



LET'S INSPIRE



CONNECTING **YOU** TO WHAT MATTERS MOST

Integrated Annual Report 2021

CONNECTING YOU TO WHAT MATTERS MOST

2021 continued to be an extraordinary year as society stayed vigilant and resilient a year after the Covid-19 pandemic emerged.

Malaysians persevered as we adapted to changing situations brought on by various safety restrictions imposed by the authorities to curb the spread of the virus. Digital connectivity became even more crucial as lives and livelihoods shifted online and people continued to be physically apart.

The cover highlights how digital connectivity has supported the communication needs of every segment of the society, bringing people closer together amidst the pandemic. We continue to be inspired by the people we serve, and remain steadfast in our responsibility and purpose to connect people to what matters most.

To learn more about our Integrated Annual Report 2021, visit www.digi.com.my/annualreport/index.html



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for Integrated Annual
Report 2021 online



Inside This Report



<p>1</p> <p>At A Glance</p> <p>2 About This Report</p> <p>4 About Digi</p>	<p>4</p> <p>How We Create Value</p> <p>50 Financial Capital</p> <p>54 Manufactured Capital</p> <p>57 Intellectual Capital</p> <p>62 Human Capital</p> <p>67 Natural Capital</p> <p>73 Social and Relationship Capital</p>	<p>140 Statements of Comprehensive Income</p> <p>141 Statements of Financial Position</p> <p>143 Statements of Changes in Equity</p> <p>144 Statements of Cash Flows</p> <p>147 Notes to the Financial Statements</p>
<p>2</p> <p>Message To Shareholders</p> <p>6 Chair of the Board's Statement</p> <p>10 Chief Executive Officer's Statement</p> <p>14 Chief Financial Officer's Statement</p> <p>21 Quarterly Financial Performance</p> <p>21 5-Year Financial Summary</p>	<p>5</p> <p>Governance</p> <p>84 Board of Directors' Profiles</p> <p>90 Management Profiles</p> <p>94 Corporate Governance Overview Statement</p> <p>119 Statement on Risk Management and Internal Control</p> <p>126 Additional Compliance Information</p> <p>128 Statement of Responsibility by Directors</p>	<p>7</p> <p>Other Information</p> <p>218 Independent Assurance Report</p> <p>221 Corporate Information</p> <p>222 Corporate Directory</p> <p>223 List of Properties</p> <p>225 Disclosure of Recurrent Related Party Transactions</p> <p>226 Share Price Development</p> <p>227 Statistics on Shareholdings</p> <p>228 Statement of Directors and CEO's Shareholdings</p> <p>229 List of Thirty (30) Largest Shareholders</p> <p>231 Notice of Annual General Meeting</p> <ul style="list-style-type: none"> • Form of Proxy
<p>3</p> <p>Strategies To Create Value</p> <p>24 Our Business Model</p> <p>26 Our Operating Landscape</p> <p>30 Our Key Relationships</p> <p>33 Our Key Risks</p> <p>38 Our Material Matters</p> <p>41 Our Emerging Opportunities</p> <p>44 Our Strategy</p>	<p>6</p> <p>Audited Financial Statements</p> <p>130 Directors' Report</p> <p>135 Statement by Directors</p> <p>135 Statutory Declaration</p> <p>136 Independent Auditors' Report</p>	

About This Report

This is Digi.Com Berhad's 3rd Integrated Annual Report (IAR) 2021, prepared in accordance with the principles prescribed by the International Integrated Reporting Council (IIRC). Our IAR aims to provide a balanced and accurate reflection of our strategy, performance, risks and emerging opportunities, as well as prospects of the company. The intent of the report is primarily to address value-creation considerations of long-term investors and provide appropriate information to all our key stakeholders.



Scope and Reporting Boundaries

As previously announced in June 2021, Axiata Group Berhad, Telenor Asia Pte Ltd and Digi.Com Berhad (Digi) have successfully concluded the due-diligence exercise and signed the Transaction Agreements for the proposed merger of Celcom Axiata Berhad (Celcom) and Digi.

However, the report is published on a business-as-usual basis with its 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. The reporting period comprises our financial and non-financial performance from 1 January 2021 to 31 December 2021, unless stated otherwise.

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 218 to 220 of this report.

Forward-looking Statements

This report may contain forward-looking statements with respect to Digi's future performance and prospects, alongside the ongoing proposed merger of Digi and Celcom which will be subject to regulatory approvals, other customary terms and conditions and approvals of all non-interest shareholders.

Integrated Approach and Materiality

We aim to preserve, create and deliver sustainable value for all our stakeholders through our six capitals. Our unique processes are key inputs and we produce value-adding outputs by using an integrated approach. In addition, we have fully embedded integrated thinking in our sustainability management to fully reflect material environmental, social, and governance (ESG) considerations into our short-to-long term business model and strategies.

Our material matters are continuously monitored as they have the potential to substantially affect – both positively and negatively – our ability to create and preserve value. Subsequently, the materiality assessment processes and disclosures are aligned to the Materiality principles of International <IR> Framework and Bursa Malaysia Securities Berhad's (Bursa Malaysia) Listing Requirements.

Approval by the Board

The Board of Directors of Digi is responsible for ensuring the integrity of Digi's IAR 2021 and give full attention to the management's evaluation and effectiveness of disclosure controls and procedures. Such controls will ensure high reliability of financial reporting for external purposes in accordance with the Main Market Listing Requirements of Bursa Malaysia. The report was approved by the Board on 11 March 2022.

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.digi.com.my/annualreport/index.html

IAR

Integrated Annual Report (IAR) 2021

Our primary report to shareholders, which details the company's developments, financial performance for the year and future orientation to form our holistic value creation story.

1 2 3 4 5 6 7 8 9

SP

Sustainability Performance and GRI Content Index

Our Sustainability performance website provides a detailed account of the company's sustainability performances, available online via <https://www.digi.com.my/sustainability/reporting.html>

3 4 8 9

CG

Corporate Governance Report 2021

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

2 3 5

Reporting Framework & Principles

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

Navigation Icons

Our Capitals

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

Our Strategic Pillars

-  Growth
-  Modernisation
-  Responsible Business

Feedback and Contact Point

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

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.

WHAT WE DO

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

We believe connectivity empowers everyone to improve their lives, builds societies and secures a better future for all.

We offer a wide range of innovative, personalised, and engaging mobile connectivity, internet services, and digital solutions to 10.3 million consumers and business customers every day on our advanced 4G LTE network.

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.

Building on these capabilities, we believe we are well positioned to include, advance and safeguard customers and society through digitalisation and advanced technologies for a future of new possibilities.

10.3 million
customers

93.1% **75.9%**
4G LTE 4G LTE-A
network coverage in
populated areas nationwide

10,173 KM
fibre network

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.

OUR PURPOSE

Empowering Societies

Connecting Customers To What Matters Most

Connecting people, businesses and societies has been the core of our business for the last 27 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 connectivity for all to drive greater societal inclusion, advance connectivity to accelerate digital future, and safeguard the planet, people

and data in the digital world and beyond. The global Covid-19 pandemic in the past two years 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 empower societies and connect customers to what matters most. 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 to 44 to 47.

CORPORATE STRUCTURE



Digi.Com Berhad

[Registration No. 199701009694 (425190-X)]

100%

Digi Telecommunications Sdn. Bhd.

[Registration No. 199001009711 (201283-M)]

100%

InfraNation Sdn. Bhd.

[Registration No. 200901003326 (846253-D)]

100%

Y3llowlabs Sdn. Bhd.

[Registration No. 200001032596 (535203-H)]

Chair of the Board's Statement

In the context of the ongoing Covid-19 pandemic in 2021,

Digi's purpose has never been more relevant: connectivity continues to enable customers to work from anywhere, for businesses to remain operational, for public services to function, and for people to stay connected to what matters most to them.

In 2021, Digi delivered on its strategic plans: the company focused on growing its network, brought affordable, relevant, and innovative products and digital solutions to consumers and businesses, modernised its operations to improve how it serves customers, and delivered healthy returns to its shareholders. Digi continued to deepen its responsible business commitments, which are built on good corporate governance principles to serve customers credibly, to care for its employees and supply chain, and to play our part as society recovers from the pandemic.

Read more about this on pages 8 to 9.

“

Digi continued to deepen its responsible business commitments, which are built on good corporate governance principles to serve customers credibly, to care for its employees and supply chain, and to play our part as society recovers from the pandemic.

”

Haakon Bruaset Kjoel

Chair of the Board



Chair of the Board's Statement



How did Digi create value for its stakeholders amidst the pandemic?



Digi continued to improve network availability and quality, enabling customers to stay connected and fully leverage the benefits of digital technology. Initiatives introduced at the start of the pandemic in 2020 carried on into 2021. They include various Yellow Heart initiatives to help critical relief and community support efforts, as well as the year-long provision of free daily 1GB data for productivity and education, access to affordable mobile plans and devices via the *Jaringan Prihatin* and *Pakej Keluarga Malaysia* programmes, and access to *PENJANA* digitalisation grants for small and medium enterprises (SME). Provision of these digital solutions has also enabled consumers and businesses to reduce their carbon footprint, helping Digi drive greater climate action across its value chain.

The Board commends the Management for advancing the robust business continuity plan put in place the previous year that enabled the company to adapt quickly to changing conditions. We also record our appreciation to all Digizens and partners for their resilience in navigating through yet another a challenging year, by working together safely to continue serving the needs of its 10.3 million customers.



Read more about how Digi created value across its six capitals on **pages 50 to 81**.



How did Digi fare in sustaining its returns to shareholders?



Digi's focused execution on strategic priorities and prudent financial management have led the Board to declare a net dividend per share of 14.9 sen - returning a total payout of RM1,158 million to shareholders and sustaining a near 100% dividend payout ratio for FY2021. Year on year, the company continues to exceed its dividend policy of distributing a minimum 80% of net profits, keeping to its commitment of delivering strong and sustainable returns to shareholders.



Read more about the value Digi created with its Financial Capital on **pages 50 to 53**.



How is Digi delivering on its Responsible Business commitments?



Responsible Business continues to be a core pillar of Digi's strategy, embedded in the way the company works and the standards it expects from its supply chain. The company's responsible business framework is anchored on its "Yellow Heart" brand aspirations: to raise standards across its operations and supply chain, and to partner effectively to build skills and resilience for an accelerated digital future.

The Board continues to push for Digi to maintain its responsible business leadership among corporates in Malaysia. In 2021, Digi improved its MSCI environmental, social and governance (ESG) rating from 'A' to 'AA', and the company is well on track to achieving its ambition to be among the best performing companies in Malaysia on sustainable business standards and ESG practices.

Digi continues to maintain the highest standards of ethics and integrity in its business conduct. Initiatives include developing a future-ready workforce, safeguarding the health, safety and wellbeing of its people and partners, being environmentally responsible in its operations, protecting the privacy of its customers, and reducing inequalities for society.



Read more about how Responsible Business is embedded in the way Digi creates value in **pages 57 to 81**.



How has Digi strengthened its diversity commitment?



Diversity and inclusion is a key agenda in Digi's people strategy. The company firmly believes that a diverse workforce across all levels of the organisation with a variety of perspectives is a strength, to better serve its diverse customer base. The Board is pleased that Digi continues to be recognised as a leader in this respect, with its second-year inclusion in the global Bloomberg Gender Equality Index (GEI) 2022. Digi is one of only three Malaysian companies on the index. Digi also signed the UN Women's Empowerment Principles and became a member of 30% Club, attesting to its commitment in advocating diversity and inclusion initiatives.



Read more about the value Digi created with its Human Capital on **pages 62 to 66**, and its governance focus in Section 5 of this report.



What is Digi's outlook for 2022?



Accelerated digitalisation will continue to fuel demand for connectivity and digital infrastructure, and the telecommunications sector will continue to evolve rapidly, with significant new opportunities enabled through 5G, artificial intelligence (AI) and internet of things (IoT). At the time of writing, the mobile telecommunications industry eagerly anticipates the Malaysian government's policy decision on the implementation of 5G. Digi continues to support the MyDigital initiative and believe that 5G networks are a critical infrastructure to enable the advancement of the digital economy in Malaysia.

Looking ahead, we aspire to create even more value for the business. The proposed merger with Celcom Axiata Berhad aims to create a leading telecommunications service provider in Malaysia. The new company will have the capabilities to provide better network quality and coverage and have greater scale to invest, drive new digital solutions, catalyse new growth opportunities for large enterprises and SMEs, and attract and partner global digital giants. It will also leverage economies of scale to realise efficiencies from operations, while strengthening core distribution and delivering improved network operations.

We are confident that Digi's strategic focus on growth and modernisation, and our agile way of work will enable the company to seize opportunities. All Digizens, from the Boardroom to our stores, will work together to deliver our ambitions. We will be led by our purpose of Connecting Customers to What Matters Most, execute a focused strategy to make Digi more digital, efficient, and customer centric, as well as do our part to build a truly inclusive and resilient digital society in Malaysia.

The Board is confident we have the appropriate balance of knowledge, skills, experience, and independence to drive the company's agenda and govern effectively. The recent appointments of Datuk Iain John Lo as Independent Non-Executive Director has further strengthened the Board. We also extend our heartfelt gratitude to Tan Sri Saw Choo Boon, for his decade-long dedication and guidance, and to Randi Wiese Heirung for her valued contributions to the Board.

On behalf of the Board, I wish to express my appreciation to the Management team and all Digizens for their collective contribution to Digi's resilient performance in a year challenged by Covid-19. I would also like to thank our business partners, shareholders, and stakeholders for their ongoing engagement and support, as we continue to navigate the impact of the pandemic.

In view of Covid-19, we will continue to engage with shareholders virtually in 2022, to prioritise your safety. Please see details outlined in our Notice to the 25th Annual General Meeting (AGM). We look forward to sharing more on our business at the AGM on 13 May 2022.

Chief Executive Officer's Statement

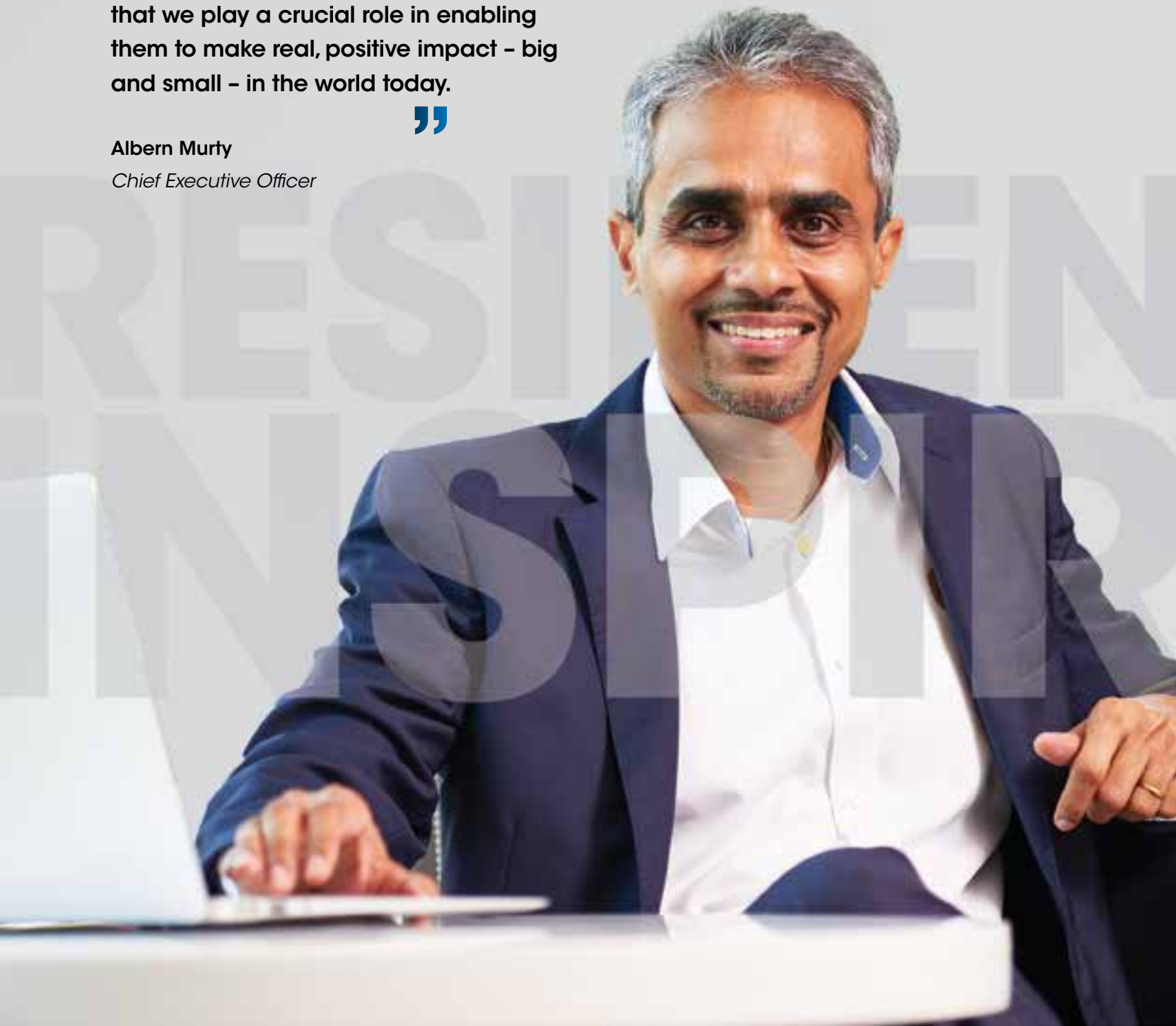
“

Resilience and inspiration have been central tenets that have underpinned 2021 for us. We continue to draw inspiration from our customers, who are the lifeblood of our business, recognising that we play a crucial role in enabling them to make real, positive impact - big and small - in the world today.

”

Albern Murty

Chief Executive Officer



2021 was a year of resilience and inspiration for Digi. In a year of prolonged movement restrictions, macroeconomic and competitive challenges, and mostly a pandemic that continued to affect lives and livelihoods, Digizens and partners rallied to adapt to conditions and delivered a steady performance, while being committed in driving society's recovery from the effects of Covid-19, as well as the devastating floods that hit many parts of the country in the later part of the year.

In 2021, Digi stayed focused on executing our business strategy and delivering on our purpose of Connecting Customers to What Matters Most. We invested in ensuring the quality and availability of our network services, aligned with the government's JENDELA plans. We continued to deliver value from winning products and services to consumer and business customers. We have put in place a strategic transformation plan to guide the next phase of the company's journey. And we are building a solid platform to advance our ESG goals.

We continue to invest strategically to deliver to the expectations of our consumer and business segments, capture new growth opportunities, scale our business, drive modernisation and efficiencies in our operations, safeguard people and planet, and support the nation's recovery from the pandemic.

Resilience and inspiration have been central tenets that have underpinned 2021 for us. As CEO, I am immensely proud of how all Digizens have come together to support each other in these challenging times.

Chief Executive Officer's Statement



How would you characterise Digi's performance in FY2021?



Digi delivered a well-fought performance in FY2021, achieving full-year results in line with our financial guidance. We prioritised network and digitalisation initiatives in the year to further improve customer experience and develop our core segments. We also stepped up initiatives to run our technology and business operations efficiently, while continuing to invest in the right areas to execute well on our growth and modernisation agenda. These resulted in steady earnings for the company and healthy returns to shareholders.



How did Digi navigate through the year to deliver value and growth?



We set out our three-year strategy roadmap at the start of 2021, anchored on our purpose to empower societies and connect customers to what matters most.

The surge in demand for connectivity and digital services supported our ambition to modernise and strengthen our network and operations, as well as to grow revenues in Postpaid, Fixed, and Business segments during the year. This accelerated shift to digitalisation also put a spotlight on the society's increased use of digital technology and tools: this fueled our commitment to continue on our *Yellow Heart* programme to advance safer internet awareness, advocating data privacy, partnering to build skills for a better digital future, and promoting digital inclusion by enabling easier access to our services for all Malaysians across the country.



What can we expect from Digi in the coming year?



While overall macroeconomic challenges will remain intense, we are encouraged to see some signs of recovery from the pandemic and a clear plan from the government for the safe normalisation of business activities, easing of broader Covid-19 related restrictions, and the impending opening of international borders, all driven by an exemplary execution of our national immunisation programme and the gallant efforts of our frontliners.

We have confidence that Digi will deliver a robust 2022, underpinned by sharp execution of our strategic priorities. We see Postpaid, Fibre, and Business as our key growth drivers, and will continue to bring best-value product propositions and innovative digital solutions to the market. Our business modernisation journey is progressing well, with critical IT transformation projects in the pipeline to enhance digital experience for our customers, and boost organisational capabilities. We continue to work closely with the Malaysian Communications and Multimedia Commission (MCMC), including on Universal Service Provision (USP) initiatives, which will strengthen our ability to provide high-quality and affordable digital connectivity to communities in rural and remote areas.



More details on Digi's financial review by our Chief Financial Officer in **pages 14 to 20**, and how we created value from our Financial Capital on **pages 50 to 53**.



