

CORPORATE GOVERNANCE REPORT

STOCK CODE : 6947
COMPANY NAME : Digi.Com Berhad
FINANCIAL YEAR : 31 December 2017

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board shoulders the ultimate responsibility of determining the direction of Digi and its subsidiaries (Digi or the Group), assisting in the fine-tuning of corporate strategies and ensuring effective execution of these strategies, and that necessary resources are in place to meet its objectives to protect the interests of Digi's shareholders and stakeholders.</p> <p>The Board recognises that a healthy corporate governance culture defined by the principles of transparency, objectivity and integrity is fundamental to Digi's business purpose and strategy. In order to ensure the effective discharge of its functions, the Board has delegated its specific powers of the Board to the relevant Board Committees, the Chief Executive Officer (CEO), who heads the Digi management team (Management) and Management Committees.</p> <p>Three (3) Board Committees namely Audit and Risk Committee, Nomination Committee and Remuneration Committee were set up to perform the oversight function of the Board. These Board Committees each have specific responsibilities clearly outlined in their respective Terms of Reference which are available on Digi's website at www.digi.com.my/investors.</p> <p>The Board delegates the implementation of its strategies to the Management, who plays a critical role in modelling and advocating high standards of ethics and integrity in Digi's way of work. Meanwhile, the Board remains ultimately responsible for the corporate governance and affairs of the Company.</p> <p>The CEO is accountable to the Board for the achievement of the Groups' mission, goals and objectives alongside the observance of Management's limitations. The CEO, together with the Management team, reports to the Board the operational, regulatory and financial</p>

performance of the Group on a quarterly basis, and when required.

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

- The Vendor and Investment Committee governs the approval process regarding material capital investments and operating expenditure for Digi including the review and approval of the vendor evaluation criteria and vendor selection.
- The Commercial Forum governs the decision-making process for commercial issues, and is managed by Marketing.
- The Regulatory Steering Committee provides direction and makes decisions on regulatory matters and/or related topics that have a significant impact on Digi. The Risk Management Forum reviews and deliberates on the significant risks reported across Digi and makes decisions on the coordinated action plans necessary to mitigate these risks. The monthly Forum is chaired by the Chief Financial Officer with selected Management participating as members of the Forum.

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

However, the Board retains full responsibility for guiding and monitoring the Company, in discharging its responsibilities. In December 2017, the Board deliberated Digi's 3-Year Strategy Plan (2018 to 2020), the Preliminary Financial and Operational Targets for 2018 as well as the Build Plan & Capital Expenditure Allocation 2018, and approved the strategy plans thereon.

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

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

The Board ensures that Digi's strategic plan supports sustainable long-term value creation and includes strategies on economic, environmental and social considerations. The Board is aware of the significant financial and non-financial elements that could result in exposures and alter the risk profile of the business.

	The Board is guided by the Board Charter and the DAM to ensure an optimal structure for efficient and effective decision making in Digi.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Chair of the Board, Mr Lars-Ake Valdemar Norling is a Non-Independent Non-Executive Director and he plays an effective role as Chair of the Board by:</p> <ul style="list-style-type: none">• Leading the Board in establishing and monitoring good corporate governance practices in the Company, including but not limited to inclusion of corporate governance element as an agenda item for discussion at Board meetings;• Providing leadership, demonstrating strong commitment and judgement in overseeing the Management's function;• Ensuring the Company's decisions taken are in the best interest of shareholders and other stakeholders as well as fairly reflect the Board's consensus;• Facilitating board meetings to ensure effective contribution by all Directors and allowing dissenting views to be freely expressed, promoting a culture of openness in ensuring no one Director dominates the discussion;• Managing the interface and acting as the main conduit between the Board and Management in ensuring constructive relations; and• Acting on the results of the Board performance evaluation by recognising the strengths and addressing the weaknesses of the Board. <p>Details of the roles and responsibilities of the Chair of the Board are clearly specified in the Board Charter which is available on Digi's website at www.digi.com.my/investors.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

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

Practice 1.3

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

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

Intended Outcome

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

Practice 1.4

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

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

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

Intended Outcome

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

Practice 1.5

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

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

Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 2.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is guided by the principles contained in the Malaysian Code on Corporate Governance (MCCG), the Board Charter and the Delegation Authority Matrix, which set out the practices and processes in the discharge of its responsibilities, roles and responsibilities of the Board, Board Committees, individual Directors and Management, matters that are reserved for Board's consideration and decision making, specific focus areas that require attention from the Board, authority that has been delegated to the CEO including the authority limits which the CEO can execute, and provides guidance on the division of responsibilities between the Board and the CEO.</p> <p>The key matters reserved for the Board's full decision-making powers as stated in the Board Charter include conflict of interest issues relating to a substantial shareholder or approving related party transactions, material acquisitions and disposition of assets not in the ordinary course of business including significant capital expenditures, strategic investments, mergers and acquisitions and corporate exercises, Delegation Authority Matrix, treasury policies, risk management policies and key human resource issues.</p> <p>The Board Charter and Terms of Reference (TOR) for Board Committees are periodically reviewed and updated in accordance with the needs of the Company and any new/revised regulations to ensure an optimal structure is in place for efficient and effective decision making. The Board Charter and TORs are published on Digi's website at www.digi.com.my/investors.</p> <p>In March 2018, the Board reviewed and approved the revisions to the Board Charter and TORs of the Board Committees pursuant to the latest amendments to the Main Market Listing Requirements of Bursa Securities and the MCCG.</p>
Explanation for departure	:	

