of Fixed** (FTTH & Fixed Wireless Access (FWA)), and 5G revenue growth
- **Pioneer 5G and IoT value creation in key B2B verticals** (ports, oil & gas)
- **Invest in new revenue streams** via partnerships across Telenor Asia

- Optimised **future-proof network** using Artificial Intelligence (AI), Machine Learning (ML) and touch-free operations
- Preferred **employer for top digital talents** in Malaysia

- Leader in **responsible business, ESG** practices and driving **community impact**

2023

Powering The Nation
With 5G Solutions And A
Future Of New Possibilities



- Robust **growth trajectory built on B2B and 5G**
- Extensive **B2B and 5G solution portfolios** in target verticals
- **Innovation partner** of choice for global technology players

HOW DO WE GET THERE

Priorities for 2021



GROWTH

- Build **core mobile** and **strengthen with FTTH** across Malaysian base
- Explore key Malaysian segments and B2B through **differentiated 5G services**
- **Pioneer innovative solutions** to digitalise enterprises in key verticals (ports, oil & gas)
- **Fastest SME growth** via digitalisation
- Invest to deliver **competitive and consistent network** experience



MODERNISATION

- Improve **ease of performing self-serve transactions** across digital channels
- **Modernise enterprise IT** platforms to serve B2B customers efficiently
- Leverage **automation and AI/Machine Learning** to enhance Digi's lean operating model
- Build **talent and competences**, and strengthen Digi's employer brand



RESPONSIBLE BUSINESS

- Raise **ESG standards** and continued responsible business focus
- Safeguard **customer data** by enhancing **privacy**, data protection and **security** architecture
- Industry leader in **diversity and inclusion**
- Innovator in **developing digital resilience** and **future skills competencies** to scale **community impact** and reduce inequalities

Empowering **SOCIETIES WITH** **DIGITAL CONNECTIVITY**

We believe the Internet is the gateway to endless opportunities, and we are committed to help reduce inequality by empowering every Malaysian, including senior citizens, persons with disabilities, B40 communities and more. Through our Yellow Heart initiatives, we continue to provide everyone easy access to the Internet, build future-ready workforce with digital skills and nurture a digitally-resilient community for a better, safer world tomorrow.





How We Create Value

- FINANCIAL**
- MANUFACTURED
- INTELLECTUAL
- HUMAN
- NATURAL
- SOCIAL & RELATIONSHIP



WHAT FINANCIAL CAPITAL MEANS TO DIGI

Digi's financial capital relates to the management of funds within Digi which are generated from our operations or investments as well as external funding supplied through financial institutions. Optimal management of financial capital aids us to maximise the value creation for all stakeholder groups.

KEY HIGHLIGHTS AND VALUE CREATED

- High investment grade of AAA with stable outlook
- Improved commercial momentum with wider range of products and services
- Maintained a relatively resilient operating model
- Achieved industry leading levels of efficiency
- Focused on delivering robust balance sheet

CHALLENGES AND OPPORTUNITIES

- Movement restrictions and closure of borders and non-essential business sectors throughout the year affected consumer affordability and livelihood
- Lowered roaming revenues and usage from migrant segments as a result of border closures
- Increased cost awareness led to decrease in discretionary spending
- Fierce industry competition prevailed with low entry-level prices and unlimited data plans being introduced to address evolving customers' behaviors
- Ensured management of cash sources and uses in the most optimal manner became more critical than ever to protect liquidity level
- Important trade-offs between ensuring short-term financial resilience and long-term sustainable growth objectives challenged EBITDA and profitability profile
- Immediate shift to digital for business continuity, remote work and e-learning resulted in increased digital and internet adoption

Mapping against our sustainability matters

G3 M1 R6

Our key initiatives linked to strategic pillars

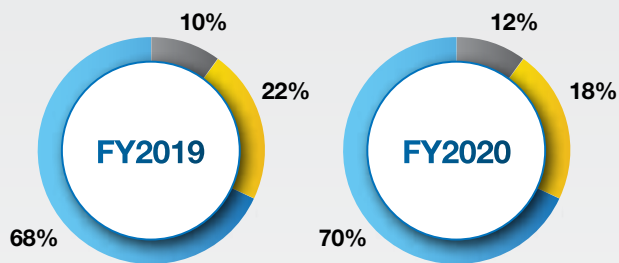
Driving sustainable growth from the internet and digital portfolios	
Growing active Malaysian subscriber base to deliver resilient service revenue	
Delivering disciplined cost control and capital allocation	
Managing risks for trade receivables	
Strengthening our focus to drive efficient, profitable operations	
Sustaining near 100% of dividend payout ratio	
Protecting balance sheet with solid financial capability and sufficient fund for future growth	

How We Create Value

Driving sustainable growth from the internet and digital portfolios

- Led by strategic shifts undertaken to reduce reliance on traditional prepaid voice and significantly changing our revenue and subscriber mix to be more internet centric as well as to leverage growth in internet adoption

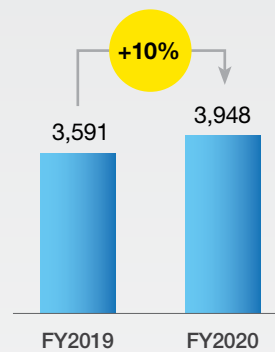
More sustainable revenue mix



■ Postpaid, internet & digital ■ Non-internet prepaid ■ Devices & others

Improved internet and digital revenue

in RM mil



Growing internet users

85%
4G subscribers
(FY2019: 79%)

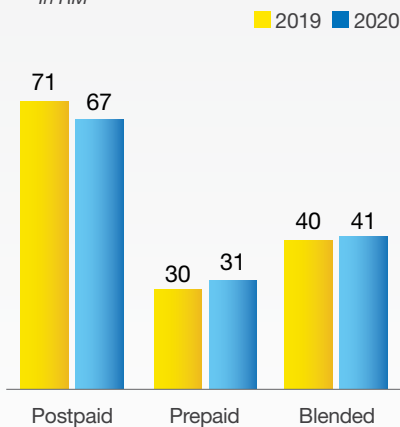
87%
smartphone
penetration rate
(FY2019: 85%)