More on our 2021 strategy progress and achievements are detailed out in the Our Strategy section of this report on **pages 44 to 47**, and how we created value across our six capitals on **pages 50 to 81**.

Chief Executive Officer's Statement

In parallel, the proposed merger of Celcom Axiata Berhad and Digi Telecommunications Sdn. Bhd. announced last year is proceeding as planned at this time of writing. We look forward to the exciting prospect of creating a Malaysian market leader through the proven capabilities of the two established operating companies and the strength of two international telecom leaders Axiata and Telenor. This underpins a shared vision to create value through product and market innovation and high-quality data connectivity to all Malaysian consumers and businesses, to power the nation's digital ambitions in the years to come.

5G networks are among the critical infrastructure in the development of this digital ambition. We are committed to supporting the government's MyDigital initiative and look forward to working closely with the government in charting Malaysia's 5G deployment.

Underlying all these ambitions is the trusted Digi brand, built on a responsible business impulse to include, advance, and safeguard society. We continue to draw inspiration from our customers, who are the lifeblood of our business, recognising that we play a crucial role in enabling them to make real, positive impact – big and small – in the world today.

On behalf of the Management team, I would like to thank all our customers and shareholders for your support and continued confidence in Digi during the last year. We also appreciate the engagement and collaboration with the MCMC and our industry colleagues in achieving many shared successes in the year. We are grateful to the Board for their leadership in guiding and governing Digi.

I would also like to take this opportunity to thank outgoing Chief Human Resource Officer, Elisabeth Stene for playing a pivotal role in driving Digi's People agenda through a most critical period. Best wishes from us as she heads home to Norway for another opportunity within the Telenor Group.

We want to also thank all our dedicated Digizens who have been working tirelessly to deliver reliable network services and support our customers throughout the various phases of movement control orders last year.

Lastly, we express our appreciation to Malaysia's first responders, enforcement agencies, and government authorities working determinedly to keep society safe and lead us on the path of recovery in 2022.

Chief Financial Officer's Statement

2021 was undoubtedly a challenging year with the nation focusing on rebuilding growth momentum and staying connected while people were working or studying from home. As we entered the second year of the Covid-19 pandemic, Digi remained focused on keeping customers, businesses and stakeholders connected while continuing to strengthen our operations and financial performance.

In this context, we are proud of our 2021 results. One of the things that has warmed me since I joined Digi in August 2021 was the relentless commitment and dedication of all my colleagues, as well as the entire telecommunications industry and public officials in weathering the challenges brought upon us by the ongoing pandemic.

In this environment, I am so proud of how our shareholders have supported us and how Digi has succeeded not only to continue to operate efficiently and deliver strong results, but also how we continued to invest in our leading network and improve coverage all around the country.

All this would not have been possible without the consistent commitment over time to the principles of disciplined capital management, both in allocating capital to our value creating initiatives, as well as in the distribution of attractive returns to our shareholders.



I am proud of how our shareholders have supported us and how Digi has succeeded not only to continue to operate efficiently and deliver strong results, but also how we continued to invest in our leading network and improve coverage all around the country.



Otto Magne Risbakk
Chief Financial Officer



Chief Financial Officer's Statement



How did Digi perform financially compared to FY2020?



In FY2021, we delivered steady financial results within guidance amidst a challenging and unprecedented operating environment. The impact of volatile macroeconomic conditions on consumer confidence and business spend were partly mitigated by relevant government support initiatives, some of which also supported our sector.

Although financial results declined marginally, we saw encouraging improvements in key revenue segments and continued improvements in operational efficiency. While total service revenue declined by 1.6%, we succeeded in building a strong momentum in our Postpaid, Fibre, and Business segments. We added approximately 253,000 new Postpaid customers to reach 3.3 million subscribers. In the fourth quarter of 2021, the Postpaid segment revenue was higher than the Prepaid revenue for the first time in FY2021. Nevertheless, we made significant progress in attracting higher quality Malaysian Prepaid subscribers. We also grew our Fibre subscriber base to approximately 13,000 customers in its first full year. Our Business segment realised a 4.8% revenue growth from large enterprises seeking advanced managed solutions and SMEs seeking to digitalise their businesses. All in all, total revenue upped 3.0% to RM6,336 million, as handset sales increased to support our growing Postpaid business, offsetting the decline in service revenue.

In line with the growth in our device and digital business, our costs of goods sold (COGS) of RM1,754 million was 14.0% higher. On the operating expenditure (OPEX) front, we have also recorded a modest increase of 2.5% mainly driven by 4G network coverage expansion and site upgrade works to deliver improved network experience for our customers. OPEX-to-service-revenue ratio remained healthy at 29.5%, highlighting our prudent cost management and efficient operations.

Despite the prolonged movement restrictions in Malaysia, we were able to minimise bad debt risks and improve collections. These were achieved by focusing on effective customer acquisition mechanisms and digitalising payment methods. As a result, we recorded a low expected credit loss (ECL) of RM55 million as compared to RM82 million a year ago.

For the full 2021 year, earnings before interest, tax, depreciation and amortisations (EBITDA) reached RM3,009 million, a decline of 2.3%. The EBITDA margin was 47.5%, down from 50.0% in 2020. However, the underlying operating 2021 EBITDA margin was similar to 2020 excluding handset sales.

Our conservative balance sheet and low gearing again secured a high EBITDA to profit after tax (PAT) conversion. PAT for 2021 reached RM1,162 million, a decline of 4.8% due to flow through from EBITDA, higher depreciation charges mainly caused by our 3G network shutdown and a small increase in finance costs. Despite the minor decline, our PAT margin remains among the best in the industry.

Supported by a strong balance sheet and low gearing, we were able to comfortably maintain the near 100% dividend payout ratio, distributing RM1,158 million in dividends to our shareholders.

Building on the execution momentum in 2021, we entered 2022 full of confidence, with a stronger and more resilient customer base, a well-invested and modernised asset base, and a solid capital structure.



How did macroeconomic and Covid-19 challenges impact Digi in terms of its financial decisions?



The macroeconomic impact of Covid-19 has impacted Digi in many different ways, both directly and indirectly. As a provider of critical communication and connectivity services to consumers as well as business customers, our purpose of empowering societies and connecting people to what matters most has never been more relevant.

Our customers have relied heavily on our services during the various phases of movement restrictions caused by Covid-19, for example students following classes and taking exams from home, employees working remotely, families keeping contact with their loved ones, businesses moving sales and services online, and so on. The change in consumer patterns and the increase of data traffic required a swift response from Digi.

To meet the needs of all our customers and to ensure customers and society continued to work seamlessly and stay safe, we had to make internal decision processes faster, accelerate digitalisation of internal processes, and increase investments in network capacity and quality to meet data traffic growth of 22%. I am proud to say that we succeeded well in this endeavor. Not only did we manage to keep all our customers connected, we also managed to deliver record-high internet speed and solidify our position as the fastest and most consistent network in Malaysia, as recognised by external benchmark. I am impressed by the excellent work done by all Digizens and grateful for the support we received from the Board to reprioritise and accelerate investments during this difficult time.

After almost two years of pandemic, society is gradually adapting and living alongside with Covid-19. However, certain effects of the pandemic persist, and the economic outlook for our markets remain clouded. Malaysia has closed its borders for the past two years. The extended closure and movement restrictions have decreased consumer and business spending, negatively affecting demand, and lowering roaming revenue.

It is difficult to predict when the effects of the Covid-19 pandemic will start abating. We are hopeful for a gradual recovery in 2022, but with all the investments and learnings we have made in the last two years, we are also prepared for a prolonged impact.

Data traffic growth

22%

Chief Financial Officer's Statement



How has Digi progressed in delivering on its environmental, social and governance (ESG) aspiration and plans?



Responsible business is one of three key pillars of our strategy, and ESG is a fundamental part of this. We are proud of our contributions and recognitions in this important area – we are member of FTSE4Good Bursa Malaysia Index with ESG score of 3.8, Sustainalytics' ESG risk rating of 18th percentile, which is one of the highest of in the region, and we have been part of CDP's voluntary environmental disclosure of carbon reporting since 2009 via Telenor Group, and more.

Nevertheless, there is much more to do in the years to come in cooperation with the industry and authorities, both locally and on an international level. We fundamentally believe that business and ESG targets are complementary and not contrasting. Fortunately, we are not alone in this battle. We enjoy strong support from our Board and our investors are increasingly placing ESG as a key investment criteria.

A key element of ESG is climate. We take an active approach in addressing climate change and are working closely with the industry, government, environmental agencies, and partners towards achieving a net zero greenhouse gas emissions by 2050, in line with the Paris Agreement. While challenges remain in large scale CO₂ reductions due to our dependency on the national grid, we will continue to strengthen our governance and reporting mechanisms while exploring new technologies and solutions.

Digi also invested significant human and financial capital to support our ESG agenda. We have participated in public, industry and private forums, and supported many local initiatives. For example, through our partnership with Astro on the #KamiCareMBiz programme, we offered RM500,000 worth of digital solutions and mobile plans to help local micro and small business owners go digital. We had also pledged RM1 million to GDRN (GLC/GLIC Disaster Response Network), disbursing the remaining RM750,000 in 2021, via Mercy Malaysia to support Covid-19 relief efforts.



FTSE4Good

FTSE4Good Bursa Malaysia Index (2021/22) ESG indices score of

3.8

#KamiCareMBiz partnership

RM500,000

worth of digital solutions and mobile plans provided to help local micro and small business owners go digital



SUSTAINALYTICS

ESG risk rating of

18th percentile

one of the highest for the region

GDRN Covid-19 relief efforts

RM750,000

disbursed in 2021, part of RM1 million pledged in 2020

Chief Financial Officer's Statement

Q

How did Digi manage its capital in FY2021?

A

Capital allocation and maintaining a strong and flexible capital structure are key priorities for Digi. Our capital allocation policy is firmly based on stringent criteria for value creation, guided by our three strategic pillars of pursuing growth, modernisation and responsible business. Thanks to the solid performance and strong balance sheet, Digi could continue its investment strategy despite the pandemic.

In 2021, we continued our targeted CAPEX and OPEX investments to maintain our leading position in terms of network quality, operational efficiency and ESG. For both CAPEX and OPEX investments, we would always prioritise investments that support customer needs, followed by initiatives to support modernisation and digitalisation. Most of our RM815 million CAPEX in 2021 was spent to enhance our 4G network, catering for the increase in data consumption (more than 20GB per user, up 8.9% versus 2020) and delivering 100% of our JENDELA commitments.

Our industry-leading OPEX-to-Sales ratio of 24.8% in 2021 as well as external recognitions for having the fastest and most consistent network in Malaysia are testimonies of our persistent investment in network quality, modernisation, and digitalisation.

RM815 million

Majority CAPEX in 2021 spent to enhance 4G network

8.9% growth

in monthly average data consumption per user

Q

How was Digi's financial strength in meeting its financial obligation?

A

In 2021, Digi realised an EBITDA margin of 47.5% and a PAT margin of 18.3%. Operational cash flow reached RM2,606 million with a margin of 41.1%. The financial gearing as expressed by net interest bearing debt divided by EBITDA was at 1.6x. As at the end of 2021, Digi had a net interest bearing debt of RM2,500 million and available undrawn debt facilities of RM4,925 million.

Our total asset in 2021 stood at RM7,840 million. We maintained a healthy return-on-total assets of 14.8%. Our strength in financial position enabled us to maintain the Sukuk rating of AAA/P1 with stable outlook by RAM Rating Service amidst these challenging times, supported by strong cash flow.

Thanks to our solid and consistent profitability, a strong balance sheet and low gearing, Digi benefits from a low cost of capital, high financial flexibility, the ability to sustain a generous dividend payout ratio to our shareholders, and ample flexibility to fund future investment and growth opportunities.

Total asset in 2021

RM7,840 million

Chief Financial Officer's Statement



What is the guidance for FY2022?



By strengthening our offerings in core and near-core connectivity solutions within Postpaid, Fibre, and Business segments, we aim to return to service revenue growth in 2022, and expect the decline of the Prepaid segment to abate further.

On the cost side, we will continue our efforts to modernise and digitalise customer touchpoints and operational processes. The focus on modernisation will also require continued investments to sustain network leadership and drive digital capabilities. We will therefore maintain 2022 CAPEX around FY2021 level, focusing on disciplined capital and resource allocation, and also deliver EBITDA at around FY2021 level alongside higher cost pressure.

We also aspire to further raise our responsible business standards including ESG, which we are already leading the industry, as recognised by external awards and benchmarks.

In summary, our 2022 guidance is as follows:

2022 Guidance

Service Revenue	Return to growth
EBITDA	Around FY2021 level: ~RM3,000 million
Capex-to-total revenue ratio	Around FY2021 level: 12% - 13%



What can shareholders expect in FY2022?



Digi entered 2022 with confidence. The performance in core Postpaid, Fibre, and Business segments improved and the decline of the Prepaid subscriber base after the exit of the high-churn low-end of the migrant segment was substantially reduced. Assets are well invested, the capital structure is conservative with significant flexibility and the cost base and profitability remains among the best in the industry. Although competition in Malaysia is strong, we believe that Digi is well placed to maintain its steady financial performance and continue to offer attractive shareholder returns from a resilient business model, a prudent capital allocation methodology, and a careful financial management practice.

Quarterly Financial Performance

RM Million	First Quarter			Second Quarter			Third Quarter			Fourth Quarter		
	FY19	FY20	FY21	FY19	FY20	FY21	FY19	FY20	FY21	FY19	FY20	FY21
KEY HIGHLIGHTS												
Revenue	1,509	1,560	1,550	1,549	1,452	1,618	1,562	1,580	1,584	1,678	1,561	1,584
Service revenue	1,393	1,387	1,337	1,402	1,317	1,340	1,413	1,374	1,343	1,436	1,350	1,321
Earnings before interest, taxes, depreciation and amortisation (EBITDA) ¹	805	756	738	850	770	743	837	788	788	819	766	740
Normalised EBITDA	804	756	743	803	744	744	820	743	766	795	757	740
Profit before taxes (PBT)	453	435	359	490	377	373	490	433	418	459	377	365
Profit after taxes (PAT)	342	332	265	392	288	280	358	321	313	341	280	304
Normalised PAT	341	331	270	323	291	287	326	268	295	318	285	253
Profit attributable to equity holders of the Company	342	332	265	392	288	280	358	321	313	341	280	304
Earnings per share - basic (sen)	4.4	4.3	3.4	5.0	3.7	3.6	4.6	4.1	4.0	4.4	3.6	3.9
Dividends per share (sen)	4.3	4.2	3.4	5.0	3.7	3.6	4.5	4.1	4.0	4.4	3.6	3.9

5-Year Financial Summary

RM Million	2017	2018	2019	2020	2021
KEY FINANCIAL RESULTS					
Revenue	6,340	6,527	6,298	6,153	6,336
Telecommunication revenue					
- Service revenue	5,969	5,827	5,644	5,428	5,341
- Others	65	75	87	84	95
- Sales of device	306	625	567	641	900
EBITDA ¹	2,886	3,033	3,311	3,080	3,009
Earnings before interest and taxes (EBIT)	2,100	2,229	2,113	1,805	1,729
Interest cost	132	130	246	253	210
PBT	1,985	2,080	1,892	1,622	1,515
PAT	1,477	1,541	1,433	1,221	1,162
Organic capital expenditure (Capex)	1,345	818	751	720	803
Operations (ops) cash-flow	2,577	2,176	2,062	2,432	2,606
KEY FINANCIAL POSITIONS					
Total assets	5,834	6,206	8,149	8,187	7,840
Non-current liabilities	3,033	2,838	4,732	5,067	4,275
Total debts	2,704	2,694	5,150	5,452	4,960
- Conventional borrowing	1,292	1,293	780	555	333
- Islamic borrowing	1,391	1,393	2,322	2,316	2,168
- Lease liabilities	21	8	2,048	2,581	2,459
Shareholders' equity	519	673	660	606	633
KEY FINANCIAL RATIOS³					
Return on equity	285%	229%	217%	201%	184%
Return on total assets	25%	25%	18%	15%	15%
EBITDA margin	46%	46%	53%	50%	47%
Net debt/EBITDA (x)	0.7	0.7	1.4	1.7	1.6
Interest cover (x)	15.9	17.1	8.6	7.1	8.2
SHARE INFORMATION					
Earnings per share (sen)	19.0	19.8	18.4	15.7	14.9
Dividend per share (sen)	18.8	19.6	18.2	15.6	14.9
Net assets per share (sen)	6.7	8.7	8.5	7.8	8.1
Dividend yield	3.7%	4.4%	4.1%	3.8%	3.4%²

Notes:

• 2019, 2020 and 2021 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 Yield calculated based on the closing price of RM4.36 as at 31 December 2021

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



GROWTH

Fuelled by new market opportunities and segments

We aim to sustainably grow consumer and lead organic B2B revenue growth, as part of our strategic priorities to create long-term value for the company and for all our stakeholders.





**Low
double-digit**

growth in Postpaid and Fixed subscribers (vs FY2020)

**Low to mid
double-digit**

growth in B2B revenue (vs FY2020)

**#1 Most
consistent
network**

(maintain 2020 position)

Our Business Model

We aim to create value for our stakeholders in a sustainable manner. We strive to align our business objectives to stakeholder needs, and deliver our strategy against business opportunities and risks, backed by our robust corporate governance to deliver value. Further details on the value we created and the impacts to Digi are available in Section 4 to 5 of this report.



OUTCOMES

Our competitive advantage

lies in the quality of our network and infrastructure, innovative product and service offerings, strong distribution channels and procurement system, proven track record in driving operational efficiency, strength of our trusted brand, and resilience of our people.

Our performance indicators



Revenue growth

Brand preference



OPEX

EBITDA

CAPEX-to-total revenue



ESG rating and SDG contribution

Employees' learning hours

Cyber security training

- Total revenue up by **3.0%** to **RM6.34 billion**
- EBITDA margin at **47.5%**
- ~**100% dividend** payout ratio
- Credit ratings of **AAA/Stable/P1**

- Serving **10.3 million** customers
- Sustained position as Malaysia's **fastest** and **most consistent** network
- Delivered **JENDELA commitments**
- **Scaled core** and **near-core** connectivity offerings

- **Strongest brand** in Malaysia (*ranked by Brand Finance, 2021*)
- Sustained **leadership ranking** in ESG²
- **Implemented secure** and **sustainable** business conduct
- **Modernised** processes and **innovated** ways of work
- Launched **innovative offerings** to cater to wider segments of customers

² Polled by independent Brand Health Survey provider

- **5%** increase in CO₂ emissions in parallel with aggressive network roll-out
- Reduced Carbon Intensity per Data Usage by **13.7%**
- Structural reinforcements of network sites in response to physical climate risks (e.g. floods)

- **Average 52.6 learning hours** per employee
- **45% women in leadership** positions
- **87% employees believed their well-being** was prioritised during the Covid-19 pandemic (*Digi's 2021 Pulse Survey*)
- **0 Lost Time Injury Frequency (LTIF)** and **0 fatalities**

- **> RM1.5 million** contributed to Covid-19 Response and Recovery efforts
- **RM500,000 aid** pledged for flood relief and recovery efforts
- Supported medical frontliners by **providing devices** and **connectivity plans** for contact tracing
- **Accelerated businesses and SME digitalisation** via the PENJANA grant
- Received the **BCMS ISO 22301:2019 certification**

Our Operating Landscape

In 2021, Malaysia, like many other countries in the world, continued to weather the impact of the Covid-19 pandemic. Disruptions caused by the pandemic led to increased inequalities and mobility constraints, which further underscored the critical role and services of telecommunications companies. To address both the challenges and opportunities, Digi focused on redirecting our network resources and services to support our customers and businesses.

Legend



Financial Capital



Manufactured Capital



Intellectual Capital



Natural Capital



Human Capital



Social and Relationship Capital

1 Macroeconomic

- Malaysia's gross domestic product (GDP) grew 3% to 4% in 2021, as a result of nationwide recovery efforts to mitigate the impact of the pandemic
- Acceleration of the National Covid-19 Immunisation Programme (PICK), an integral component of the National Recovery Plan (NRP) has enabled the economy to fully open with less movement restrictions in the fourth quarter of 2021
- Emergence of the Covid-19 Omicron variant impacted public health and consequently delayed economic recovery
- Vaccine and booster rollout, coupled with easing of travel restrictions increased consumer activities across all sectors, including the telecommunications sector
- High unemployment rate remained a concern alongside weaker consumer spend and affordability
- Accelerated digitalisation and innovation driven by remote working and online learning spurred demands for high quality network connectivity and digital services

Our Response

- Strengthened mobile offering and digital services for subscribers
- Supported society's recovery from Covid-19 and prioritised safety and well-being of employees and all stakeholders
- Increased spectrum efficiency via the new 4G integration and maintained network stability and consistency

Looking Ahead 2022

- Malaysia's GDP is expected to strengthen between 5.5% and 6.5% due to high vaccination rates and various stimulus and assistance packages to support the people and revitalise the economy
- The acceleration of the National Covid-19 Immunisation Programme enabled next phase adoption in the National Recovery Plan (NRP) for border reopening and endemic transition
- Continue working with the government and industry on advancing technology adoption among customers and businesses leveraging potential of 5G, artificial intelligence (AI) and internet of things (IoT)
- Continue serving consumers with consistent network experience and B2B solutions to drive business growth
- Global geopolitical tensions resulting in rising commodity prices, inflation and possible supply chain disruptions are emerging risks to be monitored

Capitals



Our Operating Landscape

2 Competition and Industry Developments

- Prepaid average revenue per user (ARPU) declined in 2021, as movement control orders (MCO) and economic uncertainty raised concerns with consumers and businesses
- Mobile operators extended coverage and capacity to address a surge in data consumption
- Increase in the volume of data traffic and growing demand for data localisation led to investments in new data centres
- Broader economic pressures dampened consumer spending
- Prolonged border closures led to continued shortfall in migrant and tourist segments
- Decreased in-store traffic due to various MCO

Our Response

- Improved blended ARPU from shift in acquisition mix and contracting efforts through Digi's refreshed Postpaid portfolio
- Introduced bundling add-on deals focused on affordable high-speed internet plans
- Drove data monetisation among the youth and Bottom 40% (B40) segment
- Delivered attractive value-added services on our secure 4G LTE and LTE-A networks
- Enhanced digital channels on app and web, and direct partnership connections increased digital adoption
- Prudent cost management and continued modernisation efforts improved efficiency and maintained profitability

Looking Ahead 2022

- Shift in customer behaviour driving increased need for home connectivity and digital services
- Continue expansion of 4G coverage and optimising service quality in line with the JENDELA and MyDIGITAL initiatives
- Leverage leading network position to maintain market share and grow new adjacent services

Capitals



3 Emerging Regulatory Requirements

- The new Mandatory Standards for Quality of Service (MSQoS) announced by the Malaysian Communications and Multimedia Commission (MCMC) took effect on 1 August 2021
- The government's MyDIGITAL initiative designed to drive the country's digital economy by 2030
- Covid-19 National Recovery Plan (NRP) and developing policy framework on 5G
- Malaysian Code on Corporate Governance (MCCG) updated to enhance corporate governance and practices

Our Response

- Implemented corporate governance framework that provides for prudent management and oversight of Digi, protecting the interest of all relevant stakeholders
- Maintained open and proactive engagements with various regulators and authorities in line with the 5G roll-out blueprint
- Embedded regulatory compliance in business culture, planning and decision-making framework
- Conducted compliance training

Looking Ahead 2022

- Government to provide RM700 million to continue digital connectivity efforts in 47 industrial areas and 630 schools, especially those in rural areas
- Government to allocate RM30 million to provide internet facilities in 40 existing People's Housing Programme (PPR)
- In 2022, 5G services to cover 36% of high-density areas in Johor, Selangor, Penang, Sabah and Sarawak

Capitals



Our Operating Landscape

4 Technology

- 5G network commercial launch in selected areas within Kuala Lumpur, Putrajaya and Cyberjaya, with the objective of achieving 80% nationwide population coverage by 2024
- Industry joint effort to retire the 3G network nationwide in line with JENDELA initiative
- JENDELA Phase 1 tender to construct 1,661 new sites (potentially worth RM4.6 billion) to expand 4G coverage across unreached areas accomplished in October 2021
- Rising cyber security and data protection concerns across industry
- Digitalising SMEs and co-developing solutions with large corporations and partners

Our Response

- Supported the government's implementation of 5G network as critical national infrastructure
- Collaborated with industry to advance digital access and adoption in Malaysia
- Conducted awareness campaigns on cyber security frauds and phishing scams
- Upskilled talents to embrace digital transformation strategies to meet rising demands and new opportunities from technological innovation

Looking Ahead 2022

- JENDELA Phase 1 is currently on track to reach its national targets of providing broadband services to 7.5 million premises, while achieving average mobile broadband speed of 35Mbps and 96.9% 4G coverage by the end of 2022
- MyDIGITAL and 5G implementation will accelerate Malaysia's progress as a technologically-advanced economy and enable a socioeconomic transformation with the creation of more digital jobs
- Continued remote working and online learning will elevate expectations for stable and high-speed network connectivity

Capitals



5 Social

- Sustained brand trust by demonstrating strong ESG performance and leadership
- Higher security protection for customers' personal data and our infrastructure
- More skills an accelerated digital future and 'Empowering Societies' programmes
- Priority in safeguarding the health and safety of our employees and partners, while respecting human rights standards
- Commitment to uphold highest standards of good governance across our value chain
- Continued focus to elevate diversity and inclusion (D&I) practices and strengthen a gender-inclusive workplace

Our Response

- Supported nation building activities by contributing aid to Covid-19 relief efforts via NGOs, continued free 1GB daily productivity data for customers, optimised network coverage and ramped up capacities at critical sites
- Achieved 100% vaccination rate for Digi's employees in retail
- Strengthened female leadership pipeline and gender diversity policies as evidenced by our inclusion in Bloomberg's 2021 Gender Equality Index (GEI)
- Continued advocacy of responsible business practices through our Yellow Heart brand promise, leveraging strategic partnerships to create long-term value

Looking Ahead 2022

- Spur connectivity and digital adoption by extending networks to rural areas, facilitating access to smartphones and providing affordable packages and digital services to bridge the digital divide
- Adopt multi-stakeholder approach to drive initiatives centred on digital inclusion and future skills learning

Capitals



Our Operating Landscape

6 Environment

- Climate risk has become an important global topic demanding for businesses to adapt and respond with strategies to reach net zero carbon economy
- The government has committed to reducing the intensity of greenhouse gas (GHG) emission across the economy by 45% based on GDP in 2030 and reach net zero by 2050 with new economic instruments such as a comprehensive national energy policy, carbon pricing and energy reforms
- Frequent flash floods have affected the livelihood of the community. In December 2021, the major flooding in eight states had displaced more than 125,000 people and affected more than 1,000 mobile towers and disrupted services in these areas

Our Response

- Drove emission reduction strategies with operational efficiencies, network modernisation, clean energy adoption and e-waste management
- Digi nominated as a steering committee member in CEO Action Network (CAN), a coalition of leaders with the purpose to shape policies and create a favourable ecosystem for sustainable development in Malaysia. Digi with CAN organised a telco sector CEO Roundtable dialogue on *Low Emissions Pathway for the Mobile Sector in Malaysia*
- Supported WWF-BCG in producing the *Securing Our Future: Net Zero Pathways for Malaysia Report*
- Completed the Climate Data Integrity exercise to inventorise Digi's carbon sources and to strengthen integrity of data collection and workflows
- Offered innovative digital solutions to help corporate and SME customers better manage their own carbon emissions

Looking Ahead 2022

- Following the UN Climate Change Summit in Glasgow, COP 26, climate change regulation will be enforced more tightly with a clear measurable goal
- Implement a phased approach to adopt the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) including identifying relevant climate-related risk scenarios
- Drive ESG performance and priorities while also improving ESG ratings
- Mitigate anticipated future physical climate risks such as extreme weather and floods by adapting solutions on network and tower sites

Capitals



Our Key Relationships

Stakeholder expectations are continuously evolving in line with shifting trends and consumer behaviours as well as new emerging opportunities and risks. Regular engagements with stakeholders are fundamental to how we operate. We believe that it is crucial to balance the corporate purpose with stakeholders' expectations. Our stakeholder engagement approach is aligned with Practice 12.1 of the MCGG.

In addition to ongoing engagements, we have performed a refreshed stakeholder engagement exercise to better understand their views on Digi's Sustainability management during the year. This year, we engaged with internal stakeholder groups comprising the Board of Directors, selected functional leads and employees. This was conducted with guidance from an external consultant and several engagement methods were used, including attaining feedback through qualitative and quantitative survey.

Legend - Frequency of Engagement

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

Summary of Engagement with Internal Stakeholders Groups



Board of Directors

Responsible as the company's top leadership, setting strategic aims, reviewing the management's performance to meet strategic objectives

Engagement Channels

- Annual General Meeting
- Quarterly Board meeting
- Board effectiveness evaluation
- Company events/ activities

Frequency of Engagement



Issues and Expectations

- Review financial and non-financial performance
- Oversight on ESG matters such as climate change, human rights, compliance, anti-corruption, welfare and well-being of stakeholders
- Customer's expectations and satisfaction scores

Our Response

- 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
- Attend workshops on strategic plans and target-setting



Government and Regulators

Specify and set laws and regulations that apply to our scope of operations. This also includes access to spectrum and operating licenses and any financial implications with respect to national aspirations

Engagement Channels

- Regular reports and periodic information sharing with the Ministry and regulators
- Participate in JENDELA initiative and progress monitoring via the JENDELA Implementation Committee
- Company website
- Integrated Annual Report and Financial Report
- Yearly site audits and visits
- Analyst briefings

Frequency of Engagement



Issues and Expectations

- Coverage, service reliability and quality
- Achieve JENDELA targets
- Talent development
- Sustainability, climate action and environmental management
- Digi's efforts in data protection

Our Response

- Widespread digital adoption through affordable packages
- Jaringan Prihatin rebate
- Pakej Data Khas Belia
- Pakej Remaja dan Pakej Peranti Keluarga Malaysia
- Encourage 4G adoption through campaigns
- Programmes at Pusat Ekonomi Digital (PEDi) internet centres geared towards developing entrepreneurs
- CEO Action Network roundtables and dialogues with Ministries

Our Key Relationships



Customers

Subscribers of Digi's products and services, comprising both consumers and business customers

Engagement Channels

- In-person service: Digi retail stores, Digi representatives
- Self-serve: kiosks, MyDigi App, Digi Store Online
- Digital: Website and social media
- Customer service channels

Frequency of Engagement



Issues and Expectations

- Coverage and service quality
- Billing disputes from third party content providers
- Notification during service lapses
- Competitive plan and price points
- Pace of 5G and IoT implementation
- Connectivity options and service offerings for customers
- Helping consumers and business customers recover and diversify

Our Response

- Social media and web platforms to engage customers
- Segmented offering that caters to a wide target base
- Offer fit-for-purpose solutions to maximise broadband connectivity
- Introduced 'Go Digital' with *PENJANA SME Digitalisation Grant*
- Conducted Business Continuity Digitalisation programme



Employees

Individuals employed under Digi

Engagement Channels

- Digi Telecommunications Sdn. Bhd. Employees Union (DGEU) and the Best On People Council (BOPC)
- Pulse survey
- Internal engagement channels
- Leadership forums
- Company events/activities
- Forums and seminars

Frequency of Engagement



Issues and Expectations

- Business priorities and strategy execution
- Career development plans
- Rewards and benefits structure
- Employee engagement and enablement
- Diversity and inclusion (i.e. gender balance, skills and capabilities, and equal opportunities for all)
- Employee welfare and culture
- Company pursuit of ESG values (i.e. responses to climate change, human rights)
- Improve digital access and working/collaborative tools
- Impact of Covid-19

Our Response

- Both the Union and BOPC have regular meetings with Digi's Management team
- Regular check-ins, awareness and communication on employees' well-being and Yellow Heart initiatives
- Annual gender pay gap analysis
- Increased focus on health and safety of employees, in adherence to Covid-19 SOPs
- Training employees as dedicated Mental Health First Aiders



Shareholders, Analysts and Investors

Owners of the company, financial analysts, investor community and the provider of capital. Digi's responsibility to provide consistent communication and timely updates pertaining to financial and strategic developments

Engagement Channels

- Dedicated investor relations office as the focal point for investor updates
- Integrated Annual Report and sustainability performance reports
- Annual General Meeting
- Quarterly earnings calls
- Non-deal roadshows and investor conferences
- Digi Investor Relations website

Frequency of Engagement



Issues and Expectations

- Business performance and outlook
- Growth strategies
- Ability to sustain shareholder returns and dividends
- Overall ESG performances and strategy
- Ongoing industry developments and corporate exercises
- Business continuity plan and robust operational recovery efforts
- Impact of Covid-19

Our Response

- Facilitate discussions on Digi's performances and outlook
- Provide timely and comprehensive disclosures
- Provide adequate access to Digi's Management Team

Our Key Relationships

Summary of Engagement with Internal Stakeholders Groups



Community, Sustainability Partners and Non-Governmental Organisations (NGO)

Partners who share the same aspirations to reduce inequalities and bridge the digital divide in communities

Engagement Channels

- Engage and partner with government agencies, corporates and NGOs to address issues within communities
- Global and local partnerships between Telenor Group, Digi and UNICEF

Frequency of Engagement



Issues and Expectations

- Leveraging mobile technologies and future skills learning to empower local communities
- Internet safety
- Digital gap and accessibility for underserved communities
- ESG matters (e.g. contribution to Sustainable Development Goals, human rights and climate action)

Our Response

- Global partnership with UNICEF on digital resilience and digital skills
- Initiatives to bridge the digital gap and inequalities through programmes conducted in partnership with NGOs and communities
- Supporting the nation through emergency relief and recovery efforts for Covid-19 and floods



Media

Mass communication organisations covering publication, broadcast and online mediums

Engagement Channels

- Strategic and operational media interviews and events
- Formal and informal briefings
- On-demand requests

Frequency of Engagement



Issues and Expectations

- Service reliability and quality
- Customer satisfaction
- Financial performance
- Emerging technologies and future skills to empower local communities
- Internet safety
- Digital divide
- ESG matters (e.g. contribution to Sustainable Development Goals, human rights and climate action)

Our Response

- Regular media engagements to provide updates on business performance and strategy, products and services, and address customers' concerns highlighted in the media



Suppliers and Business Partners

Businesses that have direct and non-direct contractual relationship that delivers business value to Digi, co-develop products and services for Digi's customers

Engagement Channels

- Exploratory meetings
- Tenders and commercial agreements or partnerships
- Regular check-in discussions
- Annual Self Assessment Questionnaire (SAQ)
- Site inspections and audits
- Supplier training
- Product presentations

Frequency of Engagement



Issues and Expectations

- Partnership and co-development
- 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 supply chain
- Support the digitalisation of businesses

Our Response

- Training and capacity building sessions for our contractors and sub-contractors to raise standards on health and safety and responsible business practices
- Industry collaboration to strengthen enforcements in maintaining the highest standards of safety across our supply chain
- Integrity Hotline as a confidential channel to report concerns and raise questions

Our Key Risks

By adapting to market demands and keeping up with the accelerated pace of technological innovation, Digi continues to strengthen our ability to address emerging risks and to realise new opportunities. Our risk management framework allows us to identify, measure, monitor, and mitigate key risks to ensure Digi operates efficiently and continues to create value for our stakeholders.

OVERVIEW OF OUR RISK MANAGEMENT PROCESS

Digi's risk management framework and processes are aligned with ISO 31000 International Risk Management Standards. We adopt an integrated approach from identification, assessment, and holistic management of risks. Key risks identified are prioritised and managed within acceptable risk level. Top risk pictures and mitigation responses are reported to the Board and Audit and Risk Committee (ARC) quarterly to allow for highest level of accountability.

Further details of our Risk Management Framework are available in the Statement on Risk Management and Internal Control, pages 119 to 125 of this report.

RISK MOVEMENT

Digi regularly evaluates its operating landscape for latest changes to identify emerging risks that would affect our business. These are the key risks identified by Digi which have been subjected to regular scrutiny throughout 2021.

Key Risks & Descriptions

2021 Performance & Challenges

Mitigation Actions

Market and Competition Risk

Capitals



The impact of various phases of lockdown, prolonged economic recovery, and travel restrictions on consumer spending behaviours and consumption patterns.

Risk Movement in 2021
Unchanged

The outbreak of Covid-19 pandemic led to a surge in data consumption due to nationwide lockdowns and the norm of social distancing.

The operating landscape continued to be highly competitive in 2021 across mobile and fixed connectivity, and around opportunities from increasing digital adoption by consumers and businesses.

- 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
- Offer customers a broader range of services across in-house and partner offerings
- Provisioning of subsidies to consumers and SMEs through government-led initiatives such as *Jaringan Prihatin* and *PENJANA SME Digitalisation Grant*

Business Continuity Risk

Capitals



We are committed to providing high quality and consistent network services to our customers by ensuring the stability of all critical operations in retail centres, network and data centres, and supply chain.

Risk Movement in 2021
Unchanged





During the pandemic, business continuity measures were initiated to ensure uninterrupted operations across network, IT and our supply chain.

Digi has maintained network availability and stability despite increased internet demand and addressed critical needs during natural disasters in a timely manner.

- Redundancy strategies, contingencies and segregation of critical functions
- Alternate sites established for critical functions such as customer service, call centre, network operations and field force to ensure continuity of services
- Dynamic sourcing and supply chain management to ensure adequate and contingency supply

Our Key Risks

Key Risks & Descriptions	2021 Performance & Challenges	Mitigation Actions
Employees' Health and Safety Risk		
<p>Keeping our people safe is Digi's top priority as an employer. We aspire to create a safe, sustainable, and inclusive working environment for everyone.</p>	<p>The overall risk related to Covid-19 remained high due to the emergence of new virus variants. As our employees progressively resumed working in the office, we continued to safeguard their safety and well-being, including enforcing strict safety controls for vendors and visitors at our office.</p> <p>Other health and safety risks, including safety and hazard risks at operational sites, were also constantly being monitored and addressed.</p>	<p>Capitals </p> <ul style="list-style-type: none"> ➤ Actively encourage vaccination among employees ➤ Active monitoring on outbreak and tracking of employees' health. Implemented transition plan to resuming work in office based on Covid-19 situation ➤ Provide access to physical, mental health and wellbeing support to employees of all levels ➤ Ensure all employees have a safe place to work ➤ Reinforce commitment from employees to report potential incidents and accidents ➤ Promote advanced mindset and culture on health and safety for employees and business partners
<p>Risk Movement in 2021 <i>Unchanged</i></p>		

Network Experience Risk	Capitals    		
<p>Digi maintains our commitment to provide the most consistent internet experience. We continue to prioritise investments in digitalisation and network modernisation to improve customer experience and support the roadmap set out in the MyDigital initiative.</p>	<p>Digi has delivered on our JENDELA commitments to provide wider coverage and better quality of service to all customers. We continued to provide improved internet experience to customers.</p>	<ul style="list-style-type: none"> ➤ Invest in competitive network and modernise our infrastructure to cater to areas with increasing demand ➤ Continuously redesign and review data traffic trend in remote areas to ensure consumers receive consistent internet experience 	
<p>Risk Movement in 2021 <i>Decreased</i></p>			

Our Key Risks

Key Risks & Descriptions

2021 Performance & Challenges

Mitigation Actions

Governance and Compliance Risk

Capitals



Digi is committed to ensuring our business operates ethically, lawfully and with the integrity for our long-term success. Non-compliance by Digi or business partners may result in reputational damage, financial penalties, or suspension of license to operate.

Digi complied with the latest regulatory requirements and ensured sound corporate governance practices in all our processes.

We have established a Governance Forum and a Governance, Risk and Compliance (GRC) Committee to strengthen existing governance structure and oversight.

- Constant evaluation of Digi's business strategy, new technologies, products and services as well as government policies and regulations to identify and manage emerging risks
- Dedicated resources for on-going compliance monitoring across our business value chain
- Ensure integrated governance and holistic business partners and vendor management procedures
- Implement Certification Accreditation for ISO 37001 Anti-Bribery Management System

Risk Movement in 2021

Decreased

Data Protection Risk

Capitals



Digi's customers share huge amount of data through our network which enables them to connect, communicate, and innovate. To remain as a trusted brand, we continue to be vigilant and take proactive initiatives to safeguard personal data of all our stakeholders.

Digi continued to implement adequate measures to protect customers' personal data in view of growing data consumption, heightened awareness on data protection and interventions by regulatory bodies.

Digi has embarked on a comprehensive and structured privacy mapping programme to catalogue data inventory and flow. This will provide a holistic view on privacy related risks across Digi's value chain.

- Regular scrutiny and data protection impact assessment by dedicated privacy and security teams
- Establish Privacy Control Framework
- Strengthen customers' data protection and practice transparency in the way we collect and use their personal data

Risk Movement in 2021

Unchanged

Cyber Security Risk

Capitals



Digi constantly evolves and adopts new technologies to serve our customers better. These rapid evolutions bring about many new and emerging threats, which may expose Digi to malicious cyber attacks by a range of threat actors.

Security defense architecture and controls have been strengthened to improve Digi's security posture in mitigating the threat of external cyber attacks, system abuse, and internal vulnerabilities.




Risks remained high due to remote working conditions and vulnerability of systems to potential data theft. Constant focus and prioritisation of investments were critical to ensure sustainable risk mitigation.