Growing active Malaysian subscriber base to deliver resilient service revenue

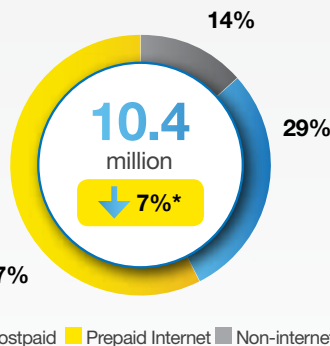
- Driven by sharp focus to increase stickiness amongst Malaysian base through contracting and renewal activities
- Curated multi-tiered internet passes for various segments such as youth, elderly and mass consumers

Improved ARPU development

In RM



Lower total subscribers



* Conscious decision to drive quality registration of subscribers and maximise return on incentives

Larger active Malaysian base

↑ 6%
Y-Y to offset
declining migrant
base

Ranked #2

Postpaid operator with
over 3.0 million subscribers

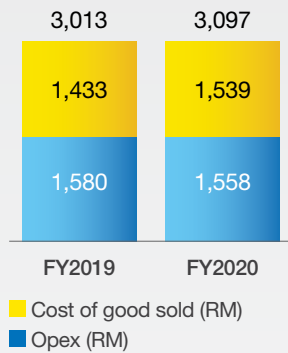
How We Create Value

- FINANCIAL
- MANUFACTURED
- INTELLECTUAL
- HUMAN
- NATURAL
- SOCIAL & RELATIONSHIP

Delivering disciplined cost control and capital allocation

- Executed stringent cost efforts through structural and non-structural cost savings initiatives
- Continued investment in network coverage and capacity expansions nationwide, and driving stronger postpaid and internet subscriptions

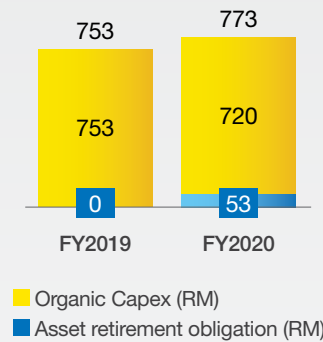
Higher costs by 3%
in line with growth in device and digital business



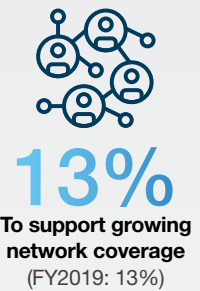
Opex savings of 1%
as a result of strategic transformation to online channels



Optimal organic capex
as guided amid challenging backdrop



Sustained organic capex-to-service ratio



Managing risks for trade receivables

- Tightened our credit management and collection process to manage provision of doubtful debts
- Enhanced acquisition mechanisms such as higher credit score eligibility and device volume
- Optimised balance sheet through exclusion of trade receivables

Low provision of doubtful debts ratio
below industry levels reflected our ability to manage collection risk

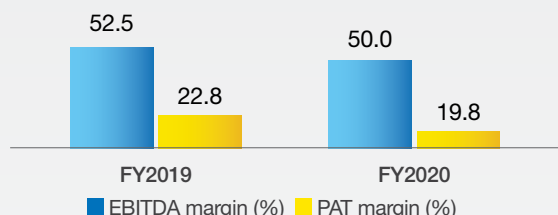


How We Create Value

Strengthening our focus to drive efficient, profitable operations

- Maintained industry-leading profitability margins despite softer topline environment
- Earnings before interests, taxes, depreciation and amortisation (EBITDA) moderated by 7% to RM3.08 billion amid softer topline development from Covid-19 related factors, mitigated by cost reduction efforts
- Profit After Tax (PAT) totalled to RM1.22 billion from RM1.43 billion flowed through from lower EBITDA and higher depreciation and amortisation attributed to MFRS 16 adjustments and recognition of Asset Retirement Obligations

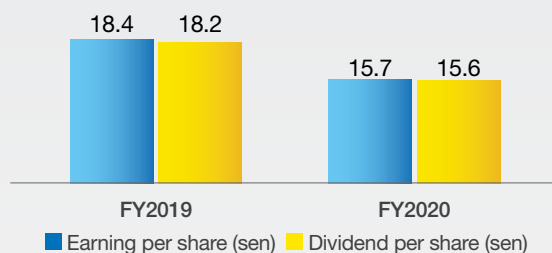
Resilient EBITDA and PAT margins



Sustaining near 100% of dividend payout ratio

- Continued to exceed the company's dividend policy of distributing a minimum 80% of net profits
- Kept to our commitment to deliver strong and sustainable returns to our shareholders

Shareholder returns



Approved Dividend by Board

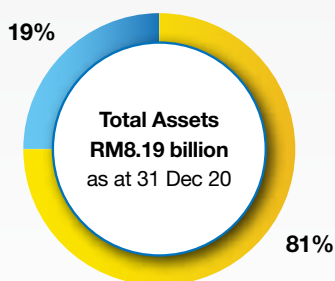
RM1,213 mil

Near 100% payout ratio

Protecting balance sheet with solid financial capability and sufficient fund for future growth

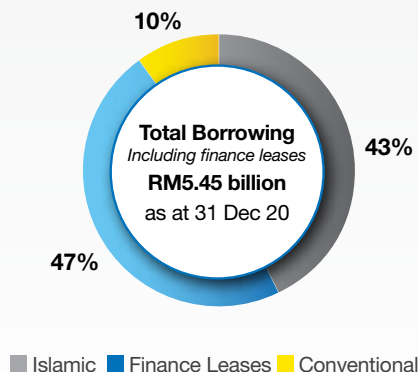
- Expanded Total Assets to RM8.19 billion on enlarged right-of-use assets led by continued prioritisation on efficient asset management
- Ensured business sustainability and positioned us for the future to deliver value to our shareholders