- Constant evaluation of our business strategy, new technologies, and processes to protect against cyber threats
- Improve detection and threat prevention through deployment of network security and defendable architecture with robust monitoring, awareness reiteration and up-to-date security training
- Implement identity and privileged access management tool to strengthen access control to critical systems
- Improve cyber security maturity governance to protect Digi against cyber risks

Risk Movement in 2021

Decreased

Our Key Risks

Key Risks & Descriptions	2021 Performance & Challenges	Mitigation Actions
Climate Risk Capitals 		
<p>Digi is committed to foster a culture of responsible business in all our activities. This risk relates to Digi's climate action commitment towards achieving net zero ambition.</p>	<p>As part of our commitment to operate ethically and sustainably, we have been increasing our understanding of climate-related risks and opportunities as well as embedding responses into our business strategy and operations.</p>	<ul style="list-style-type: none"> ➤ Improve Digi's sustainability framework to further enhance commitment in raising standards on responsible business conduct ➤ Maintain stakeholder engagement regarding our material sustainability matters ➤ On-going climate change and environment initiatives to minimise carbon footprint and mitigate climate risks ➤ Implement renewable energy and energy saving initiatives in network, and drive eco-practices in the workplace ➤ Adopt recommendations of TCFD in phases
<p>Risk Movement in 2021 <i>Unchanged</i></p>	<p>Non-fulfilment of Digi's responsible business commitments and new regulatory requirements on climate-related disclosures may lead to negative brand perception, loss of investors' confidence and financial penalties from enforcement agencies.</p>	
Talent and Succession Management Risk Capitals 		
<p>Employees are key to ensure Digi delivers on our strategy and purpose. We continue to invest in the right talent and skills for future growth and to accelerate our digital transformation.</p>	<p>As we evolve our operating model and execute our strategy, we have focused on developing diverse talent for the future and uplifting competencies through learning and development interventions.</p>	<ul style="list-style-type: none"> ➤ Strengthen employer branding and expand employee value proposition to attract high-performing and diverse talent ➤ Provide access to learning programmes on building critical skills and conduct regular career development reviews, to support employees' career growth ➤ Encourage structured leadership succession planning and continuous engagement efforts to retain talents and drive overall employee satisfaction
<p>Risk Movement in 2021 <i>Unchanged</i></p>	<p>The proposed merger between Digi and Celcom Axiata Berhad aims to create a company that will be a powerhouse of top digital, technical, and commercial talent, and become a leading employer in Malaysia.</p>	
Regulatory Risk Capitals 		
<p>Digi is subjected to regulations that govern the telecommunications industry, ranging from technical, to commercial and corporate frameworks that seek to develop the sector, protect consumers, and advance the country's digital ambitions.</p>	<p>Digi constantly engaged with regulators, key stakeholders, and industry to advocate for a sustainable regulatory framework and for fair and transparent policies that meet the long-term needs of the industry.</p>	<ul style="list-style-type: none"> ➤ Proactive dialogues with regulators to anticipate emerging regulatory changes, address concerns and views as an industry, and advocacy for a sustainable framework ➤ Collaborate with key stakeholders and industry players to participate in regulatory consultations and industry events ➤ Explore 5G opportunities with technology partners to bring cutting-edge digital experiences to our consumers
<p>Risk Movement in 2021 <i>Unchanged</i></p>		

Our Key Risks

Key Risks & Descriptions

2021 Performance & Challenges

Mitigation Actions

Merger Approval Risk

Capitals



The proposed merger between Digi and Celcom Axiata Berhad aims to create synergy, greater economy of scale, stronger resilience to competition while driving digitalisation and sustainable growth.

Related risks include non-completion if conditions are not fulfilled, and a potential prolonged approval process by regulators.

While the merger application process continues, we have maintained strong focus on our strategy and business-as-usual execution, and prioritised resources on key strategic initiatives.

Prolonged approval process may increase anxiety that could lead to added talent retention and recruitment risk due to the uncertainties.

- Proactive and continuous engagement with regulators, relevant authorities, and stakeholders
- Timely communications and engagements with employees to provide updates, assurance and to address uncertainties
- Proactive employee engagement and retention initiatives to keep Digizens focused on delivering on our strategic goals and secure the workforce to realise our long-term ambitions

Risk Movement in 2021

New Risk

Critical Systems Migration Risk

Capitals



Potential impact of prolonged service disruptions and adverse customer experience caused by possible outages from planned systems migration.

Various transformation projects have been scheduled for replacement as part of Digi's transformation journey. We have been working closely with stakeholders and partners to execute these major projects.

- Prepare comprehensive migration and crisis readiness plan
- Strengthen technical competency and end-to-end technical domain readiness for migration of critical areas
- Proactive engagement with internal stakeholders and partners to ensure commitment and crisis readiness
- Maintain open and constant communications with customers, as well as internal and external stakeholders

Risk Movement in 2021

New Risk

Our Material Matters

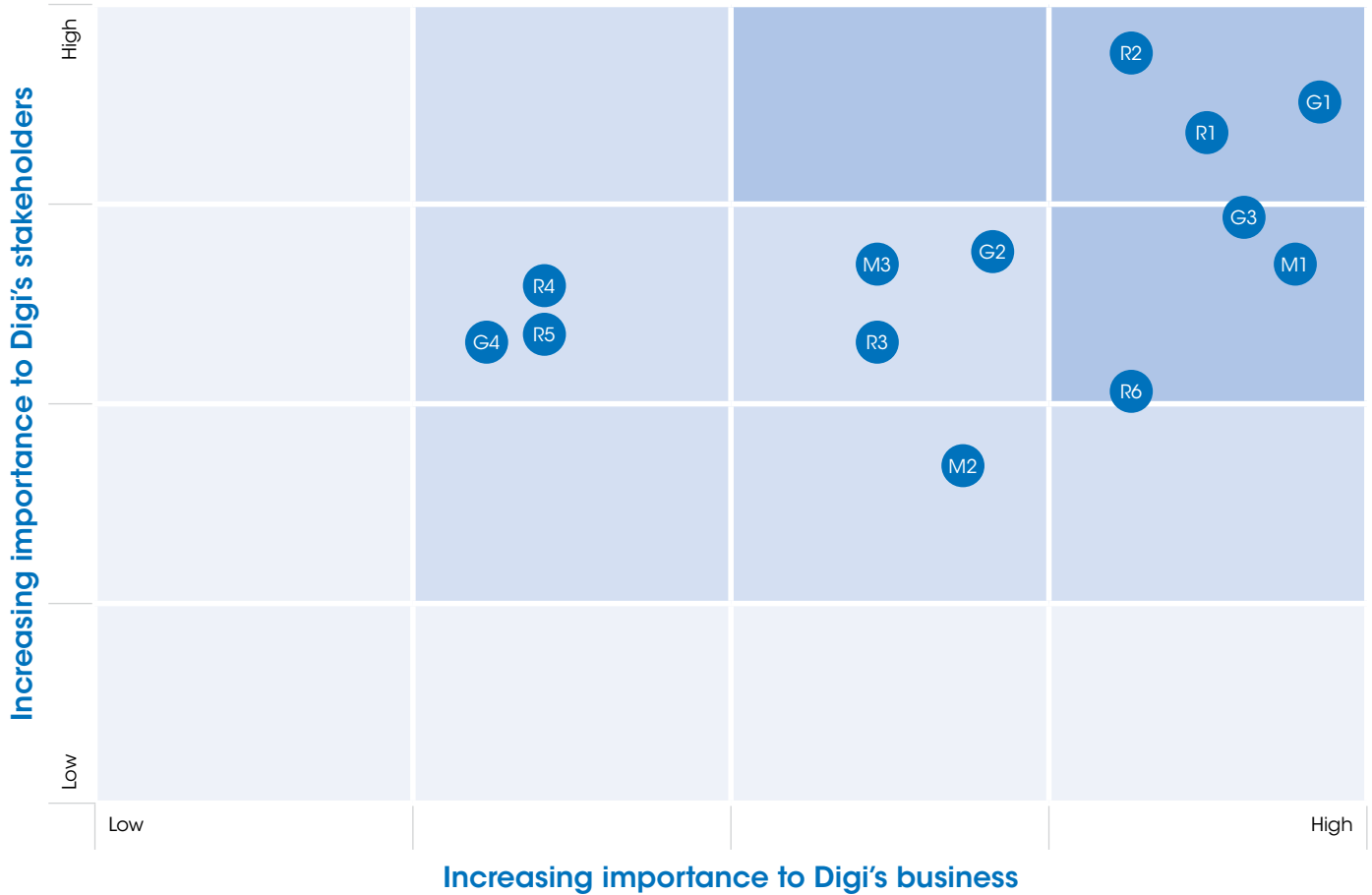
To ensure the relevance of our economic, environmental, social and governance risks, we undertook a refreshed materiality assessment in FY2021 to evaluate and assess their priorities. We conducted this year's assessment with the guidance of our risk management framework, along with Bursa Malaysia's Sustainability Reporting Guide (2nd Edition) and Bursa Malaysia's Toolkit, and have taken into consideration the views of internal stakeholders and business environment, weighted against Digi's strategic priorities.

The steps undertaken in our Materiality Assessment are as follows:



Our Material Matters

Digi Materiality Matrix (FY2021)



Legend

- G Growth
- M Modernisation
- R Responsible Business
- = Remain Unchanged
- ▲ Increased Importance

Material Sustainability matters	Description
High Importance	
R2 = Data Privacy and Security	Upholding strong governance to strengthen privacy controls and to protect stakeholders' data and information against cyber attacks.
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.
G1 = Customer Satisfaction	Employing customer-centric solutions for a differentiated user experience in our highly competitive markets.

Our Material Matters

Material Sustainability matters		Description
M1 ▲	Occupational Health and Safety	Conducive environment that improves health and safety conditions for employees and contracted workers along the supply chain.
G3 ▲	Regulatory Compliance	Maintaining robust controls to meet the existing and emerging legislation and regulation.
Medium Importance		
G2 =	Service Reliability and Quality	Providing quality and consistent network experience to customers.
M2 ▲	Climate Change and Environmental Management	Protect the environment via transitioning towards a low carbon economy and employing effective waste management within the business operations.
R3 ▲	Digital Resilience and Inclusion	Enable greater access whilst nurturing safe internet skills to enhance digital inclusion and resilience among stakeholders.
R6 ▲	Supply Chain Management	Raising standards in our supply chain to positively influence social equality and environmental protection.
M3 ▲	Talent and Culture	Fostering an environment that attracts and retains high-performing talent while encouraging for continual development of digital competencies.
R4 =	Respecting Human Rights and Freedom of Expression	Upholding human rights by mitigating risk of potential abuse across our value chain and access to the right information.
R5 =	Crisis Management and Response	Well-prepared for crisis with a rapid and adequate response plan, whilst maintaining clear lines of reporting.
G4 =	Business Development and Expansion	Robust strategies to acquire and expand businesses and value creation to drive growth and profitability.

Based on the outcomes of the FY2021 materiality matrix, the top four material matters have remained as High Importance, namely: 'R2 Data Privacy and Security', 'G1 Customer Satisfaction', 'R1 Business Ethics and Corporate Governance', and 'G3 Regulatory Compliance'.

The importance of the following matters have increased significantly to both stakeholders and business views, as compared to last year.

- Material matter 'M1 Occupational Health and Safety' has increased in priority and included in the top five, replacing 'G2 Service Reliability and Quality' in FY2020. This is mainly due to the ongoing Covid-19 pandemic and increasing expectations for Digi to place greater emphasis on safeguarding health and safety
- Material matter 'R6 Supply Chain Management' has also increased to High Importance as there is more concern on suppliers addressing environmental and human rights risks within the supply chain
- Material matters 'M2 Climate Change and Environmental Management' and 'R4 Respecting Human Rights and Freedom of Expression' have also increased in importance compared to FY2020. There is intensifying pressure and urgency to address issues on climate change given Malaysia's national climate change aspirations towards net zero, and for businesses to enhance their human rights practices and its management throughout the value chain

Digi monitors all material matters and continuously evaluates its scopes and boundaries to ensure its relevance to our strategic priorities and changing business environment.

Our Emerging Opportunities

The new normal has underscored the integral role of connectivity in our daily lives. With the rise of remote working and online learning, demand for data connectivity continues to increase, while digitalisation is increasing among SMEs and large enterprises.

In addition to exciting growth opportunities in core connectivity areas, Digi also sees compelling opportunities to grow new revenue streams beyond connectivity. We look ahead to opportunities in security, fibre and B2B solutions, expanding our internal capabilities and partnerships to drive new services enabled by 5G, IoT and AI, while continuing our modernisation and digitalisation journey. As part of Digi's Responsible Business strategy, we see opportunities to drive standards on key issues for our industry, such as climate change, safeguarding data privacy and security, diversity and inclusion, human rights, sustainable supply chain management, ethics and compliance, health and safety, and building future skills and inclusive businesses to empower societies.

Digi will continue to capitalise on these opportunities and provide innovative offerings to consumers and business customers.

Legend

-  Financial Capital
-  Manufactured Capital
-  Intellectual Capital
-  Natural Capital
-  Human Capital
-  Social and Relationship Capital
-  Growth
-  Modernisation
-  Responsible Business

Increasing customer demand for converged connectivity solutions

- Meeting end-to-end home and on-the-move connectivity needs, coupled with personalised and converged offerings



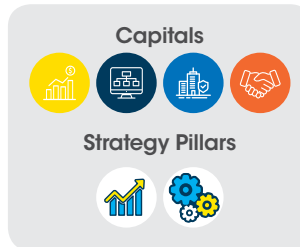
Digi's Action Plan

- Provide personalised and best-value offerings across fixed and mobile connectivity to meet customer needs
- Selectively expand fibre-to-the-home and offices to ensure reliable connectivity for consumers and businesses
- Grow account revenue by layering add-on services

Our Emerging Opportunities

Accelerated digitalisation and automation

- Digital-first journeys; customers expect to interact and transact digitally with companies
- Digitalisation of SMEs and large enterprises (LEs) through development and provision of digital solutions beyond Digi's core connectivity business



Digi's Action Plan

- Increase self-service capabilities for customers, and expand reach of services via direct connection with digital partners (e-commerce, e-wallets)
- Continue to support Malaysian SMEs and LEs with digitalisation and core connectivity options through affordable bundles
- Continue to expand Touch Free Operations for digitalisation and automation in IT and Network processes

Growth opportunities beyond connectivity

- New innovative digital services outside core connectivity areas (especially for LEs)

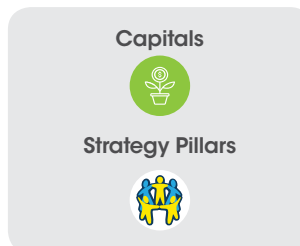


Digi's Action Plan

- Expand partnerships with LEs in selected verticals, technology players and system integrators to trial innovative solutions beyond connectivity and expand Digi's B2B solutions portfolio
- Further expand internal capabilities and partnerships to drive new business growth beyond connectivity

Combating climate change and its impacts

- Digi's commitment to carbon reduction strategies disclosures in accordance to global standards, and collaboration with the industry and partners to accelerate climate action through the use of digital technology



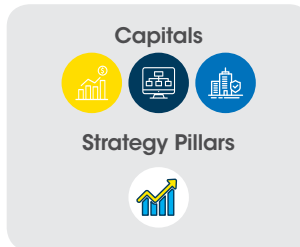
Digi's Action Plan

- Explore green energy alternatives and further leverage data-driven network planning
- Continue network modernisation and energy efficiency initiatives
- Set up high quality climate data reporting platform
- Strengthen climate governance by building internal capabilities and capacity
- Enhance business resilience over climate risks by adopting recommendations of TCFD in phases
- Expand partnerships and collaborative efforts on climate best practices

Our Emerging Opportunities

5G to open up new opportunities

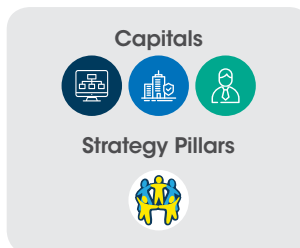
- Drive revenue upside from enterprises and customers through innovative 5G offerings

**Digi's Action Plan**

- Offer new state-of-the-art technology platforms to enable 5G solutions and innovation for customers
- Enhance existing connectivity offerings with 5G to improve customer experience and drive revenue growth
- Continue to explore and build 5G, IoT and AI use cases with LEs and technology partners

Strengthening diversity and inclusion (D&I)

- Ensure fair and equal access to internet for all Malaysians while increasing digital inclusivity
- Champion diversity and inclusion practices in the workplace, community, and across the Industry

**Digi's Action Plan**

- Drive digital inclusion and resilience through the Future Skills For All and Safe Internet programmes at scale with partners
- Continue strengthening gender diversity in leadership while broadening the inclusion agenda, with a focus on pandemic-related support initiatives
- Strengthen D&I positioning and advocacy in corporate Malaysia, through partnerships with prestigious associations
- Leveraging D&I to attract the best talents

Raising supply chain management standards

Capacity building initiatives to influence and strengthen Digi's suppliers on:

- Human rights
- Green sourcing
- Health, Safety & Security (HS&S)

**Digi's Action Plan**

- Pre-emptively close gaps on potential human rights risk across Digi's supply chain based on findings from Human Rights Due Diligence in 2021
- Inculcate responsible sourcing practices
- Safety Advance Project - Advancing HS&S culture for employees and suppliers

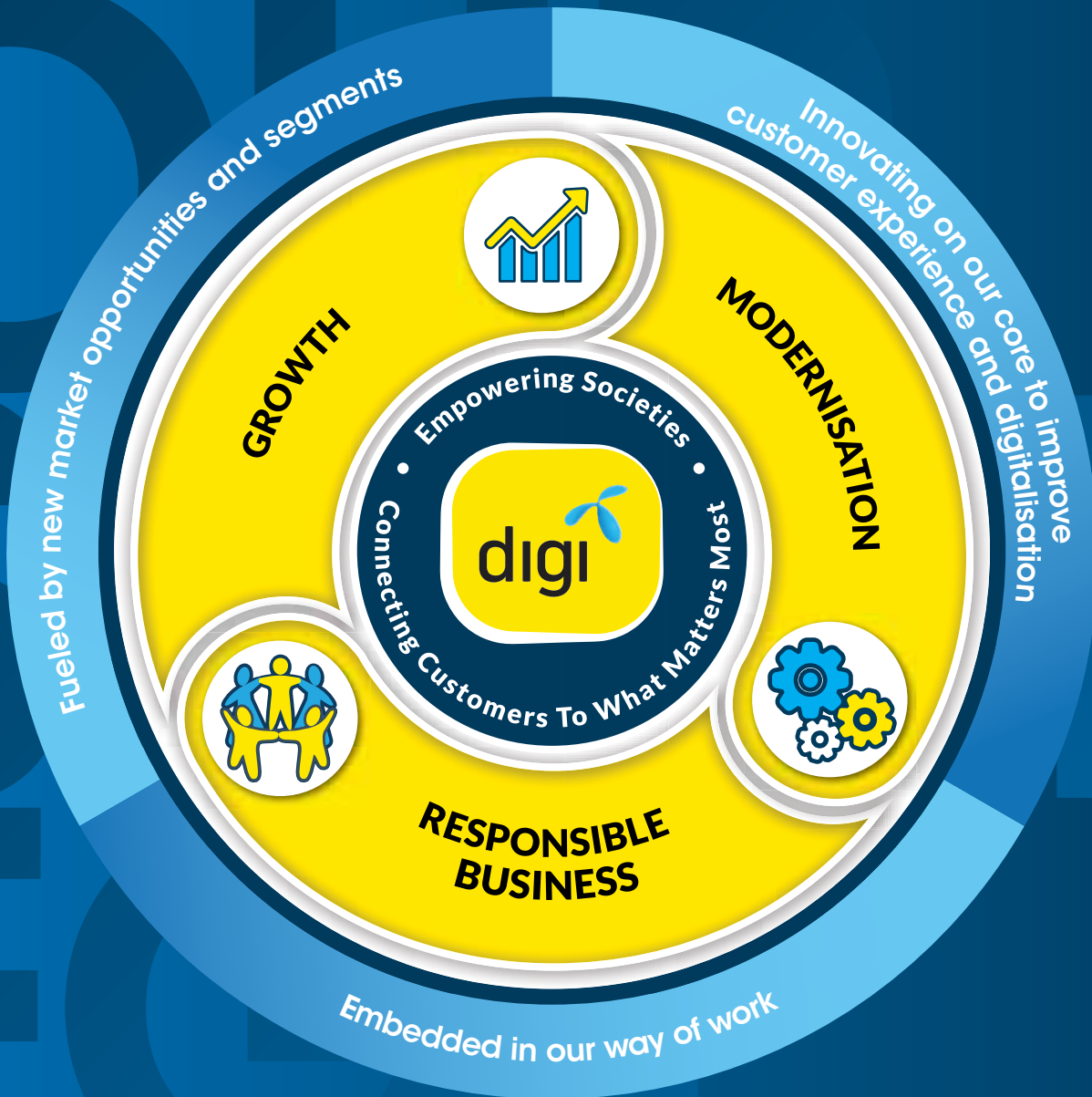
Safeguarding cyber security for customers and within our network

- Consumers are finding it more convenient to perform online transactions via wired or wireless connections. Cyber security continues to be a top priority for consumers, businesses and organisations, to protect and defend against advancing threats

**Digi's Action Plan**

- Protective measures prescribed to uphold security standards (e.g. confidentiality, integrity, and availability)
- External vulnerability assessments and penetration testing
- Continuous monitoring on security configuration settings for each layer
- Advocate cyber security awareness across the supply chain, and to offer industry-first cloud-based cyber security solutions to SMEs together with partners
- Offer new cyber security products to customers

Our Strategy



Our long-term business strategy is anchored on our purpose to **empower societies** and **connect customers to what matters most**. We have enhanced our strategic framework, built on three key pillars of Growth, Modernisation, and Responsible Business, and set out a three-year (2021-2023) roadmap to drive our ambition to be the trusted digital connectivity partner to all our stakeholders.



GROWTH

Sustainably grow consumer and lead organic B2B revenue growth

Low double-digit

growth in Postpaid and Fixed subscribers (vs FY2020)

Low to mid double-digit

growth in B2B revenue (vs FY2020)

#1 Most consistent network

(maintain 2020 position)



MODERNISATION

Best customer experience, built on channel digitalisation and automated operations

100% Touch-free

operations on Digi's network (2020: 74%)



2023 AMBITION



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 standards and performance (maintain 2020 position)



Our Strategy

2021 Progress and Achievements

How do we get there Priorities for 2022



GROWTH

1. ~253,000 net additions in Postpaid subscribers through attractive high speed offers on the #1 Network in Malaysia, Family Lines and Home internet bundles
2. FY2021 B2B subscribers up 9.8% YoY from solid base management
3. FY2021 B2B revenue growth of 4.8% YoY (vs FY2020) driven by;
 - SME digitalisation bundles
 - Acceleration of non-core connectivity
 - Securing higher solution deals from large corporations
 - Trialed advance 5G use cases with large enterprises and partners
4. Sustained leading positions as fastest and most consistent network in 2021

1. Continue to grow Postpaid, B2B and Fibre subscribers
2. Scale SME digitalisation and core connectivity offerings
3. Expand large enterprise managed services within core verticals
4. Co-develop innovative solutions with partners and enter into new verticals
5. Maintain leading network through data-driven investments to drive growth and meet customers' expectations



MODERNISATION

1. Touch Free Operations on Digi Network (2021: 82% vs 2020:74%) through increased adoption of AI/ML, predictive planning and maintenance
2. Direct connections to e-wallets and digital partners enabling convenient transactions for purchases, reloads and bill payments
3. Accelerated sales digitalisation during lockdowns – dealers and touchpoints pivoted to online sales on social media, podcasts and streaming content
4. Modernised Digi's billing platform and enhanced platform capabilities for future business functions
5. Continued digitalisation of back-office to drive operational efficiencies

1. Modernise core and channels to enable seamless digital journeys
2. Continue Touch Free Operations across technology
3. Continue to grow digital transactions and enable self-service features to improve customers' convenience and experience
4. Ensure 5G readiness across all systems and platforms



RESPONSIBLE BUSINESS

1. Empowering societies and building digital resilience through Yellow Heart
 - Donation to support Covid-19 relief efforts - RM 1 million disbursed through MERCY Malaysia
 - Free TGB daily data usage for productivity during lockdown
 - Continued support on government initiatives
 - Safe Internet – 113,000 engagements
 - Future Skills – ~35,000 enrolments, +300 schools reached
2. Leading ESG standards and performance across various fields
 - Improved MSCI ESG rating from 'A' to 'AA'
 - Improved ESG performance
 - Adopted best climate framework and standards
 - Climate Data Integrity exercise to improve Digi's carbon and energy reporting
 - Improved carbon intensity per data usage by 13.7%
3. Be the employer of choice
 - Strengthened women leadership pipeline in Digi and global recognition on women empowerment
 - Strengthened leadership positioning in corporate Malaysia through memberships with prestigious associations
 - Safe and inclusive work environment through continuous awareness, pandemic-related initiatives and increased communication and celebration of related International UN days

1. Strengthen Responsible Business leadership via Yellow Heart and collaboration with partners
2. Lead on ESG performances and deliver on our commitments to all stakeholders
3. Attract the best talents and continue to be a corporate leader on diversity and inclusion in the workplace



100%

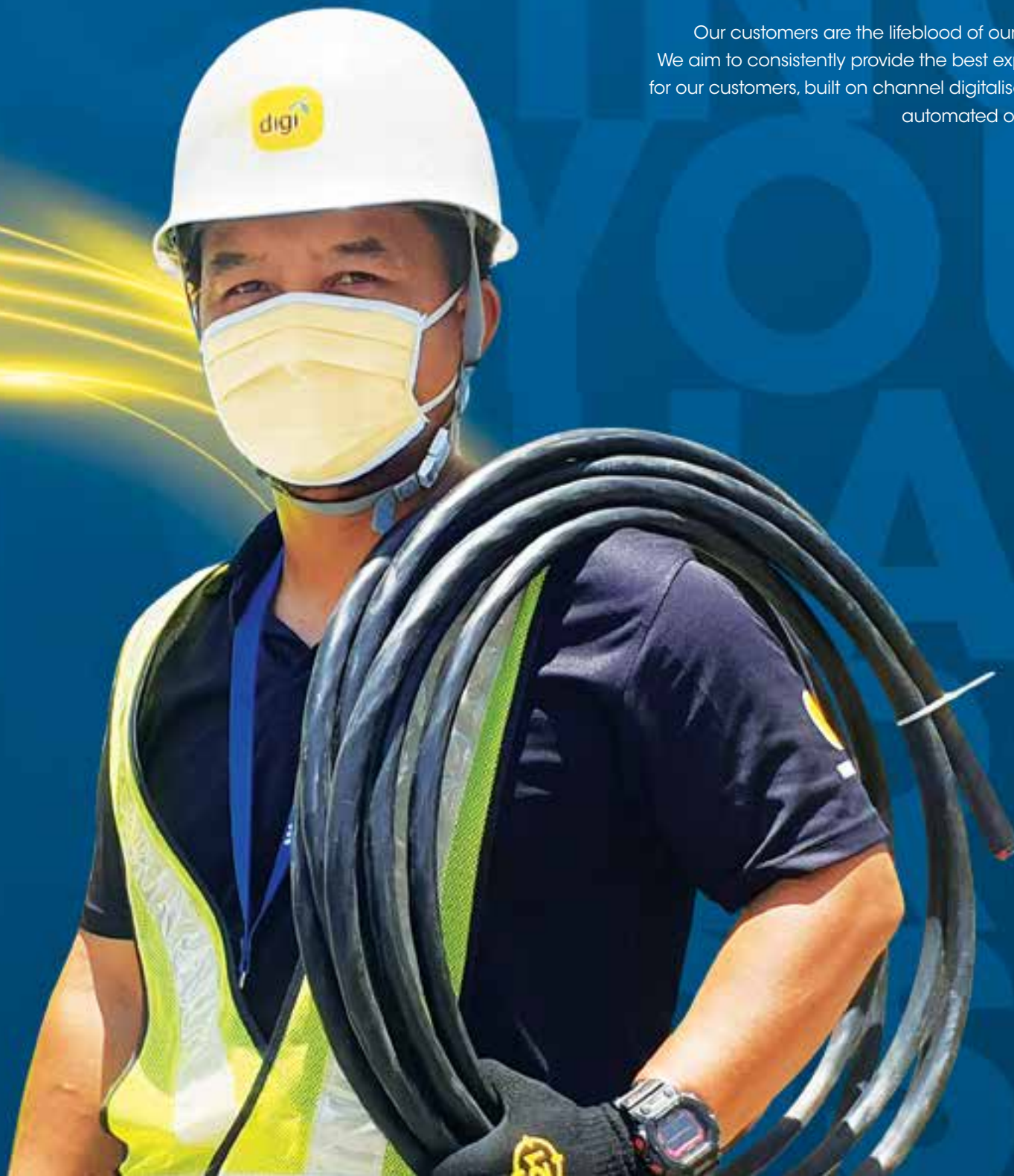
Touch-free operations on
Digi's network
(2020: 74%)



MODERNISATION

Innovating on our core to improve customer experience

Our customers are the lifeblood of our business. We aim to consistently provide the best experiences for our customers, built on channel digitalisation and automated operations.



How We Create Value



FINANCIAL CAPITAL

Digi's financial capital is carefully managed and allocated to run day-to-day business operations efficiently and to fund attractive expansion plans. This capital is generated from business activities, investments as well as from external funding from financial institutions. Digi aims to continue to create value for all stakeholders with prudent financial capital management.

Mapping to Our Strategy and Material Matters



(Please refer to pages 38-40 on detailed description of our Material Matters)

Key Inputs

Market capitalisation at
RM33,899 million
(as of 31 December 2021)

Total assets of
RM7,840 million

Credit ratings of
AAA/Stable/P1
on RAM rating

Net debt to earnings before
interests, taxes, depreciation
and amortisation (EBITDA) at
1.6x

Operating cash flow of
RM2,606 million

Total Revenue
RM6,336 million

Key Activities

- Grew quality of the subscriber base by targeting Malaysian Prepaid, Postpaid and B2B segments, increased penetration into the underprivileged customer segment and reduced focus on low quality segments
- Disciplined OPEX management through ongoing initiatives to drive operational efficiencies
- Improved credit management and collection processes
- Prioritised investment with prudent CAPEX management to sustain network leadership and drive digital capabilities

Outcomes

- Delivered revenue growth from core segments and devices growth
- Grew quality of subscriber base
- Leveraged rising internet and digital adoption
- Disciplined cost management supporting growth and modernisation
- Enhancement in digital payments and affordable product offerings to drive cost efficiencies
- Prioritised operational efficiency and focused on driving growth in core segments
- Solid track record of near 100% dividend payout ratio supported by a robust balance sheet and a low gearing ratio

Challenges in securing the capital

- Closure of international borders and prolonged movement control orders (MCOs) resulted in lower roaming revenue and significant change in data usage and consumer patterns
- Impact of Covid-19 on economy, business sentiment and employment led to business shutdowns and lower consumer spending
- Forgoing revenue to support national relief efforts such as provisioning of free data, zero-rated calls, and digitalisation subsidies
- Highly competitive industry with many players offering low-entry products and unlimited data plans, creating margin pressure
- Global supply and logistics tightness and increased geopolitical tensions creating inflation pressure and supply chain disruptions

Outlook - Our continuous focus:

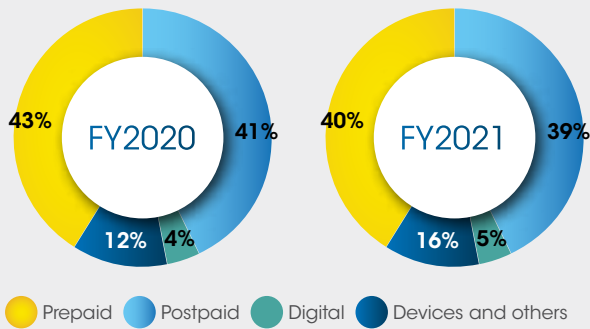
- Continue optimising financial capital management in an uncertain macro environment balancing efficiency and growth
- Ensure that we remain vigilant and ahead of emerging business trends and accelerated internet adoption and digitalisation
- Widen penetration into different customer segments and seek new growth opportunities
- Maintain network quality to meet customers' needs and expectations
- Take a leading role in 5G adoption

Our detailed performance and outcomes created are further deliberated on the following pages.

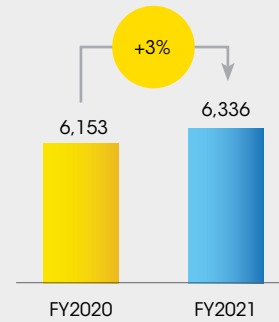
Delivered revenue growth from core segments and devices growth

- Strategic shift to reduce reliance on traditional prepaid voice has significantly improved the quality of our subscriber base and lifted revenue

Sustainable Revenue Mix (%)



Total Revenue (RM' mil)

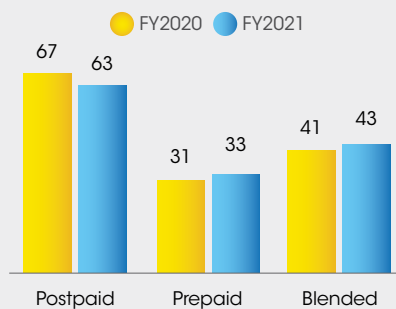


- Resilient Postpaid with targeted acquisition and base management approach
- Negative Prepaid trend reversed, supported by growth in Malaysian segment
- Strong subscriber growth through attractive fibre broadband and family bundles offering
- Devices and other revenue up **37.2% YoY** reflecting high demand for PhoneFreedom 365 programme

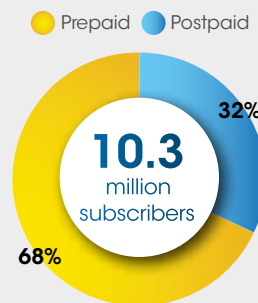
Grew quality of subscriber base

- Focused on building loyalty amongst Malaysian base through contracting and personalised renewal promotions
- Curated multi-tiered internet passes for various segments such as youth, senior citizens and mass consumers
- Leveraged high-speed internet proposition to target new and underpenetrated segments
- Reduced reliance on low quality high churn segments
- Postpaid and Malaysian Prepaid consumers reacted positively to Digi's product offerings which focused on high-speed, quality network, attractive smart bundles and entry-level plans
- Digi's Fibre Broadband grew consistently via upselling activities to our existing mobile customers by leveraging rising internet adoption
- The decline in the prepaid base was mainly due to the exit from the lower-end migrant segments with high churn rates

ARPU Development (RM)



Total Number of Subscribers



Expanded active Malaysian base

+10.5%

Malaysian active subscribers

Increased year-on-year from continuous acquisition efforts

Postpaid subscribers

↑ ~253k

Postpaid subscriber net additions

Increased year-on-year for five quarters in a row to total 3.3 million Postpaid subscribers

Fibre Broadband subscribers growth via upselling

6X stronger

Fibre Broadband subscribers

Total Fibre Broadband subscribers: ~13,000 (FY2020: ~2,000)

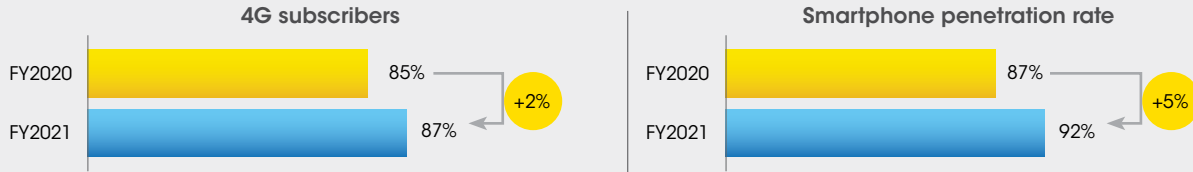
How We Create Value

FINANCIAL CAPITAL

Leveraged rising internet and digital adoption

- Completion of 3G network shutdown in January 2022 in line with JENDELA initiative enabled 3G spectrum to be re-farmed to improve the network performance of 4G, contributing to more 4G subscribers and higher smartphone penetration rate
 - Voice over LTE (VoLTE) traffic increased from 24% in FY2020 to 56% in FY2021

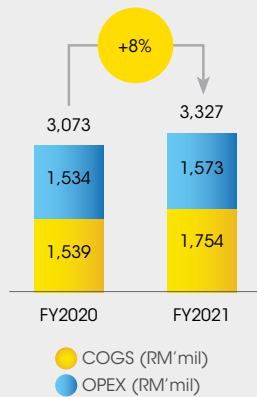
Internet users' expansion



Disciplined cost management to support growth and modernisation initiatives

Total Cost

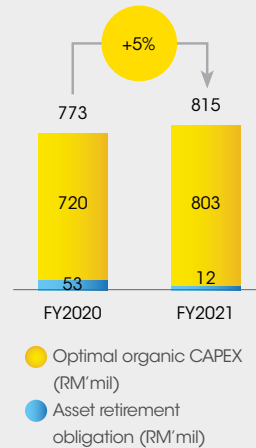
- Optimised cost allocation to prioritise modernisation initiatives in improving overall customer experiences
- Overall cost increase mainly driven by higher handset sales reflecting strong growth of Postpaid segment



- Cost of goods and services (COGS) grew **14% YoY** mainly due to growth in device and digital businesses
- Operating expenditures (OPEX) to service revenue ratio for the full year remained healthy at **29.5%**
- Modest OPEX growth of **2.5%** mainly driven by network expansion

Prudent CAPEX allocation

- Prioritised investments to sustain network leadership and drive digital capabilities
- Disciplined capital allocation to support JENDELA



Sustained Total CAPEX-to-Total Revenue Ratio **+12.9%**

Support growing network coverage and digital enhancement (FY2020: 12.6%)

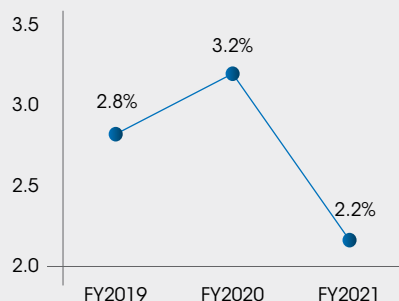
CAPEX allocation for network modernisation **> 65%**

Part of our modernisation journey to drive efficient rollouts of 4G, in line with national digitalisation agenda

Enhancement in digital payments and affordable product offerings to drive cost efficiencies

- Continued digitalisation to increase touch free digital payment methods drove solid collections during the year
- Combination of seamless customer journey and affordable, flexible products proved to be an effective strategy in customer retention and curtailing delinquencies
- Digi recorded lower expected credit loss (ECL) of RM55 million (RM82 million in FY2020) flowing through to a lower ECL ratio of 2.2%, alongside stronger free cash flow supported by robust collections

ECL ratio



Levers for improving ECL ratio:



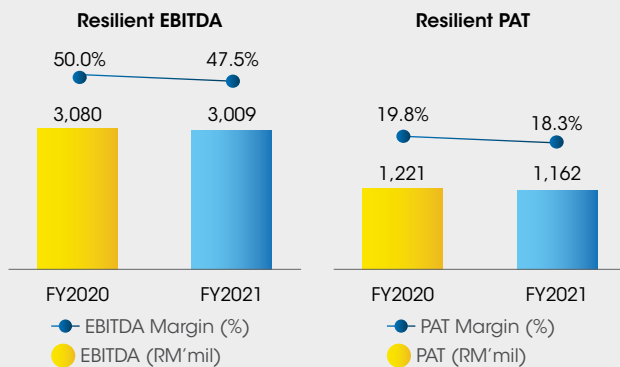
Increasing digital payment solutions



Affordable and flexible products

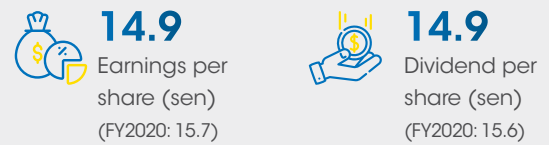
Prioritised operational efficiency and focused growth initiatives in core segments

- Resilient EBITDA margins driven by modernised operations
- Profit after tax (PAT) of RM1,162 million slightly down mainly due to flow through from EBITDA, higher depreciation charges for 3G network shutdown and increased finance costs (FY2020:19.8%)
- Maintained profitability margins in a competitive market excluding the effect from higher device sales



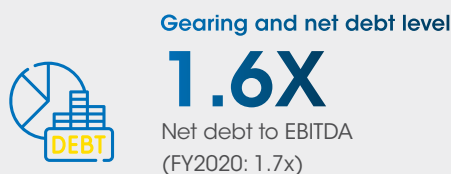
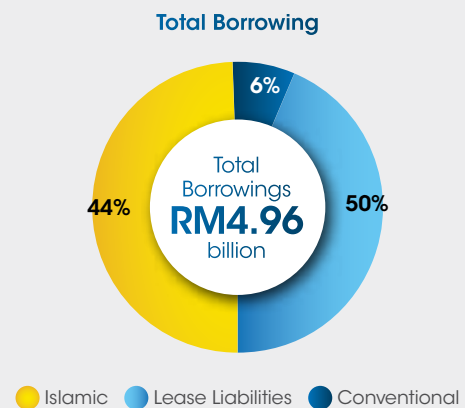
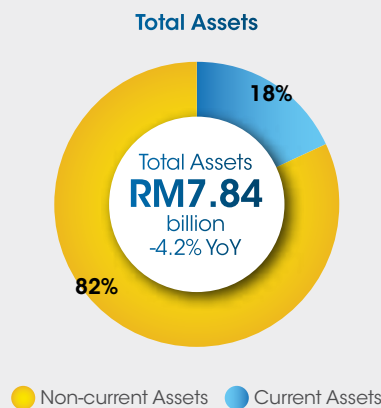
Solid track records of near 100% dividend payout ratio

- Continued to exceed the company's dividend policy of distributing a minimum **80%** of net profits
- Sustainable return with high dividend payout reflecting our commitment to our shareholders, amidst the challenging environment