Total Assets



Higher total borrowings

mainly attributed to increased finance leases of 26%



Gearing and net debt level

1.7 times

Net debt to EBITDA ratio (FY2019: 1.6 times)

7%

Conventional debt over total assets ratio below 33% threshold set by the Securities Commission (FY2019: 10%)

How We Create Value

FINANCIAL

MANUFACTURED

INTELLECTUAL

HUMAN

NATURAL

SOCIAL & RELATIONSHIP



WHAT MANUFACTURED CAPITAL MEANS TO DIGI

Digi's manufactured capital refers to our network infrastructure and assets (telecommunication towers and fibre) as well as data centres and retail touchpoints across Malaysia. These form an integral source of competitive advantage for us to deliver our services reliably to customers.

KEY HIGHLIGHTS AND VALUE CREATED

- Most consistent network
- #1 and #2 in download speed across all states
- Trusted service provider to 10.4 million customers
- Continued optimisation and quality management (layer and traffic balancing) to ensure consistent service quality
- Efficient management of our spectrum portfolio
- Differentiated products and services for consumer and enterprises
- Digitalised customer facing processes to provide seamless experience for customers

CHALLENGES AND OPPORTUNITIES

- Maintaining consistent network experience in view of the surge in data usage at critical sites and high demand locations throughout the pandemic
- Maintaining quality of service and high level of resilience in our network amid traffic hike
- Continuing our support for the national digitisation initiatives and bridging the digital divide

Mapping against our sustainability matters

G1 M1 R3

Our key initiatives linked to strategic pillars

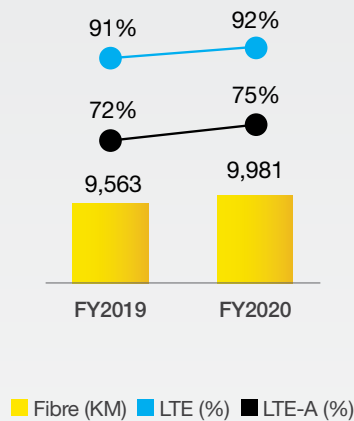
Delivering stronger coverage and network capacity throughout the pandemic	
Ensuring consistent network experience for customers with the fastest network	
Preparing our core mobile network to be 5G-ready	
Developing in-house digital services to address customer needs and pain points	
Deepening digitalisation efforts to drive online customer engagements and overall customer satisfaction	

How We Create Value

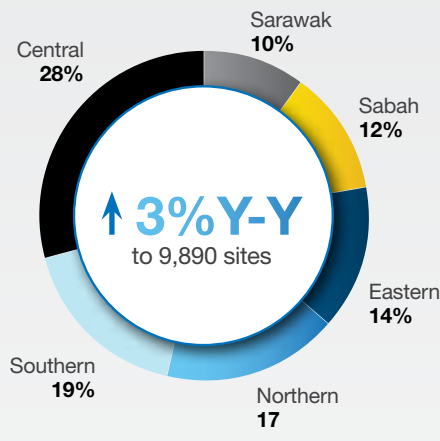
Delivering stronger coverage and network capacity throughout the pandemic

- Improved network coverage and capacity in line with our strategic goals to expand 4G mobile coverage in rural and remote areas and enhance in-door coverage nationwide
- Executed strategic deployments which enabled us to meet targets for new and upgraded site rollouts
- Continued granular focus on improving core network stability and coverage to serve critical and high demand locations throughout the pandemic

Robust network coverage



Enlarged network sites



Fulfilled JENDELA ambitions*

100% completion
in site upgrades to support JENDELA ambitions in 2020

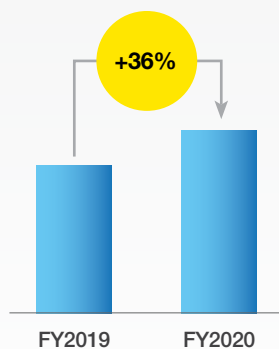
97% completion
in new site rollouts to support JENDELA ambitions in 2020

* JENDELA was formulated collectively by the telco industry and the government to improve network coverage and better quality of broadband experience

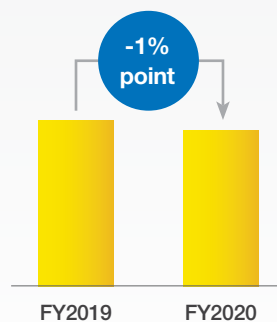
Ensuring consistent network experience for customers with the fastest network

- Prioritised capex and allocated resources to support growing customer demands
- Maintained secure and reliable network services throughout the pandemic

Higher data consumption growth



Flat year-on-year performance in network net promoter score, whilst gaining leadership position in becoming the fastest and most consistent network



29.36 Mbps
download speed in 2H20*

Maintained #1 or #2
on network speed across 13 states*

Sustained #1
on consistency and throughput speeds*

* measured via third-party crowdsourcing data

How We Create Value

FINANCIAL

MANUFACTURED

INTELLECTUAL

HUMAN

NATURAL

SOCIAL & RELATIONSHIP

Preparing our core mobile network to be 5G-ready

- Partnered with ZTE for nationwide Radio Access Network (RAN) modernisation, to enhance our network capacity and deliver improved user experience
- Prepared a future-ready network by upgrading Digi's sites with the latest 5G technology progressively
- Exploring 5G use cases and verticals in a collaborative approach through 5G Demonstration Projects

5G OpenLab



- 5G-powered collaborative space open for all academics, universities, start-ups, developers, and businesses to trial
- Continue to explore infinite possibilities with 5G in partnership with MDEC and Cyberview