Maintained a robust balance sheet and a low gearing ratio

- Total Assets of **RM7.84 billion** reflecting our solid financial capabilities and flexibility to fund future growth opportunities
- Healthy return on total asset at **14.8%**
- Prudent management of gearing and capital allocation



How We Create Value



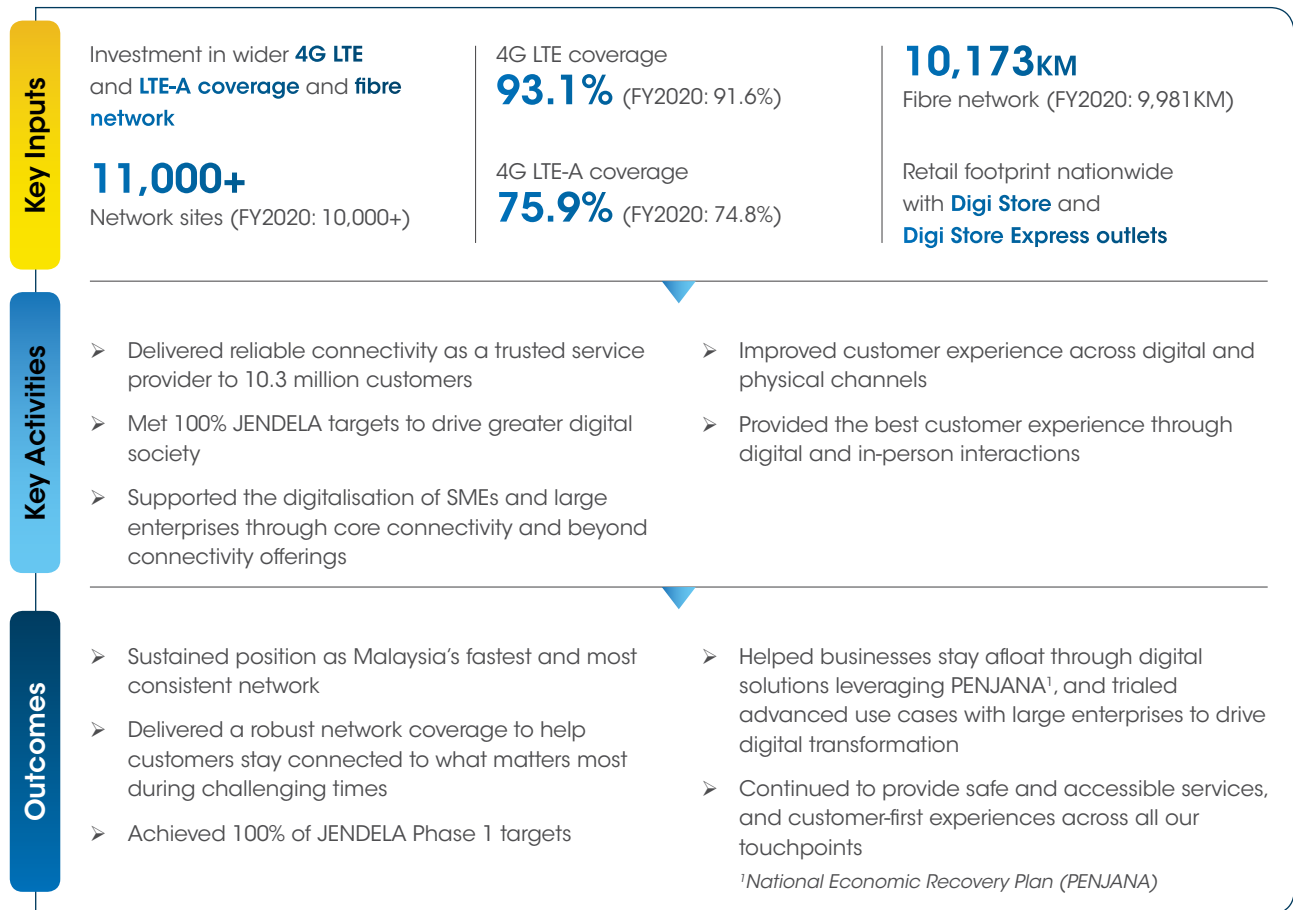
MANUFACTURED CAPITAL

Digi's manufactured capital refers to the network infrastructure and assets critical to running our operations, including telecommunication towers, fibre, data centres and retail touchpoints across Malaysia. These form an integral source of competitive advantage for us to deliver our services reliably to customers and represent our deployment of financial capital as we diversify and invest in prioritised areas to meet customers' needs.

Mapping to Our Strategy and Material Matters



(Please refer to pages 38-40 on detailed description of our Material Matters)



Challenges in securing the capital

- Prolonged MCOs required Digi to continuously ensure we maintained the quality of our network for all customers
- Commitment towards delivering JENDELA targets
- Strict adherence to safety guidelines and business continuity plans across our operations to safeguard our customers and employees

Outlook - Our continuous focus:

- Make data-driven investments to enhance the quality and consistency of our network
- Accelerate national digitalisation agenda through JENDELA
- Support the digitalisation of SMEs and large enterprises through core connectivity and beyond connectivity offerings
- Improve customer experience and satisfaction across online and offline channels

Our detailed performance and outcomes created are further deliberated on the following pages.

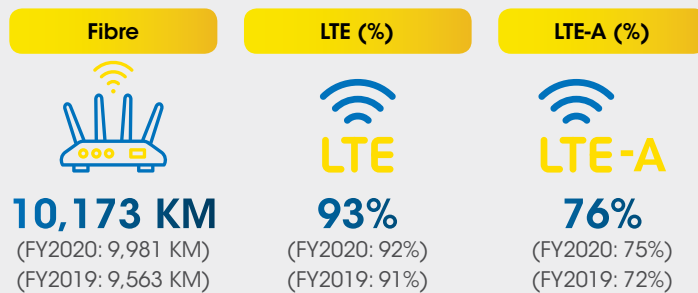
Delivered robust network coverage to help customers stay connected

As the country faced prolonged MCOs in 2021, Digi focused on maintaining the reliability and quality of our network services to ensure customers stay connected.

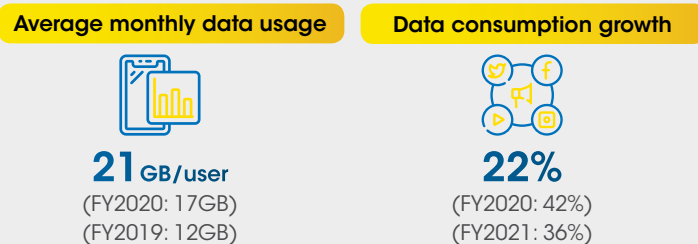
In 2021, we expanded our 4G network coverage in rural and remote areas and improved in-door coverage nationwide. Our 4G LTE and LTE-A now covers 93.1% and 75.9% of populated areas respectively. We have also expanded our fibre network footprint to over 10,173km to increase availability of fibre broadband connectivity to households and businesses.

The successful 3G network shutdown, in line with Malaysia's JENDELA initiative has enabled 3G spectrum to be repurposed to strengthen Digi's 4G network performance, allowing for better quality of internet experience.

Robust network coverage



Data consumption growth



Maintained a resilient network and sustained network leadership on quality and consistency

- Data-driven investments in the network to improve capacity in areas with growing customer demand
- 3G spectrum re-farming to 4G and robust network expansion for enhanced speeds and quality
- Sustained #1 position throughout 2021 on consistency, download speed, video experience and group video calling despite an increase in data consumption and high-surge in data traffic throughout prolonged lockdowns in 2021¹

¹As rated by independent third-party agencies

Accelerated the national digitalisation agenda through JENDELA*

Digi continuously improves the quality of our network and capabilities through building of new sites, upgrading and modernising existing sites and boosting outdoor and indoor coverage. Our efforts are fully aligned to JENDELA.

Digi continues to work closely with the Malaysian Communications and Multimedia Commission (MCMC) on initiatives to provide high quality and affordable digital connectivity in rural and remote areas.

Digi's achievements under JENDELA

(As of Q4 2021 under JENDELA Phase 1)

New Sites



119 (98% met)
(FY2020: 269 (99% met))

Upgrades



2,191 (100% met)
(FY2020: 2,979 (100% met))

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

How We Create Value

MANUFACTURED CAPITAL

Supported the digitalisation of SMEs and large enterprises through connectivity and innovative offerings

- Delivered purpose-built solutions and customised connectivity offerings to enable digital transformation for businesses



Digi powers Petronas offshore oil rigs with 4G LTE connectivity



Digi Business is a certified member of MEF, a global federation of network, cloud, and technology providers driving enterprise digital transformation

- Scaled beyond connectivity offerings with in-house digital solutions



- iFleet - Intelligent GPS Tracking & Fleet Management System
- Omni™ - Virtual Phone System
- alTHR - A digital workforce management system
- D'SMS - a direct SMS marketing solution
- UltraPOS All-in-1 Payment Terminal

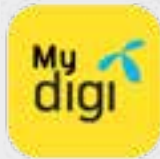
- Piloted advanced use cases

Westports and Digi power smart port transformation with Malaysia's first successful 5G trial conducted in a live port operations environment



Provided the best customer experience through digital and in-person interactions

MyDigi App: Enables self-serve transactions, personalised rewards, support and more



4.7mil
Monthly Active Users
↑+7.3 YoY



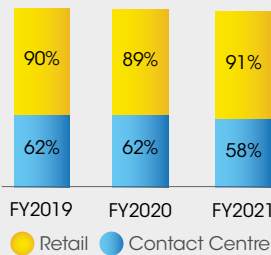
Enhanced web/app experience, making it easier for customers to:

- 👉 Pay bills
- 🔄 Reload
- 👉 Get add-ons

Sustaining customer obsessed culture across customer touchpoints

In 2021, we sustained good customer satisfaction (CSAT) scores for both retail and contact centre despite a challenging year with prolonged movement restrictions and service disruptions.

Customer Satisfaction (CSAT)



* Customer Satisfaction data FY2021 has been independently assured by KPMG PLT



100%

All retail frontliners are fully vaccinated

We introduced new ways to engage customers, providing them convenience while ensuring their safety.

- Appointments
- Drive-thru
- Door-to-door delivery

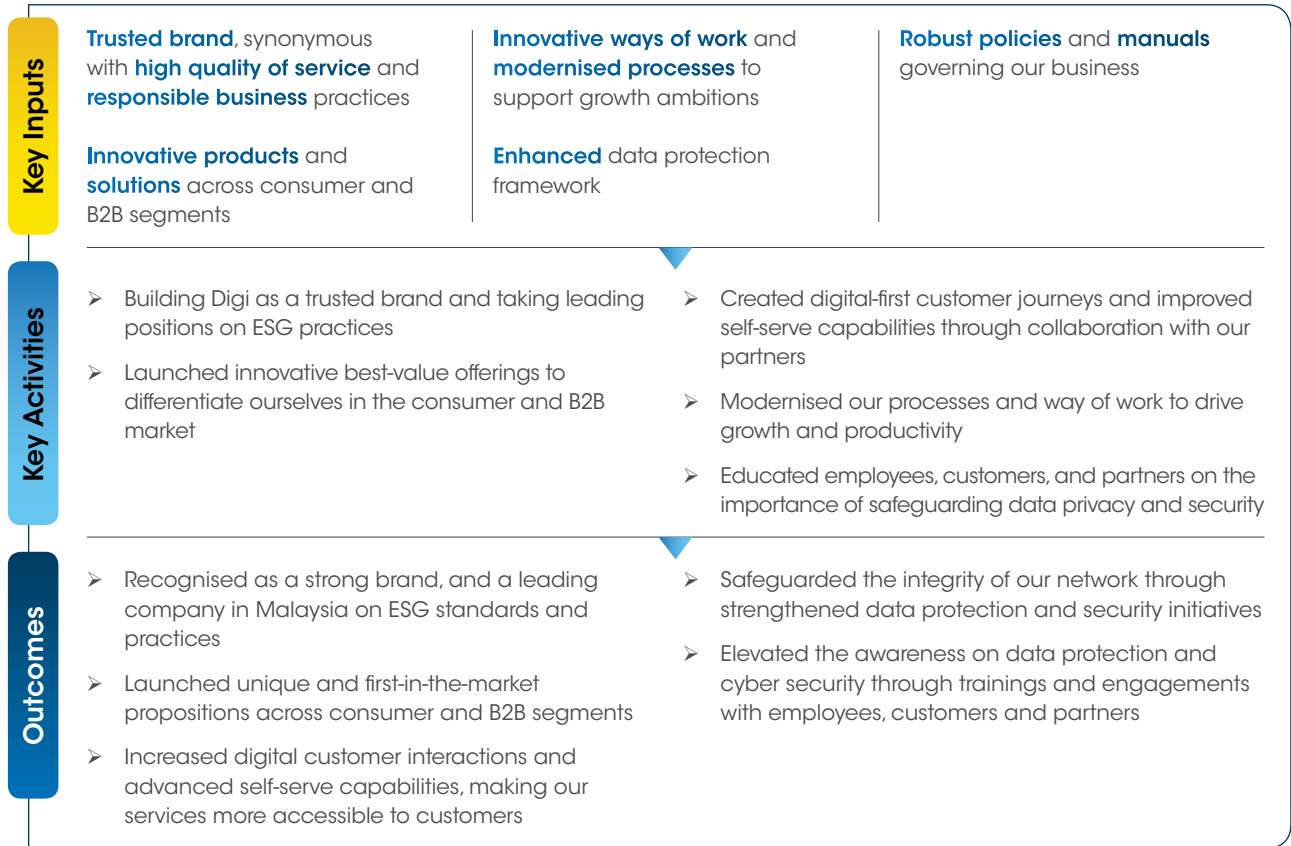
INTELLECTUAL CAPITAL

Digi's intellectual capital refers to our unique brand, processes and technology that differentiate us in the market. Digi's purpose of connecting customers to what matters most is anchored on the core foundation of operating responsibly and guided by our values and way of work. Our long-standing culture of innovation, and operating with the highest standards of security, corporate governance, and sustainability are key success factors in Digi's ability to deliver long-term value to our stakeholders and to play a leading role in setting good environmental, social and governance (ESG) practices among corporate Malaysia.

Mapping to Our Strategy and Material Matters



(Please refer to pages 38-40 on detailed description of our Material Matters)



Challenges in securing the capital

- Competition within the telecommunications industry continues to be high. Digi will need to leverage on its unique brand to cater to different customer segments in a relevant and meaningful way
- Prolonged lockdowns have resulted in a change in customer behaviours and accelerated the need for reliable, safe, and digital-first products and services
- Businesses must now adapt to the 'new normal' of employees working remotely, following movement restrictions due to Covid-19
- Cyber security and data protection risks have become a top concern for companies as they accelerate their digital transformation

Outlook - Our continuous focus:

- Continue to be a brand that customers trust, and therefore will prefer. We believe that customers will choose brands that operate with the highest standards and conform to the same values that they hold
- Continue to work towards becoming a Malaysian leader on ESG performance and standards, and to raise awareness on areas such as cyber security and data protection among employees, customers and partners


Our detailed performance and outcomes created are further deliberated on the following pages.

How We Create Value

INTELLECTUAL CAPITAL

Continued focus to develop Digi as a trusted brand

In 2021, Digi was recognised as Malaysia’s strongest brand, and among the Top 10 Most Valuable Brands in Malaysia as ranked by Brand Finance. This is a testament of our unique brand with a long-standing record of upholding the highest level of responsible business practices and quality of service.






Brand Strength Index (BSI) score of 87.3 out of 100 and a corresponding AAA brand strength rating

Digi aims to continue developing our brand, as a trusted partner for all stakeholders through improved disclosures and high-quality reporting for sustainability data to create higher appreciation towards our sustainability performances.

Digi continues to be recognised as a leader in ESG performance and standards, as we work towards delivering on our commitments to all stakeholders.

ESG Ratings and Highlights as at 31 December 2021

 <p>FTSE4Good Bursa Malaysia Index Member of ESG indices with score of 3.8</p>	 <p>SUSTAINALYTICS ESG Risk Rating 18th percentile, one of the highest for the region</p>	 <p>CDP DRIVING SUSTAINABLE ECONOMIES Voluntary environmental disclosure Carbon reporting since 2009 via Telenor Group</p>	 <p>MSCI ESG RATINGS AA Improved rating from A to AA</p>
 <p>Bloomberg Gender Equality Index (GEI) 2021 Recognition in gender reporting and advancing women’s equality</p>	 <p>IR magazine Award nominee South East Asia 2021 Investor Relations Magazine SEA Awards Certificate of Excellence for Best ESG Materiality Assessment in Integrated Annual Report 2020</p>	 <p>UN WOMEN United Nations Entity for Gender Equality and the Empowerment of Women 30% Club GROWTH THROUGH DIVERSITY Corporate membership to drive leadership in gender diversity Member of UN Women Empowerment Policies and Malaysia’s 30% Club</p>	 <p>WEPS AWARDS UN Women Malaysia WEPS Awards 2021 2nd Runner Up in the Gender-inclusive Workplace Category</p>



Launched innovative best-value offerings to differentiate ourselves in the consumer and B2B market



- **Consumers: Launched first-in-the-market offerings**
 - Truly high-speed Prepaid NEXT internet proposition
 - Lowest-entry for device financing together with refreshed Digi Postpaid plans
 - Offering “Sahur” high-speed data passes for customers during Ramadan
 - RDY Gaming Prepaid Plans - Optimised gaming latency and 5% cashback on game purchases

➤ **Businesses: Strategic partnerships to accelerate SME digitalisation**

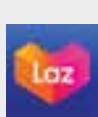
Driving SME digitalisation across different verticals

 <p>Fintech</p>	 <p>E-commerce</p>
 <p>Security</p>	 <p>Enterprise Resource Planning (ERP) systems</p>



Created digital-first customer journeys and improving self-serve capabilities through collaboration with our partners

- **Established direct connections with major e-wallets and retailers via DigiPay API** making it more convenient and accessible for Digi customers to buy top-ups and pay their bills



Reload seamlessly from your favourite e-wallets



Pay Digi bills more conveniently

- **Launched digital campaigns with e-wallets and banks to provide customers with best-value offerings**



- **Launched Digi Official Store on e-commerce platforms and rolled out new kiosks** to make our products and services more accessible to customers



Making our products more accessible to customers on their favourite e-commerce platforms



Rolled out over 100+ new digital kiosks with enhanced capabilities to provide more convenience to customers

- **Extended our Digi Store Online capabilities to dealers and frontliners, to reimagine the way we interact with customers**



- Extended Digi Store Online capabilities to support open channel dealers to sell online
- Provided our retail frontliners with new tools and training to better engage with customers online

How We Create Value

INTELLECTUAL CAPITAL

Modernised our processes and way of work to drive growth and productivity

➤ Adopted automation and AI/ML to improve processes and customer experience



- Continuous use of AI/ML to improve network NPS prediction and diagnosis, site degradation predictions and real-time monitoring of key applications to enable proactive customer experience management
- Over 300+ network use cases automated to improve productivity
- Automated ticket handling on MyDigi for faster complaint resolutions

➤ Innovative ways of work



- Digi introduced a cycle way of work, empowering teams to plan and adopt best ways to engage with customers and faster time to market
- A cross-functional team came together in 2020 to uncover insights with data analytics that would improve customer experience. In 2021, this evolved into a data-analytics forum, reimagining the way we execute nationwide network rollout plans based on data of customer pain-points and insights

Safeguarded data privacy and security, and raised awareness for employees, customers, and partners

**Company-wide data mapping exercise**

- Assessed privacy compliance of systems processing personal and non-personal data in Digi
- Established privacy control framework to monitor data management across data lifecycle and systems

**Improved privacy practices**

- Enhanced standard contractual clauses for data protection
- Enabled self-serve option on MyDigi app and Digi's website for customer to opt-out from marketing communications and promotional materials
- Established business partner privacy management process to govern end-to-end privacy compliance

**Strengthened governance**

- Updated Privacy Notice, improving on categorisation of data collected for easier customer comprehension
- Revised governing documents for Privacy and Incident Management
- Enhanced cyber security maturity governance

**Privacy and cyber security as a Responsible Business culture**

- Launched trainings on the importance of privacy, information management, and data protection as part of new employees' onboarding and awareness for frontlines
- Executed mandatory quarterly privacy and cyber security training for all employees
- Conducted training on topics such as privacy awareness and business partner privacy management
- Produced bite-size materials to raise awareness on privacy and information management

**100%**

Completion of privacy and cyber security e-learning modules

**200**

New employees trained on privacy and data protection

**100**

University and school students trained on career options on online privacy

Safeguarded data privacy and security, and raised awareness for employees, customers, and partners (Continued)

Enhanced Digi's defensible network architecture

- Improved detection and threat prevention
- Mandatory security trainings (Four modules)
- Enhanced Cyber Security Maturity Governance
- Accredited with Business Continuity Management System (BCMS) ISO 22301:2019 by the British Standards Institution (BSI)

Company-wide data mapping exercise

- Established internal governance controls to protect customers' data
- Executed in three phases, with 84 systems in 12 months
- Documented and recorded all customers, employees, and 3rd party personal data and asset listing
- Completed privacy risk assessment and remediation roadmap

Raising awareness on cyber security for SMEs

- Launched webinars with Cisco Systems Malaysia to promote awareness on cyber security and to help SMEs defend against cyber attacks



How We Create Value

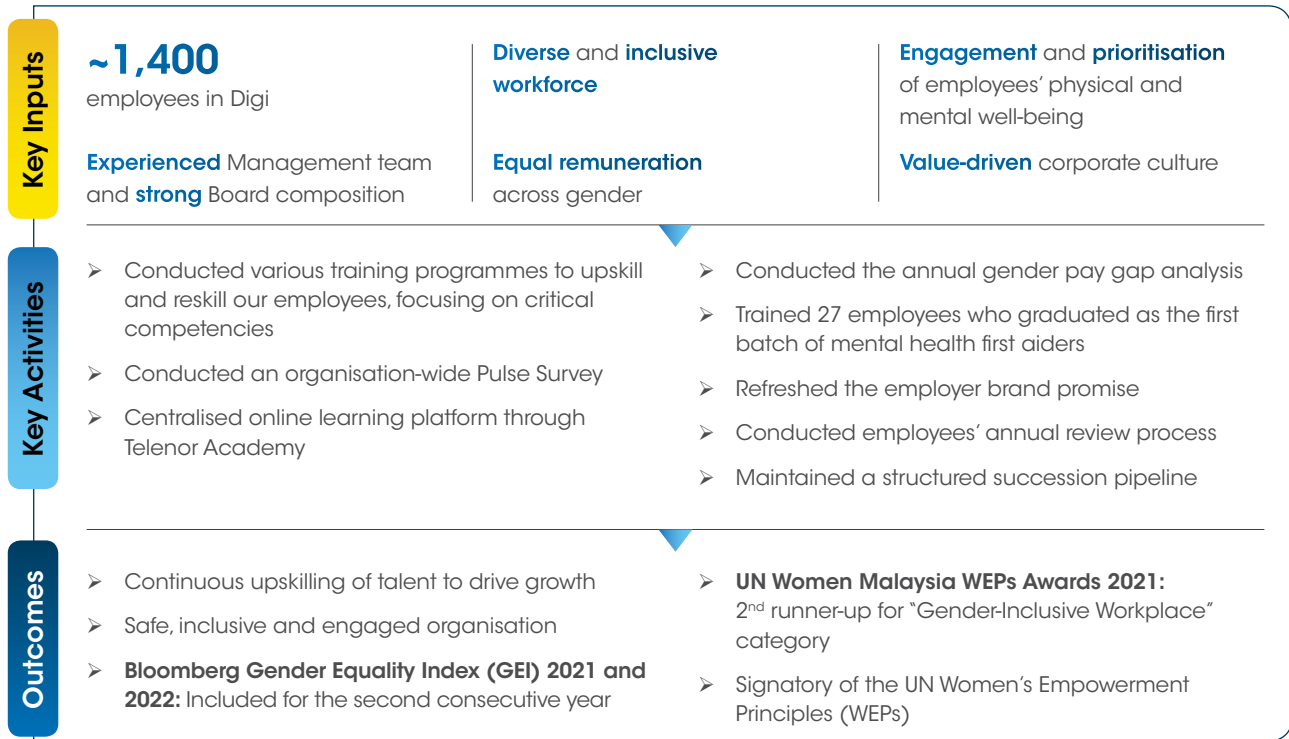
HUMAN CAPITAL

Digi believes in creating a productive, diverse and sustainable workforce to support our growth, meet the demands of digital advancements and be ahead of the future of work. Our employer brand promise "Freedom to Inspire the Next" aspires to continue enabling our employees to accomplish their best, grow alongside the organisation and deliver value to our customers. It is pertinent for Digi to nurture an enabled and engaged workforce - embracing the power of different experiences and investing in critical competencies, while giving utmost importance to our employees' health, safety and overall well-being. Digi's human capital plays a key role in enabling and supporting the organisation to deliver on our commitment of connecting customers to what matters most.

Mapping to Our Strategy and Material Matters



(Please refer to pages 38-40 on detailed description of our Material Matters)



Challenges in securing the capital

- New ways of work have required us to relook our people engagement and enablement approaches, introducing new collaborative tools to drive productivity, implementing programmes that support employee engagement, and promote physical and mental well-being
- Prioritisation of people-related initiatives while taking into consideration overall cost-effectiveness

Outlook - Our continuous focus:

- Adjust our culture and way of work to suit a hybrid work environment while providing adequate support for employees to work and lead efficiently
- Acquire technical expertise and effective data management processes to conduct meaningful analytics
- Support workforce transitions to cater to future demands

Our detailed performance and outcomes created are further deliberated on the following pages.

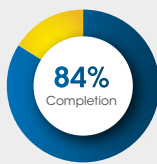
Continuous upskilling of talent to drive growth

Strategic talent management is important to Digi as it impacts our ability to attract and retain high performing talents. We believe that employee development and engagement is crucial in achieving our business goals. We strive to provide the right platforms for our employees to stay motivated and grow in their roles.

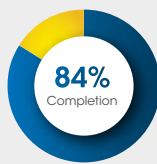
Learning and Development

Learning and development in Digi is supported through Telenor Academy, an integrated online learning system with access to external platforms such as LinkedIn Learning, Linux Academy, Coursera and Udacity. The platform played a crucial role in supporting the shift towards increased virtual learning due to the pandemic. Aside from learning through Telenor Academy, Digi organised several annual learning days, conducted virtually for all employees.

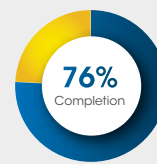
Digi Learning Days



What's Your Next 2021:
Helping employees to internalise Digi's strategy



Customer Obsessed Day 2021:
Six masterclasses conducted by Product Champions to help employees better understand Digi's products and services



Responsible Business Summit 2021:
Annual summit with expert insights and masterclasses on key ESG topics to upskill employees to stay ahead in the fast-evolving digital age

Digital Day

An exciting day of **innovation and inspiration sharing from industry leaders**, including a curated playlist on topics related to **innovation, STEM, and social media trends**.



Employees Training Hours

In 2021, we have successfully achieved

52.6 hours

of average learning per employee*
(versus target of 40 hours)

This is the accumulated hours clocked in from digital learning platforms only, such as Telenor Academy, Udacity, Coursera, and LinkedIn Learning, among others, and does not account for face-to-face or guided learning sessions.

Average learning hours Management Team



45.5 hours

(FY2020: 57.6 hours)
(FY2019: 46.5 hours)

Average learning hours Non-Management Team



51.7 hours

(FY2020: 57.1 hours)
(FY2019: 47.5 hours)

** Employee average learning hours has been independently assured by KPMG PLT (This accounts for accumulated learning hours FY2021 and unaccounted learning hours from 1 October 2020 to 31 December 2020)*

How We Create Value



HUMAN CAPITAL

Continuous upskilling of talent to drive growth (Continued)

Workshops Conducted in 2021

We encourage a culture of continuous learning and provide employees with the right learning opportunities to reskill and upskill through various leadership and expert learning programmes.

Workshops	Number of participants
Tight-Loose-Tight (TLT) - A leadership concept for People Managers	125
Stepping Up - To help in the leadership transition process	47
LEAP - To promote awareness about the role of a senior executive leader, within the context of a VUCA business environment	5
Accelerate Expert - To promote thought leadership amongst functional experts	4
Transform - To explore habits and behaviours developed during participant's own leadership journey	15
Intermediate Expert Journeys - A self-led expedition to upskill in critical skills of the future	143
Advanced Expert Journeys - A guided expedition to upskill in critical skills of the future	43
NLP Associate Virtual Presenter Certification - Training for effective storytelling	33
Quarterly Security Training - To increase cyber security awareness amongst all employees	100% completion
Privacy Training - To increase awareness on protection of personal data and privacy amongst all employees	98% completion

Performance Appraisals and Career Development Reviews

Digi's employees are required to complete an "Impact Assessment", which is an annual exercise to reflect on their development, strengths and achievements for the year. This provides a structured approach for employees to chart their career goals and to have meaningful discussions with their line managers on future growth opportunities.

Number of employees who completed their Impact Assessment



1,179

(FY2020: 1,257)

(FY2019: 1,147)

Talent Management and Succession Planning

Digi has a structured process to maintain the succession pipeline, which is discussed during the annual people review process. Employees are also given opportunities to develop and collaborate at the regional and global level, through partnerships with Telenor Asia and Telenor Group.

Female leadership pipeline



12.5%

Increase in the Female C-1 talent pool since January 2021

C-suite succession pipeline



85%

Successors are in the "ready-now" category of < 12 months for C-suite roles

Safe, inclusive and engaged organisation

Guided by our commitment towards diversity and inclusion in Digi, we provide equal opportunities for all. We hire and retain the best talent, and nurture an inclusive workplace culture that maximises the power of different experiences.

87% Response rate

Pulse Survey

In 2021, we introduced a 'Pulse Survey' to replace our annual Employee Effectiveness Survey (EES)

Outcomes of Pulse Survey



80%

Believes that working from home works well for them



84%

Appreciates Digi's physical and mental well-being initiatives



87%

Believes that Digi prioritises employee's well-being during Covid-19



91%

Believes that communications are sufficient and timely, which helps to keep them connected to Digi



85%

Acknowledges that managers are doing a good job in guiding, communicating and engaging



92%

Agrees that Digi's compliance initiatives help them better understand the Code of Conduct

Our diverse and inclusive organisational demographics

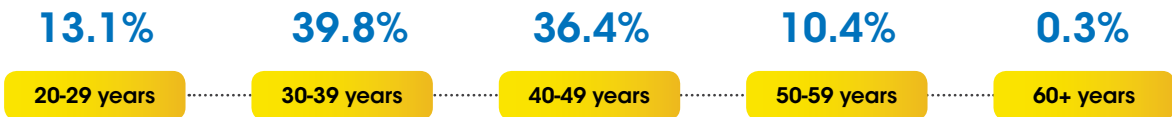
Balanced gender diversity



45%

Female in leadership positions (FY2020: 47%)

Percentage of workforce by age



Protecting Our Employees' Health, Safety and Well-being

Digi is committed towards safeguarding our employees' health, safety and well-being. We do this by integrating Occupational Health and Safety (OHS) practices as a core aspect of Digi's culture. Our OHS management system is ISO 45001 certified.

How We Create Value

HUMAN CAPITAL

Safe, inclusive and engaged organisation (Continued)

Employees' Training On Health And Safety

Number of employees that received training

All employees

Number of health and safety training programmes conducted

Two programmes

- Covid-19 Awareness training
- Covid-19 Return To Office training

Total training hours on health and safety

2,411 hours

In 2021, we recorded Zero Lost Time Injury Frequency (LTIF) score and zero fatality. Digi keeps track of work-related injuries and accidents, and sickness absence days for its permanent and contract employees, in-house contractors and third-party vendors.



0 Lost Time Injury Frequency (LTIF)* score Recorded



0 Fatality Recorded

* Lost Time Injury Frequency (LTIF) score (limited to permanent and contract employees) FY2021 has been independently assured by KPMG PLT

Digi Yello Show



A radio talk show hosted by Digi employees to engage fellow colleagues on topical issues during lunch break.

Digi Virtual Teambuilding 2021



1,024 employees participated virtually in our annual teambuilding event.

Digi Wellness Challenge 2021



40 teams participated in the #DigiWellnessChallenge, aimed at improving the physical and mental well-being of our employees.

Vaccine Care Assistance



Conducted pandemic-related awareness talks and provided assistance for employees to register for the Covid-19 vaccination.

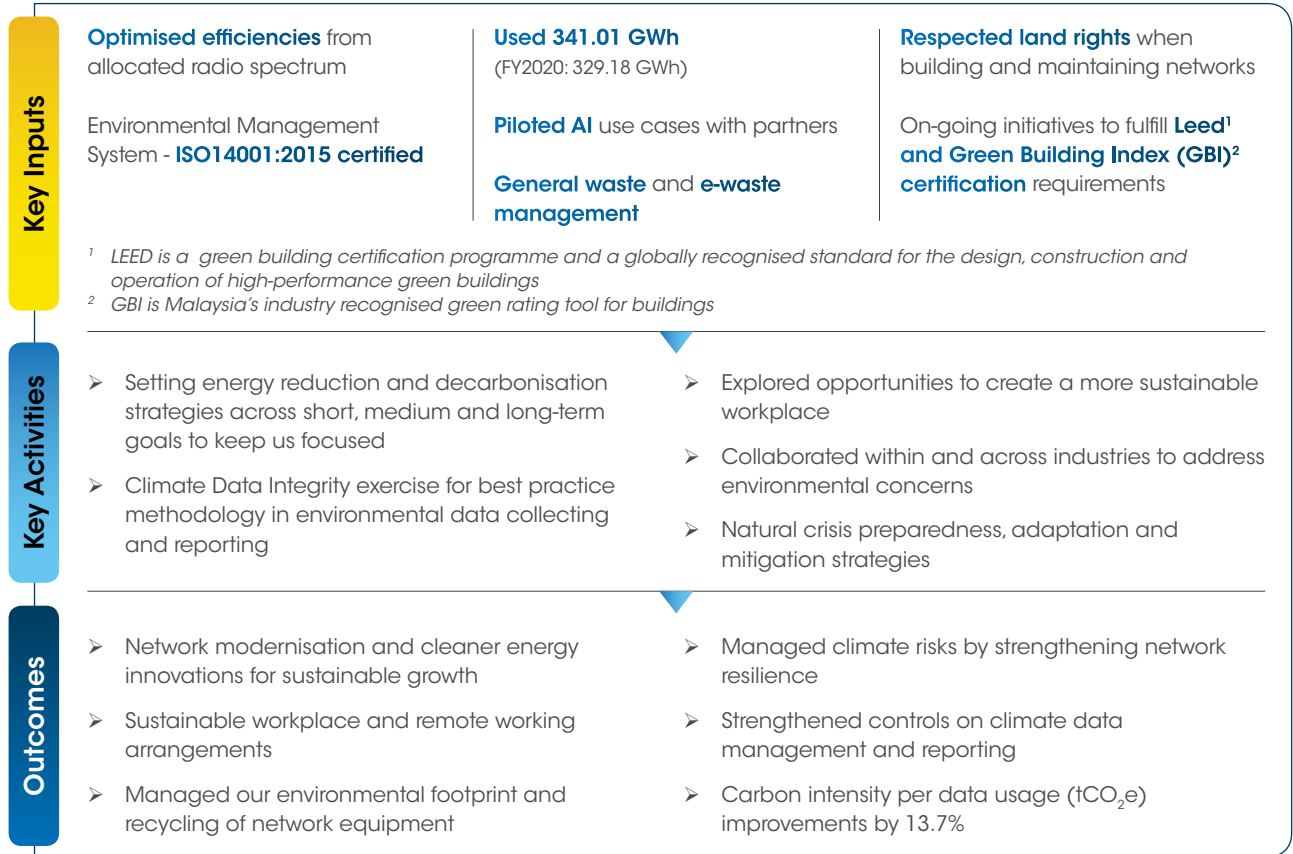
NATURAL CAPITAL

Natural capital is seen as a key priority for Digi, realising the opportunities from limiting natural capital exposure within our own operations, as well as enabling more efficient resource use in other industries. Malaysia has committed to become carbon-neutral nation by as early as 2050. This mandate would require a concerted effort as well as a high-level green commitment and investment from both the public and private sectors. As the level of decarbonisation readiness on a national level is often mirrored by the level of readiness or progress at sectoral levels, Digi aspires to continue our climate leadership in the mobile sector through progressive climate action. It includes how we safeguard and protect the renewable and non-renewable resources that we consume in our day-to-day operations.

Mapping to Our Strategy and Material Matters



(Please refer to pages 38-40 on detailed description of our Material Matters)



Challenges in securing the capital

- Efficient resource management by leveraging effective methodology and practices, including new investments into technological advancements to minimise our environmental impact
- Our partnerships with external parties will have a positive impact on this capital as we progress to employ green technologies in contributing towards our decarbonisation pathway

Outlook - Our continuous focus:

- Drive more network modernisation for sustainable growth
- Expand our existing energy optimisation and decarbonisation initiatives
- Adopt cleaner energy innovations and solutions
- Strengthening controls on climate data management
- Transition towards data driven network planning and higher spectrum efficiencies
- Industry collaboration with third parties towards driving climate best practices

Our detailed performance and outcomes created are further deliberated on the following pages.

How We Create Value

NATURAL CAPITAL








Climate Action

Digi takes a pragmatic approach in addressing climate change and will work in collaboration with the industry, government, environmental agencies and partners towards achieving a net zero greenhouse gas emissions by 2050, in line with a 1.5-degree pathway. While there remain challenges in large scale CO₂ reductions due to our dependency on the national grid, we will continue to strengthen our governance and reporting mechanisms while exploring new technologies and solutions.



Driving network modernisation and cleaner energy innovations for sustainable growth

 31 Fuel powered off-grid sites converted to grid power	 102 sites CSON ¹ AI pilot initiative	 15 Off-grid sites on hybrid with lithium-ion battery	 3G Sunset Progressive efforts to shutdown remaining 30 Core Base Station Control (BSC) and 41 Radio Network Controller (RNC) in 2022	 > 4000 sites Site Battery Autonomy Prediction Tool ² to reduce downtime and drive greater efficiencies
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¹CSON AI initiative

In 2021, Digi worked with ZTE through the Centralised Self Organising Network (CSON) Artificial Intelligence (AI) pilot initiative, deploying tools to automatically analyse and implement power-saving mode at our Radio Access Network (RAN) sites. 102 sites were involved in the pilot over the course of a month and demonstrated 3.77% energy reductions (kWh consumed) per site, on average. We will be taking a phased approach in scaling the initiative, targeting to equip more than 50% of our sites to be equipped with this capability in 2022.

²Site Battery Autonomy Prediction Tool

The 'Site Battery Autonomy Prediction Tool' is another AI-based initiative deployed to automatically monitor and record usage information of backup batteries at Digi's network sites. This information is crucial for timely sites restoration and battery replacements planning to ensure minimal service disruptions.

Sustainable workplace

- Digi's headquarters and Technology and Operations Centre (TOC) has been accredited with Gold certification by LEED in 2017, and by Green Building Index (GBI) in 2012 and 2016 respectively. We provide electric vehicle charging stations for company vehicles and employees. We will continue to monitor and maintain high quality and healthy workspaces to boost productivity, optimise energy usage and implement responsive heating and cooling measures
- In adherence to LEED standards, we have embarked on the following energy efficiency and conservation efforts in 2021
 - Lighting setting and scheduling
 - Balancing of chiller load and chilled water
 - Heating, ventilation, and air conditioning (HVAC) temperature setting and scheduling

**50%**

Reduction in energy use by changing to higher efficiency air-cooled chiller

**15.6%**

Savings up to 1,015,000 kWh of energy use in our office due to remote working arrangements

Managing our environmental footprint

In 2021, to meet rising consumer demands, our carbon emission increased by 5%, attributed to data growth and network expansion. Our annual greenhouse gas (GHG) emissions inventory FY2021 in accordance to the GHG Protocol Corporate Standard are as follows:

Direct Energy Consumption from Fuel (GWh)

**42.50**

(FY2020: 44.12)
(FY2019: 40.10)

Indirect Energy Consumption from Grid and Green Electricity (GWh)

**297.21**

(FY2020: 281.94)
(FY2019: 267.84)

Indirect Energy Consumption from Value Chain (GWh)

**1.30**

(FY2020: 3.12)
(FY2019: 7.94)

Scope 1 Carbon Emissions (Tonnes)

10,345.14

(FY2020: 10,750.88)
(FY2019: 9,763.92)

Scope 2 Carbon Emissions (Tonnes)

196,776.12

(FY2020: 185,745.74)
(FY2019: 174,044.00)

Scope 3 Carbon Emissions (Tonnes)

332.79

(FY2020: 734.70)
(FY2019: 1,638.03)

Total Energy (GWh)

**341.01 ***

(FY2020: 329.18)
(FY2019: 315.88)

Total Carbon Emissions (Tonnes)

**207,454.05 ***

(FY2020: 197,231.32)
(FY2019: 185,445.95)

Digi restated our climate data for 2019-2020 following the outcome of a Climate Data Integrity exercise undertaken with an independent advisor to improve our methodology in data collection and management approach. Corrective measures have been undertaken to ensure consistency, accuracy and transparency of the data presented here, in line with good climate governance practices.






* Total energy consumption and carbon emissions FY2021 has been independently assured by KPMG PLT

How We Create Value

NATURAL CAPITAL

Managing our environmental footprint (Continued)

During the year under review, we have improved on our Carbon Intensity per Data Usage by 13.7% YoY. We have achieved a lower carbon footprint per unit of data consumed, although the average customers are using more data. Our carbon intensity is measured by tonnes of CO₂ (tCO₂e) per terabyte of data.