5G Demonstration Projects



- Real-time virtual tourism experience showcase with Malaysia Airports, Panorama Langkawi, Tourism Malaysia and ZTE at Langkawi International Airport
- Digital healthcare (remote diagnosis on emergency patients) showcase in Langkawi with the Ministry of Health, CREST, and ZTE

Developing in-house digital services to address customer needs and pain points

Growth engines for retail customers



MyDigi as a lifestyle hub
Increasingly moving from a utility-based application to an enriched lifestyle hub in collaboration with partners



A B2C platform for gaming
Providing gamers with the ability to seamlessly reload and make purchases on their favourite games



Subscription management platform
One stop platform to manage all your entertainment, lifestyle and productivity related subscriptions

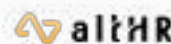
Digital solutions for enterprise customers



Omni Hotline
Professional virtual phone system for businesses powered completely through a mobile application



iFleet
Malaysia's best fleet management solution to help enterprises manage the productivity, efficiency and visibility of their fleet



alHR super app for companies
Digital workforce management solution with features enabling companies to operate efficiently in the new normal

How We Create Value

Deepening digitalisation efforts to drive online customer engagements and overall customer satisfaction

- Increased self-serve transactions on digital channels, providing customers an alternative platform to manage essential tasks during the various movement restrictions
- Enabled physical to digital shift in reloads, driving improved bill payments over digital channels



4.4mil
monthly active users
increased by 16%

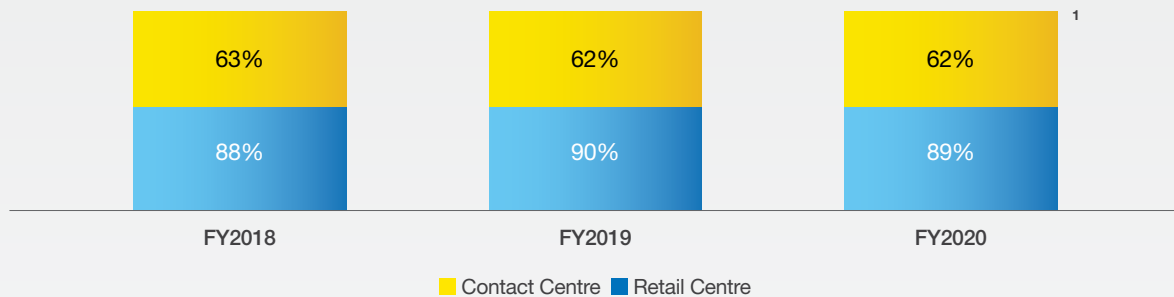


+7%
upsell transactions



over
300k
secure logins per day,
with improved security
infrastructure

- Sustained **customer satisfaction (CSAT)** scores reflected our sharp focus to pivot business strategies to connect customers to what matters most



¹ Data for CSAT score has been independently audited by PwC



How We Create Value

FINANCIAL

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WHAT INTELLECTUAL CAPITAL MEANS TO DIGI

Our strong brand equity and trust are strongly anchored on our People, Culture and Governance beliefs. Digi has a strong value proposition in Malaysia to deliver best network experiences to our growing customer base as well as providing a safe and secure environment for our employees and partners. Our commitment to driving a digital company, and effectively harnessing advanced megatrends such as 5G, AI and Big Data will lead to new opportunities in the future.

KEY HIGHLIGHTS AND VALUE CREATED

- A strong brand with sustainable business focus
- Strong customer care and brand programmes
- Agile and smarter in deploying products and services, as well as mobility data and analytics to support government in pandemic control
- Leadership in driving Responsible Business commitment
- Improved user and workforce experience

CHALLENGES AND OPPORTUNITIES

- Efforts to protect Digi's network and customers from increased security threats
- Relevant, robust programmes and initiatives to enhance our reputation as a responsible employer and service provider in the industry
- Heightened urgency to advancing digital transformation via partnerships

Mapping against our sustainability matters

G3 M2 R6

Our key initiatives linked to strategic pillars

Establishing a trusted brand connecting customers to what matters most	
Increasing operational efficiency through process optimisation	
Maintaining our business resilience	
Accelerating channel digitalisations through affiliations and collaborations	
Improving awareness and importance of cybersecurity to Digizens and SMEs	
Enhancing data protection and security to strengthen the integrity of our network	

How We Create Value

Establishing a trusted brand connecting customers to what matters most

- Maintained high brand reputation through our focused sustainability initiatives
- Wider Socially Responsible Investments (SRIs) through the inclusion in various sustainable indices with good Environmental, Social and Governance (ESG) ratings

Included as index constituent in ESG and Shariah indices



Bursa Malaysia Index

Rated **3.5 out of 4**

One of the **pioneer constituents** on the index since its inception in 2014



Bursa Malaysia Hijrah Shariah Index

As a **shariah-compliant stock** since 2018, in line with our focus to tap into shariah investors

Preferred brand for consumers and shareholders



2020 Putra Brand Awards

Winner of Platinum award for the industry, for the first time in 11 years



Malaysia-ASEAN Corporate Governance Report

Excellence Award for Long Term Value Creation for generating highest equity return in 10 years

Increasing operational efficiency through process optimisation



Pursuing new operating models

- Increased operational efficiency and flexibility by migrating IT processes to partner to establish Common Delivery Center for IT (CDC-IT)



Fitter for the future

- Optimised our internal processes and driving efficiency to reduce costs

Maintaining our business resilience



Getting through the pandemic

- Implemented robust **Business Continuity Planning (BCP)** measures to ensure people safety
- Expedited **rollout of digital tools** to enable remote work



Constant communication with Digizens

- Distributed **weekly HR virtual toolkits**

How We Create Value

FINANCIAL

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Accelerating channel digitalisations through affiliations and collaborations

- Digitalised customer facing IT processes to provide seamless and faster execution via online channels, such as marketing automation tool and centralised catalogue management
- Established gameplan for digitalising customer journeys which enables channel modernisation and readiness to drive new areas of growth and to maximise efficiency and productivity in operations
- Set up dedicated teams to consistently review processes for optimisation and improvements

Real-time contactless payment



RM1.4bil

payments collected

over kiosks, digital and e-wallet channels

Personalised messages and offers



Over

20mil

messages sent per month

Average conversion of at least

125%

higher than traditional SMS

Affiliated selling platforms



Created over

3,700

affiliated links for sales agents

Improving awareness and importance of cybersecurity to Digizens and SMEs

Cloud-based security protection solution for SME customers



Partnered with Cisco

to offer the industry's first cloud-based cybersecurity solution for businesses to enhance their network security



Mandatory cybersecurity awareness training sessions for employees



100% completion

- Scenario-based learning on Phishing, Information handling, Mobile Security and Everyday Security
- Simulations conducted to assess employees' resilience knowledge, and general awareness on cybersecurity

How We Create Value

Enhancing data protection and security to strengthen the integrity of our network

- Boosted customer experience with wider online presence and increased security confidence with enhanced security infrastructure
- Strengthened governance on Digi's internal processes to safeguard data privacy and protection within the organisation

Reinforced privacy foundations with Telenor Asia Privacy Programme



- Revised Privacy Vendor Questionnaire to improve due diligence process
- Enhanced Data Protection Impact Assessments (DPIA), with clearer privacy risk assessment and improved turn around rates

Instilled privacy as part of our Responsible Business culture



- Provided training to all new employees on the importance of privacy, information management, and data protection
- Conducted training on topics such as internal privacy processes, vendor management, and data breach handling
- Produced bite-size materials to raise awareness on privacy and information management

Strengthened governance through our policies and manuals



- Updated Privacy Notice for Customers and Employees, as well as introduced a Visitor Notice at all Digi offices
- Revised governing documents for Privacy, Information Management, and Authority Request, as well as introduced a Data Breach Handling Manual

Engaged regulators on best practices for data protection



- Participated in *Jabatan Perlindungan Data Peribadi* (JPDP) Public Consultation Paper on PDPA Reforms
- Adhered to Personal Data Protection (PDP) Commissioner's Advisory on handling of personal data for contact tracing purposes

How We Create Value

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WHAT HUMAN CAPITAL MEANS TO DIGI

Digi believes in creating a sustainable workforce, supported by an agile human capital strategy and talent value proposition, to meet the needs of the ever-changing workforce. Our employer brand promise **'Freedom to Inspire the Next'** is to give employees the freedom to always explore, supported by a collaborative culture and working environment. This belief guides us in embracing a culture of challenging the norm, allowing employees to unlock their full potential. We believe this is central to deliver on Digi's brand promise of connecting our customers to what matters most. As customer behaviour and expectations change, so do the competencies required to serve them.

KEY HIGHLIGHTS AND VALUE CREATED

- Shared beliefs, values and mindsets
- A culture of continuous learning
- Health and safety of Digizens and across the value chain
- Diverse and Inclusive workforce
- Addressing Employee Effectiveness Survey (EES) focus areas – Leadership, Processes and Way of Work, Collaboration and Employee Net Promoter Score (eNPS)

CHALLENGES AND OPPORTUNITIES

- Ever-growing customer expectations
- Adapting to organisational changes
- Talent attraction
- Competency gaps
- Adaptation to Covid-19 working conditions

Mapping against our sustainability matters

M3 R2 R5

Our key initiatives linked to strategic pillars

Faster access to critical competencies and talent	
Promoting collaborative employee experience	
Building an attractive employer brand	
Creating an equal, engaged and empowered workplace for all	

How We Create Value

Faster access to critical competencies and talent

Building towards an “Expert Workforce” and stepping up efforts to ‘Win on Talent’



59.8^{*1}

(vs. target 40 hours)

Average online learning hours completed per employee

* Learning hours accounted from digital platforms, strategic leadership and expert courses, and annual company-wide learning days.

¹ Data for average online learning hours per employee has been independently audited by PwC



85%

Super learners

Completed >40 hours learning



100%

Completion

- Mandatory courses on Compliance, Privacy and CyberSecurity
- What's Your Next sessions to internalise Digi's strategies and ambition



175

Employees

Embarked on expert journeys, covering 13 critical competencies



290

Leaders & Experts

Embarked on Strategy Execution Programme (SEP) 3.0 and registered >75% completion rate

Promoting collaborative employee experience

Making collaboration easy for all Digizens



100%

Adoption of Office 365

Effective collaboration tool for remote working conditions

Annual Employee Effectiveness Survey (EES)



98%

Response rate



71%

Effectiveness Index

Findings

- The Effectiveness Index represents the achievement of both the engagement and enablement scores and is the primary measure of EES
- At 71%, the Effectiveness Index increased by 6% from 2019 to surpass the 57% average score* for companies within the Southeast Asian region

* Benchmarked by Korn Ferry

Qualitative assessments

- Solid management of safety and wellbeing of our employees
- Business continuity plan (BCP) arrangements due to Covid-19
- Significant recognition in areas of leadership, strategy, tools and eNPS - achieved through our structured organisation-wide EES action plans and consistent communication throughout the year
- Increased efforts on eNPS to enhance knowledge of products and services and to promote product advocacy amongst employees

How We Create Value

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Promoting collaborative employee experience (Continued)

Developing organisation culture – ‘Innovation 360’ and ‘Customer Obsession’

Enhancing agile mindset among our employees through leadership engagements via organisational and divisional townhalls, supported by continuous learning on-the-job and through learning platforms.

Digital Day



Full day virtual event for employees to learn the latest trends in the technological sphere, conducted through masterclass sessions led by industry experts.

Customer Obsessed Day



>3000 customers engaged virtually

A virtual event to engage and appreciate our customers while gathering feedback for continuous improvements.

Building an attractive employer brand

CXO Apprentice Programme



Inducted the fifth batch of CXO apprentices to be mentored directly by Digi's Management Team.