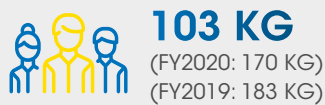
Customer Base (mil)	Energy Usage per Customer (kWh)	Carbon Intensity per Customer	Energy Usage per Data Terabyte (MWh)	Carbon Intensity per Data Usage (tCO ₂ e)
				
10.32 (FY2020: 10.44) (FY2019: 11.28)	33.05 (FY2020: 31.53) (FY2019: 28.00)	0.020 (FY2020: 0.019) (FY2019: 0.016)	0.16 (FY2020: 0.18) (FY2019: 0.24)	0.094 (FY2020: 0.109) (FY2019: 0.141)

General waste

Waste Collected



Waste Generated per Employee¹

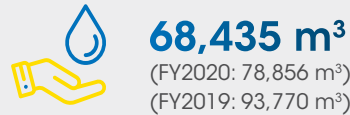


Waste Recycled

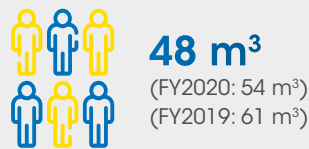


Water consumption

Water Consumed



Water Consumed per Employee¹



E-waste (obsolete electrical and electronic waste)*

E-waste Collected



E-waste Resold and Recycled



- E-waste directly produced from our operations are 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
- Under our refreshed ESG guidelines, Recycled shall include e-waste treated by professional service provider who guaranteed that the waste is processed, sorted, resold, recycled or disposed in an environmentally sound manner

¹ Total employees – 1,438

Managing climate risks

Towards the end of 2021, the country experienced severe flooding in eight states, affecting more than 125,000 people. This exposed the reality of extreme weather conditions caused by climate change. The floods affected 280 of our network sites with access roads being blocked, electricity shutdowns and other hazards.

Digi recognises climate change as an important risk element, and will continue to adopt proactive measures in addressing both physical risks and transitional risks anticipated to arise due to climate change.



Digi supported WWF Malaysia and BCG Malaysia, and provided telecommunications specific insights in the development of the study on **Net Zero Pathways for Malaysia 2050**.

This report is meant to catalyse stronger and more cohesive climate action amongst all stakeholder groups. Digi will continue to collaborate with WWF Malaysia and BCG Malaysia, delving deeper into industry specific topics.

The report is available at

www.wwf.org.my/our_work/climate_and_energy/towards_net_zero_emissions_by_2050/



Digi is a steering committee member in the CEO Action Network (CAN) which is a closed door peer to peer informal network of over 50 corporate CEOs and Board members, focused on sustainability advocacy, capacity building, action and performance.

As a member, we are committed to engage with various stakeholders including our supply chain, regulators and policy makers, government, as well as our peers across various sectors to forge partnerships that are committed to responsible business practices and sustainable development.

In 2021, Digi, CAN and Climate Governance Malaysia (CGM) organised a Telco CEO Roundtable with six CEOs for conversations and sharing on various climate initiatives, challenges and aspirations to decarbonise the mobile sector.



How We Create Value



NATURAL CAPITAL

Strengthened controls on climate data management and reporting



Digi's Environmental Management System (EMS) is **ISO 14001:2015 certified**.



Digi discloses its climate impacts, energy and GHG emissions via **Telenor Group to the CDP global disclosure system**.



Since 2020, Digi discloses its emissions data through its **Integrated Reporting** process. Digi adopts the following principles as part of its GHG emissions management.

- Define the scope and boundary
- Identify the GHG emission sources
- Collect and quantify GHG emissions
- Set emissions reduction objectives and prepare action plans
- Involve employees, suppliers and conduct trainings
- Implement emissions reduction initiatives

Climate Data Integrity exercise

In 2021, Digi embarked on a Climate Data Integrity exercise with guidance from an independent advisor to better improve on its carbon and energy management and reporting standards for Scopes 1,2 and 3.

The six months initiative resulted in the development of new formalised data templates, with embedded calculations and estimations so as to minimise human errors. The data templates also presents automated historical and future projections that will allow the team to better perform trend analysis and to make informed decisions. The respective data stream owners have begun populating the templates with 2021 data and will be the standardised template used in Digi moving forward.

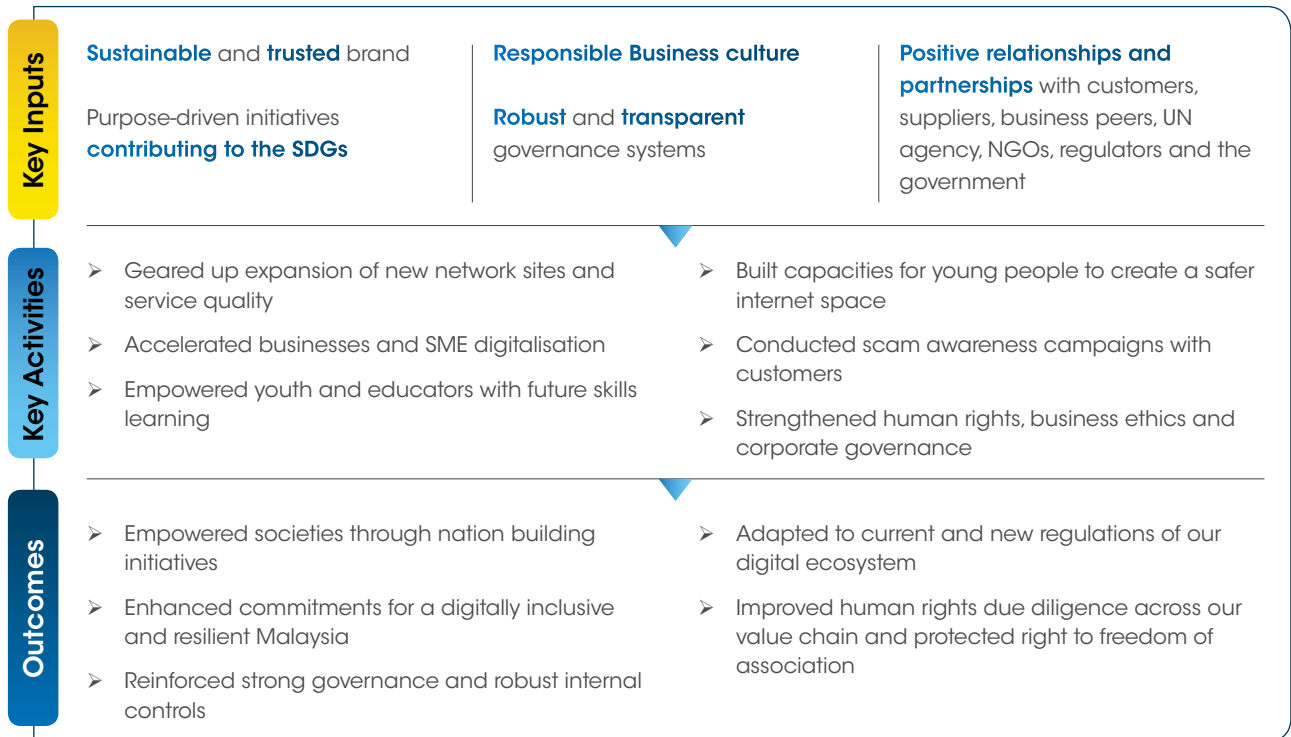
SOCIAL AND RELATIONSHIP CAPITAL

The effects of Covid-19 pandemic continued into 2021 through waves of new virus variants. In response, the government executed more stringent measures to contain the spread of the virus, and at the same time introduced recovery strategies. This include the reopening of more economic sectors and injecting fiscal aid and stimulus to resume economic growth, aligned to the nation's larger reform and development agenda as stated in the Twelfth Malaysia Plan, 2021 - 2025 (12MP): Keluarga Malaysia (Malaysian Family) to develop a 'Prosperous, Inclusive and Sustainable Malaysia'. As a connectivity provider, Digi is equally committed to the national agenda via our promise to empower societies and reduce inequalities. This purpose is embodied through our Yellow Heart commitment to operate responsibly for the collective well-being of our customers, societies and the environment.

Mapping to Our Strategy and Material Matters



(Please refer to pages 38-40 on detailed description of our Material Matters)



Challenges in securing the capital

- Uncertainties due to the pandemic, adherence to regulatory compliance, digitalisation and shifting consumer behaviours have accelerated the demands for Digi as a connectivity provider to deliver on its purpose and maintain a positive relationship with all stakeholders

Outlook - Our continuous focus:

- Support the socio-economic recovery of underserved communities
- Improve accessibility and enabling digital adoption nationwide
- Develop the next generation with skills for an accelerated digital future
- Instill strong values and controls associated with Digi products and services
- Engage stakeholders and raise standards of our operations and supply chains

Our detailed performance and outcomes created are further deliberated on the following pages.

How We Create Value



SOCIAL AND RELATIONSHIP CAPITAL

Empowering societies through nation building initiatives

As a responsible corporate citizen, Digi implemented and supported various initiatives to help the *rakyat* weather through difficult times.



Yellow Heart Education Data Packages

Alongside the CERDIK initiative by the government, Digi provided discounted data packages for more than 11,000 students from low-income households.

Supporting the Covid-19 Task Force and Frontline Hospitals

Digi zero-rated calls to critical service hotlines including Covid-19 websites, screening and admitting hospitals (as endorsed by the Ministry of Health) and telehealth providers such as DoctorOnCall. We sponsored devices with connectivity to the National Rapid Response Task Force (GKVSTF) for contract tracing management, and to multiple frontline hospitals to support the needs of patients in Intensive Care Units and for counselling services.

Covid-19 Response and Recovery

Contributed more than RM 1.5 million to communities, comprising free connectivity at *Program Perumahan Rakyat (PPR)*, free calls to helplines, and RM 750,000 channeled via our NGO partner, MERCY Malaysia to support on-going Covid-19 response and recovery efforts.

Floods Relief and Recovery Efforts

- Provided prepaid subscribers with free internet
- Pledged up to RM500,000 via aid agencies
- Total of 140 employees supported with hotel accommodation, financial aid and home/vehicle repairs
- Rallied up efforts to restore disrupted sites and initiated employee volunteerism to support communities, including recovery of affected Digi retail stores

Gearing up for a stronger digital nation



Digi continuously monitors our network capabilities to provide consistent and high-quality digital connectivity to meet customers' expectations.



We initiated a nationwide campaign #BuatLebih4Gi to drive awareness for customers to adopt 4G, coupled with affordable device plans to drive greater adoption.

Accelerating businesses and SME digitalisation

Business and digital solutions to fast track business growth

Providing customised connectivity and managed services for business transformation.

MYDigital SME Programme

Conducted webinars on the topic of e-commerce and cyber security with solution partners.

7 Episodes | **> 150,000** Views

PENJANA SME Digitalisation Grant ~9,000

Businesses benefited



#KamiCareMBiz programme

Offered over RM 500,000 worth of digital solutions and mobile plans to help local micro and small business owners go digital.



Empowering educators and youth for the future

Future Skills For All (FS4A)

Micro:bit, robotics and programming

34,582*

Students and teachers enrolled up to 31 December 2021

#BOLEHCODE national coding movement

> 3,000

Students participated

> 350

Schools reached



For more information on FS4A, visit futureskills.moe-dl.edu.my

* Number of FS4A enrolment up to 31 December 2021 has been independently assured by KPMG PLT


How We Create Value

SOCIAL AND RELATIONSHIP CAPITAL

A decade-long commitment for safer internet

Digi celebrated the tenth anniversary of its flagship Safe Internet programme in conjunction with the International Safer Internet Day (SID) on 9 February. We launched the Yellow Heart Safe Internet portal, a one-stop repository of educational material to equip Malaysians with skills to be more resilient and responsible online citizens. For more information, visit safeinternet.my.





Life under Covid-19 Digital Well-being Research
Close to 1,800 students participated

Partnering Sunway University to gather insights to guide future planning to improve children's online learning and experiences.

Advocating for a safer internet

In collaboration with like-minded partners we participated in several engagement platforms comprising online webinars and panel sessions to drive greater advocacy and awareness on the topic of child online safety.



Five regional-level safe internet workshops were conducted during the #mydigitalmaker Virtual Fair 2021.

Series of virtual workshops with subject matter experts organised by UNICEF and R.AGE to discuss about healthy relationships, including cyber-grooming. The workshops registered over 950 participants.



Collaborated with Ai Talent on a series of workshops on safe internet with children. More than 100 short awareness videos were created by the children.



Dedicated virtual hotlines to help volunteers and counsellors provide emotional support and counselling services during Covid-19.



'Championing Child Rights In The Digital Age' is a dialogue on protecting children's rights in Malaysia's digital transformation journey.

Limiting operational risks through responsible supply chain management

All new suppliers will be screened and assessed based on their financial performance, background and historical records. Digi mandates for all its suppliers to sign on the Agreement of Responsible Business Conduct (ABC) so as to ensure they meet our standards and requirements in areas of Health, Safety and Security (HSS), ethical conduct, human rights and environmental management.



179*
New suppliers who signed the ABC
(FY2020: 130)



2,099
Total suppliers who have signed the ABC to date
(FY2020: 1,920)

From the inspections carried out, non-compliances were identified on matters-related to health and safety, prohibited business practices, human rights, environment, cyber security and breach of regulatory compliance. We required suppliers to develop corrective action plans based on the outcome of the inspections conducted. Suppliers who fail to meet the minimum requirements will be given time to work on the corrective action plan, failing which will result in serious consequences such as suspension or even termination.

Number of inspections conducted

Unannounced	Announced	Total
509	1	510
(FY2020: 463) (FY2019: 429)	(FY2020: 48) (FY2019: 30)	(FY2020: 511) (FY2019: 459)

Number of findings

Major	Minor
16	45
(FY2020: 5) (FY2019: 9)	(FY2020: 194) (FY2019: 203)

Number of suppliers terminated

2
(FY2020: 3) (FY2019: 1)

Total supplier training hours

We conducted periodical trainings to advocate on best practices including laws and regulation on HSS and human rights aspects. In 2021, **5,635 training hours were recorded**. The increase in training hours for 2021 was partly attributed to the mandatory supplier training assessment implemented towards mid last year.

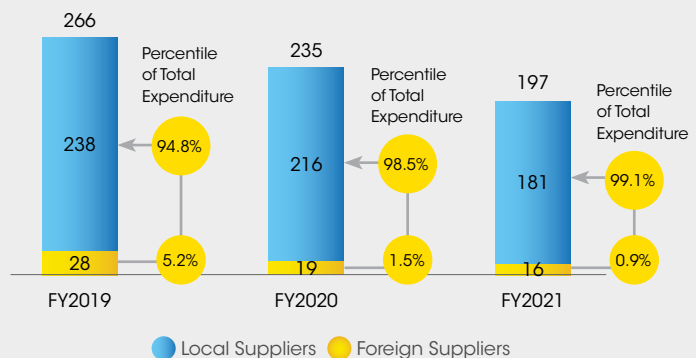


5,635
training hours
(FY2020: 2,426)
(FY2019: 2,594)

Promoting sustainable local procurement

As part of responsible sourcing practices, Digi promotes local procurement to reduce our carbon miles and to support the local economy. The spending percentile breakdown of local and foreign suppliers is shown below.

Number of suppliers appointed



* Number of new suppliers signing Digi's ABC FY2021 has been independently assured by KPMG PLT

How We Create Value



SOCIAL AND RELATIONSHIP CAPITAL

Limiting operational risks through responsible supply chain management (Continued)

**Remote inspections as a way forward**

Due to travel restrictions, we piloted an initiative to perform inspections virtually by deploying video cameras on site. The Supply Chain Sustainability (SCS) team was able to track and monitor site work through this deployment. A total of three Tier-1 suppliers has implemented the usage of cameras (236 units deployed in total) on sites that they are responsible for.

Introduction of Digi Knowledge Assessment Tool (DKAT)

DKAT is a standalone web solution to assess suppliers on their training knowledge after they undergo Digi's training or courses on topical issues and technical competencies. Certification of completion is issued to suppliers completing the assessments for the assigned modules.

Reinforcing our commitment for business continuity



Digi is accredited with BCMS ISO 22301:2019 by the British Standards Institution (BSI). This requires Digi to implement, maintain and improve the management system to timely protect, mitigate and recover from disruptions.

This reinforces our commitment to deliver reliable products and services to our customers, business partners, and stakeholders, in assurance that Digi has adopted the best practices and processes to mitigate disruptions in business.

Emphasising strong governance and robust internal controls

Strengthening compliance way of work and mindset



Governance Unit

- Review and implement Digi's policies and manuals under the Governance Work Programme (GWP) 2021, where the framework for governing documents were simplified
- Compliance case management and analytics



Risk and Monitoring

- Conduct Compliance risk assessment and monitoring activities for second line of defence (privacy, supply chain, legal and procurement)
- Conduct Integrity Due Diligence (IDD) background check on all high-risk business partners
- Bribery risk assessment workshops for all Heads of Departments to analyse divisional risk registers and establish a portfolio view of corruption risks at enterprise level



Knowledge Unit

- Compliance capacity building for all employees through awareness and training programmes including Speak Up Campaign, Anti-Corruption Day, Responsible Business Summit, and targeted training such as Anti-Money Laundering
- 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 and to reinforce our zero-tolerance policy towards corruption

Other Initiatives

- Implementing the ISO 37001: Anti-Bribery Management System standards to improve the organisation's culture of integrity, governance and anti-corruption, reputation and the commitment of its top management and governing body
- ISO 37001 workshop were conducted with all the Head of Departments to identify risk of corruptions in their respective departments
- Appointment of Compliance monitor in each division to promote better governance across the business
- Formation of Governance Risk and Compliance (GRC) committee to deliberate significant GRC matters and subsequently formulate appropriate responses to address them

Integrity Hotline

A confidential channel to report concerns and raise questions about possible breaches of Digi's Code of Conduct, including relevant laws, regulations and Governing Documents. Visit telenorgroup.integrityline.com

24 hours/7 days a week

For all employees, suppliers, stakeholders and general public

Can opt to remain anonymous throughout the process

100%

Acceptance rate by Digizens on the Code of Conduct 2021

92%

Agree that Digi's compliance initiatives help them better understand the Code of Conduct
Pulse Survey 2021 (87% Digizens participated)

100%

Completion rate of Digi's Anti-Corruption e-Learning module on Telenor Academy

How We Create Value

SOCIAL AND RELATIONSHIP CAPITAL

Adherence to existing and emerging regulatory requirements

Regulatory Compliance



Digi complies to regulatory requirements and supports the Malaysian Communications and Multimedia Commission (MCMC) to monitor and track progress against on-going initiatives such as JENDELA and compliance to all Mandatory Standards under MCMC’s purview. We drive greater accessibility and affordability through network expansion, industry collaboration, and product and service offerings.

Pusat Ekonomi Digital Malaysia (PEDi)

The Universal Service Provision (USP) programme aims to expand network infrastructures to underserved areas to close the digital divide. The programme includes operating PEDi internet centres across Malaysia for facilitating internet access, e-learning, digital skills and digital entrepreneurship upskilling for local communities. Since 2021, digital entrepreneurial programmes were conducted for SMEs. Digi operates 132 PEDi nationwide.



Consumer Complaint Handling

Managing consumer complaints on network performances is a key measurement in the national JENDELA initiative. Digi actively resolves such complaints lodged through MCMC’s Aduan portal and progress are tabled fortnightly at MCMC’s JENDELA Implementation Committee (JIC). The committee reviews the progress and development of all plans within the JENDELA initiative.

Total Complaints Resolved by Digi (%)



The above results were measurements taken in Q4 2021.

Advocating for Consumer Safety Against Scams

Digi supported MCMC on a crime prevention awareness campaign for consumers to recognise and report tactical scams via phone calls, SMS and Transaction Authentication Codes (TAC). This complements Digi’s Yellow Heart Scam awareness campaign.



Upholding human rights and protecting freedom of association

Digi is committed to respecting human rights as set out in the The United Nations Guiding Principles on Business and Human Rights (UNGPs). We integrate human rights aspects within our operations and conduct a Due Diligence exercise every alternate year to assess and mitigate any forms of human right risks in our value chain. The 2021/2022 assessment covered 19 material areas (e.g. Workers Wellbeing and Safety, Working Environments, Working Conditions, Modern Slavery, Digital Inclusion and Literacy, Corruption and Bribery, Collective Bargaining and Freedom of Association, Environmental and Infrastructure Impacts, etc) under the purview of 12 departments in Digi.

Advocacy of Human Rights in Digi



- Conducted a capacity building workshop on 'Making Business and Human Rights a Way of Work' for employees during the annual Responsible Business Summit
- Digi's Code of Conduct (Code) adheres to the UNGPs and the International Labour Organisation (ILO) standards
- Human Rights principles are integrated into the Agreement of Responsible Business Conduct (ABC) to ensure strict adherence by Digi's suppliers and business partners

In 2021, Digi engaged with key stakeholders from International Labour Organisation (ILO), UNICEF and IO Foundation on the topic of Human Rights

Freedom of Association

Digi employees are represented by the Digi Telecommunications Sdn. Bhd. Employees Union (DGEU) and the Best on People Council (BOPC). Both entities are formed via democratic process by election of representatives across Digi.