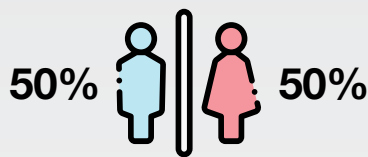
How We Create Value

Creating an equal, engaged and empowered workplace for all

Truly diverse and inclusive organisational demographics

Building a diverse and inclusive workforce at all levels of the organisation to maximise the power of different experiences.

Balanced gender diversity

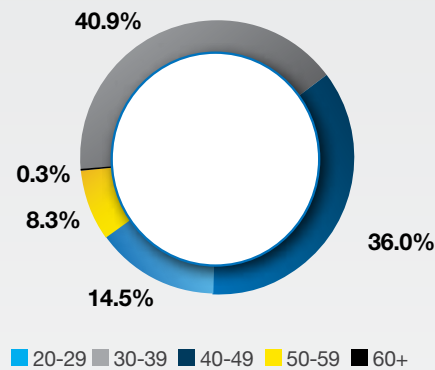


Women in leadership positions



Young demographic

with majority in 30 to 39 years old bracket



One of three Malaysian corporates in global indices for exemplary gender equality and inclusion standards



With 100% disclosure score, above global and country average



GLOBAL DIVERSITY AND INCLUSION INDEX 2020

- Ranked 37 amongst 100 global players
- The first Malaysian company in the Top 50

Highest standards for Occupational Health And Safety

- Drive health, wellbeing, and safety activities to integrate HSE as a core aspect of Digi's culture
- Recorded Zero Lost Time Injury Frequency (LTIF)¹ score for Year 2020

(Digi keeps track of the work-related injuries and accidents, and sickness absence days for its permanent and contract employees, in-house contractors and third party vendors)

¹ Data for LTIF score (limited to permanent and contract employees) has been independently audited by PwC



Recertification for ISO 45001:2018

(Occupational Health and Safety Management System)
Completed in October 2020

Monitoring employee wellbeing

A Pulse survey was conducted during the Movement Control Order (MCO) to better understand employees' needs and wellbeing



99%

affirmed that they felt well-connected virtually with their teams



84%

had daily calls with their managers to stay on top of things



90%

had the necessary tools to work from home/off-site

Employee wellness challenge



152

Digizens participated in the #DigiWellnessChallenge

How We Create Value

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WHAT NATURAL CAPITAL MEANS TO DIGI

The telecommunications sector continues to be a key enabler of growth and innovation across multiple industries, especially when it comes to providing climate friendly solutions. In actively managing our own exposure to natural capital risks, we are also often seen as part of a solution as we support a larger community of businesses to manage their risks through our digital services and connectivity solutions.

KEY HIGHLIGHTS AND VALUE CREATED

- Telenor’s Asia businesses joint energy optimisation initiative aimed at displacing fossil-fuel-generated electricity with alternative energy sources towards achieving low carbon networks
- Strategic short-term and long-term decarbonisation initiatives geared towards building a future-ready network architecture
- Enhancing data-integrity in non-financial reporting to provide consistency and quality
- Refined internal ESG risk management framework to mitigate rising climate impact

CHALLENGES AND OPPORTUNITIES

- Operating large-scale mobile networks and energy intensive data centres
- Exponential rise of demand for internet data consumption
- Covid-19 disruption and impact on operations such as implementation of remote-work plans and challenges to supply chains and delivery schedules

Mapping against our sustainability matters

G2 G3 R4

Our key initiatives linked to strategic pillars

Driving network modernisation for sustainable growth



Cultivating a “green” workplace



Driving network modernisation for sustainable growth

Adopt cleaner energy innovations and solutions

- Pilot ZTE’s R&D expertise to adopt AI/ML-based system to manage our Radio Access Network (RAN) energy consumption including automated power savings during low-peak usage
- Invest to expand fibre-based backhaul and last mile solutions in our network and service offerings (fibre networks use less energy to power the signal, resulting in less heat being generated, and therefore less cooling required)
- Software upgrade to the RAN network to unlock new capabilities and features towards building open and virtualised RAN architectures

Transitioning towards data driven network planning and higher spectrum efficiencies



RAN modernisation



Microwave to fibre connectivity

How We Create Value

Driving network modernisation for sustainable growth (Continued)

Energy optimisation and decarbonisation initiatives



21

Base station controllers consolidated and shutdown



699

Indoor sites converted from air-cond to fan/filter free cooling systems



Switched-off Replaced

21 51

Ageing air-cond units in Technology Operation Centres (TOCs)



55

Fuel powered off-grid sites converted to grid power



Usage of lithium iron battery to replace diesel powered generators at off-grid sites



Reviewing more remote off-grid sites for feasibility to use PV solar and hybrid solutions as power source

Performances

In 2020, our carbon emission has decreased by 5%, attributed to the on-going network modernisation and operational efficiency (OE) initiatives. Employee mobility has also been reduced due to travel restrictions and remote working, attributing to improvements in Scope 1 and Scope 3. We will continue driving low carbon solutions to achieve our joint Group's Science-Based target of 50% reduction by 2030. In 2021, we will embark on a climate data integrity initiative to improve on our carbon and energy management, and reporting standards for Scopes 1, 2 and 3. Our annual GHG emissions inventory FY2020 is in accordance to the GHG Protocol Corporate Standard.

Digi Climate Metrics/Year	2020	2019	2018
Scope 1: Direct Energy Consumption from Fuel (GWh)	43.87	43.47	48.20
Scope 1: Carbon Emissions (Tonnes)	10,737	10,677	11,738
Scope 2: Indirect Energy Consumption from Grid and Green Electricity (GWh)	236.1	250.6	220.0
Scope 2: Carbon Emissions (Tonnes)	155,471	162,870	153,769
Scope 3: Indirect Energy from Value Chain (GWh)	3	8	9
Scope 3: Carbon Emissions (Tonnes)	745	1,653	1,728
Total Energy (GWh)	283.3	302.0	287.2
Total Carbon Emissions (Tonnes)	166,953	175,200	167,235

Our Carbon Intensity per Data Usage also improved by 31%. This means that though the average customer is using more data, we have achieved a lower carbon footprint per unit of data consumed. Our carbon intensity is measured by tonnes of CO₂ (tCO₂e) per terabyte of data.

Digi Intensity Metrics/Year	2020	2019	2018
Customer Base (mil)	10.44	11.28	11.66
Energy Usage per Customer (kWh)	27.1	26.7	24.6
Carbon Intensity per Customer	0.016	0.016	0.014
Energy Usage per data terabyte (MWh)	0.16	0.22	0.31
Carbon Intensity per Data Usage (tCO ₂ e)	0.09	0.13	0.18

How We Create Value

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Cultivating a "green" workplace



Adoption of international standards

Recertification for ISO 14001:2015 (Environmental Management System) completed in October 2020



Efficient energy consumption

Rescheduling chiller, air handling unit (AHU) and lighting utilisation in Digi headquarters and TOCs based on employees capacity



Green practices across value chain

- Enhancing environmental co-creation of digital products and services, processes and solutions with partners, suppliers and customers
- Innovate our way of work towards greater agility and flexibility via teleworking to reduce travel-related carbon emissions
- Reducing consumption of material resources, managing waste and environmental degradation
- Reducing pollution of air, earth and water in material sourcing and manufacturing, during construction and over the life cycle of our buildings
- Reducing damage to natural systems and bio-diversity
- High quality and healthy productive spaces, utilising elements such as natural light and responsive heating/cooling measures
- Green procurement – Environmental concerns addressed as part of sourcing criteria

Performances

General waste

- Additions of recycling and food waste bins at office public areas. Food wastes are composted and processed to fertiliser
- Stopped single use plastic – Discontinuation of water bottles and single-use plastics at Digi eateries

Waste managed in 2020



251 Tonnes

General waste collected



170 kg

Waste generated per employee



2 Tonnes

Waste recycled

E-Waste*

E-waste directly produced from our operations is managed under the Environment Quality (Scheduled Wastes) Regulation 2005 and our internal guidelines.

* Decommissioned network equipment constitutes the largest amount of e-waste generated by tonnes. We reuse equipment, and send those that are obsolete to recycle and disposed off safely by a licensed vendor.

Obsolete electrical and electronic waste managed in 2020



47 Tonnes

Collected

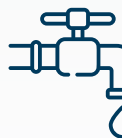


11 Tonnes

Recycled

Water consumption

Water consumption in 2020



78,856 m³

Total water consumed



54 m³

Water consumed per employee

Note: General waste collected, and water consumption has reduced by 11% and 16% respectively due to low employee capacities in the office buildings

How We Create Value

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WHAT SOCIAL & RELATIONSHIP CAPITAL MEANS TO DIGI

Brand trust is more important than ever, as customer expectations and competition is increasing daily, more so in this ‘digital-everywhere-world’. Our commitment to this capital is reflected in the way we run our business to impact societies for the greater good. We do this by integrating material issues into business strategies and employ an agile business operations in accordance to sustainable principles. Partnerships are key in fostering this ambition and shaping the social context of the environment we operate in.

KEY HIGHLIGHTS AND VALUE CREATED

- Covid-19 relief efforts (refer to pages 8 to 11)
- A culture of Integrity
- Privacy in the digital age
- People-First (across our value chain) approach
- Uphold Health and Safety and capacity building in the Supply Chain
- Respecting Human Rights
- Responsible to the communities and supporting SDG 10 : Reduced Inequalities

CHALLENGES AND OPPORTUNITIES

- Sustain high brand trust
- Covid-19 disruption and impact especially for on-ground campaigns and activation
- Unpredictable business environment
- Inter-connected Global Economy
- Accelerating technological innovation
- Regulatory pressures

Mapping against our sustainability matters

G2 R1 R3 R5 R7

Our key initiatives linked to strategic pillars

Sustaining brand trust through our Yellow Heart programmes	
Emphasising strong governance and robust internal controls	
Managing our supply chain responsibly	

How We Create Value

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Sustaining brand trust through our Yellow Heart programmes

Digital Inclusion

Future Skills For All (FS4A)

A multi-stakeholder driven initiative to strengthen inclusivity and equity in education by establishing a digital learning environment, focused on making future skills learning accessible for the underserved. The project is a three year partnership (2019 to 2021) with UNICEF Malaysia and the Malaysia Digital Economy Corporation (MDEC) in support of the Ministry of Education (MOE).

19,816¹

Users enrolled

¹ Data for users enrolled in the future skills programme has been independently audited by PwC

7,000

Students assisted with
micro:bit quick start learning kits

> 2,700

Teachers and all Digi internet
centre managers onboarded

Segmented Offerings

Curated for senior citizens, persons with disabilities (PWDs) and B40 communities

Best value offers for

> 45,700

senior citizens

> 3,900

PWDs

Digi Prepaid Abadi

First prepaid plan with
life insurance coverage

Access to digital learning

Digi accredited as MOE's digital content partner. FS4A and digital resilience modules has been integrated into MOE's digital education learning platform (DELIMa)

Potential to benefit

> 5 million

students

> 500,000

teachers

Digital Resilience

Safe Internet & CyberSAFE in Schools

> 115,000

People engaged on online safety

- Partnering MOE, Google and Cybersecurity Malaysia to engage schools nationwide on internet risks and digital resilience

Child Rights 2020 Webinar

130

Participants engaged

- Partnered with Child Rights Innovation & Betterment (CRIB Foundation) to host a webinar session to raise awareness on industry best practices on issues relating to child rights

Partnership with UNICEF

4

Virtual training sessions

KitaConnect campaign on various themes on internet safety with various civils society organisations (CSO), teachers and students

18

Virtual training sessions

Partnering #StandTogether nationwide campaign, engaging 2,403 students and 716 teachers

Scams Campaign

> 600,000

Digi customers reached

Educating customers on common and pervasive cyber-scams and digital fraud such as Wangiri and SMS Scams

How We Create Value

Sustaining brand trust through our Yellow Heart programmes (Continued)

Inclusive Business



Accessibility improvements to our digital touchpoints

- Allowing people with disabilities to better perceive, understand, navigate, and interact on our platforms
- Respecting human rights to digital access by lowering the entry barriers for visually impaired communities
- Making our business and products equally accessible to the underserved populations

Sustainability Thought Leadership

CEO Action Network

Digi is one of the leading members of the CEO Action Network (CAN), established as a closed-door peer-to-peer network, governed and driven by private sector corporate leaders. The Network aspire to influence policy-making and drive actions to accelerate sustainable development in Malaysia and beyond.

mySDGAction2030

Participated in a CEO panel session to discuss on Responsible Business and Human Rights in advancing towards the SDGs agenda. The event was organised by UN Global Compact Network Malaysia.

Malaysian Investor Relations Association (MIRA) Sustainability Accelerator

Training on Responsible Business principles and practices with more than 50 corporate participants.

Responsible Business Summit

An avenue for employees to internalise on our responsible business agenda covering topics such as governance, risk management, data protection and cybersecurity, social and environmental sustainability.



> 1,400
employees participated



> 7,960
learning hours clocked in by employees

Other engagements :

- HSBC Amanah and Digi Sustainability workshop for young talents
- MDEC MyDigitalMaker virtual fair - Safe Internet and Privacy in the Digital Age
- HSBC Regional Telecoms ESG virtual event
- Telecoms World Asia - Securing Smart Data and Digital Footprints Post Covid-19

How We Create Value

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Emphasising strong governance and robust internal controls

Strengthening Compliance Way of Work and Mindset

Promote strategic collaboration across all governance functions within the second line of defence in Digi with a view to emphasizing strong governance and robust internal controls across the organisation.

- Conducting Compliance risk assessment and monitoring activities for the first line of defence
- Ongoing review and implementation of Digi's policies and manuals
- Implementing Guidelines on Adequate Procedures issued by the Prime Minister's Department in line with the introduction of Section 17A of the MACC Act 2009
- Compliance case management and analytics
- Compliance capacity building for all employees through awareness and training programmes which included Speak Up Campaign, Anti-Corruption Day, Responsible Business Summit, and targeted audience trainings

Reinforcing Business Partners Governance

Issuance of e-mail notification on Section 17A of the MACC Act 2009 which entails strict compliance of Digi's Anti-Corruption Policy to all business partners of Digi including awareness on Anti-Corruption Policy and Whistleblowing Policy and conducting integrity due diligence checks on high-risk business partners.

Digi's Anti-Corruption Day is held annually on 9 December in recognition of International Anti-Corruption Day. Company-wide trainings and awareness were carried out to:

- Educate employees on the various forms of corruption
- Inform employees on available platforms to report incidents of corruption
- Reinforce messaging on our zero tolerance policy

For more details on Governance and Compliance, please refer to Section 5, pages 72 to 104 of this report

How We Create Value

Managing our supply chain responsibly

Enforcement of mandatory requirements and integrity due diligence (IDD)

Our commitment to raise standards of our supply chain



130

New suppliers signed Agreement on Business Conduct (ABC)¹



1,919

Suppliers signed ABC to date



2,426

Total training hours for our suppliers

Strict compliance to Health and Safety as per established sanction matrix



511

Inspections conducted

48

Announced

463

Unannounced

5

Major findings

194

Minor findings

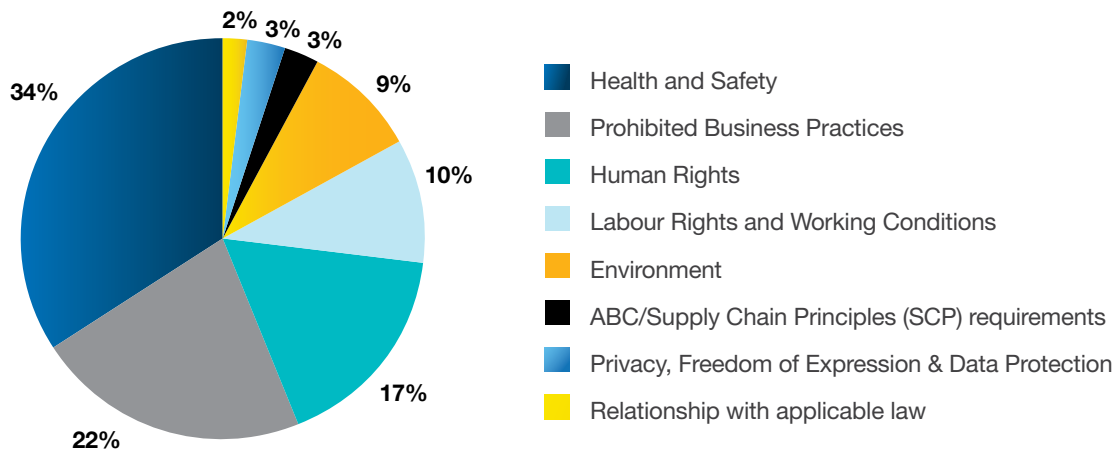
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Vendors were terminated

¹ Data for new suppliers signing the ABC has been independently audited by PwC

Major findings involves issues concerning Health and Safety

Minor findings involves issues concerning -



Risk assessment monitoring

77

SAQ Responses

51

Findings from the SAQ were resolved

- Monthly meeting with Tier-1 safety officers
- Supplier Assessment Questionnaire (SAQ)
- Within 1 week, improvements and corrective actions to unannounced inspection findings were resolved