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

Intended Outcome

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

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

Practice 3.1

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

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

Application	: Applied
Explanation on application of the practice	<p>The Board has adopted and implemented a Code of Conduct (Code) that reflects Digi's purpose, and core values of integrity, respect, trust and openness. It provides a clear direction on conducting business, interacting with the community, government, business partners, and general workplace behaviour. It also includes guidance on disclosure of conflict of interests, maintaining confidentiality and disclosure of information, good practices, internal controls, corruption and bribery, insider trading, money laundering and the duty to report where there is a breach of the Code. Such principles and standards are also further incorporated in other governing documents as appropriate. The Code governs the conduct of all Digi employees, Management and Board members.</p> <p>Although the Code does not apply directly to the Company's business partners, however, Digi will not be associated with business partners that do not have appropriate ethical values.</p> <p>All employees including Board members are required to read and acknowledge the Code. Digi's Ethics and Compliance (E&C) Officer reports on a quarterly basis to the Audit and Risk Committee (ARC) on the compliance of the Code. Ongoing training is provided to employees on the Code, in particular on how to deal with situations involving ethical dilemmas to ensure that they continuously uphold high standards of conduct while performing their duties. There is an E&C Hotline service available to all employees and the public to allow the opportunity to speak up on misconduct and/or wrong doing by Digi employees. Any non-compliance and failure to report non-compliance to the Code may lead to disciplinary action.</p> <p>The ARC periodically reviews the process of communication of the Code to the employees, the effectiveness of anti-corruption measures and monitors compliance therewith by receiving regular compliance updates from the Management. The Code was last reviewed on 31 December 2016 and updated regularly by the Board with any</p>

	<p>new/revised applicable laws and regulations as and when necessary to meet the needs of the Board, and to address the changing conditions of its business environment. In the event that there are differences between such laws and regulations and the standards set out in the Code, the highest standard consistent with the applicable local laws shall be applied.</p> <p>The Code is accessible on Digi’s website at www.digi.com.my/aboutus.</p>	
Explanation for departure :		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure :		
Timeframe :		

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>Digi has established a whistle-blowing policy and manual and procedure to provide an avenue for employees, suppliers, business partners and customers to voice their grievances and raise their concerns about any malpractices involving Digi without any fear of repercussions. The Company encourages its employees to provide feedback with any concerns regarding illegal or unethical conduct, or malpractices in the workplace via its Ethics and Compliance (E&C) Hotline at http://telenorhotline.ethicspoint.com.</p> <p>The E&C Officer is responsible to handle whistle-blowing cases according to a well-defined process, outlined in the whistle-blowing policy and manual.</p> <p>The Audit and Risk Committee (ARC) is responsible to review the procedures to address allegations raised by whistle-blowers, and to ensure proportionate and independent investigation is fairly conducted. The E&C will report to the ARC and the Board on a quarterly basis on any reported cases as well as follow-up actions taken.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.1

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board currently has seven (7) Directors, comprising four (4) Non-Independent Directors and three (3) Independent Directors. They are all Non-Executive Directors. The Board composition is balanced and complies with Paragraph 15.02 of the Main Market Listing Requirements of Bursa Securities (MMLR) of at least 2 or 1/3 of the Board of Directors are Independent Directors.</p> <p>In view of the need to ensure independent and objective judgement in Board deliberations, all Independent Directors of Digi have no relationships with other Board members or other telco industry or to persons connected to them, directly or indirectly. Besides, the Independent Directors are knowledgeable about the Company's business strategies, market and competitors in the telco industry. The Independent Directors are of high calibre with diversified background and skills, and in-depth experience in boardroom and leadership positions.</p> <p>As a member of the Board, the Independent Directors take their roles and responsibilities to shareholders and other stakeholders seriously, and hold constant discussions and deliberations during Board and Board Committee meetings. They are also open to raise ideas and offer different views in deliberations during Board or Board Committee meetings. They do not shy away from asking hard and uncomfortable questions during deliberations and are willing to challenge Management if answers provided are not satisfactory.</p> <p>The Independent Directors are constantly engaging in in-depth dialogues with the CEO and Management including taking initiatives to have strategy review discussions and bringing their breadth of knowledge to the Board's deliberation. They are able to exercise strong independent judgment, and provide check and balance to the Board with their unbiased and independent views to foster greater objectivity in the boardroom. During the year 2017, Digi has held a total of seven (7) Board meetings dealing in finance, operational and strategy issues.</p>

	<p>In addition, the assessment on independence of the Independent Directors are conducted annually based on the criteria of independence in the MMLR and other criteria, in particular their abilities to exercise their objective and independent judgement to act in the best interests of the Company.</p>	
	<p>In order to enhance the independence of the Independent Directors, the following provisions are implemented:-</p> <ul style="list-style-type: none"> • Board decisions are made objectively in the best interest of Digi taking into account diverse perspectives and insights; • Rotation of Non-Executive Directors every three (3) years and be eligible for re-election subject to shareholders' approval; • Management members do not sit on the Board or Board Committees; and • Limit the tenure of Independent Directors to nine (9) years. <p>Digi's Chair continuously draws on the expertise and perspective of all Directors during deliberations to ensure robust discussions in Board meetings. The Chair has also shown his commitment to raise and deal with tough issues that arise during these deliberations.</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>	<p>:</p>	<p>Tan Sri Saw Choo Boon was appointed as Senior Independent Director on 22 June 2017 to provide a sounding board to the Chair. He ensures that each Non-Executive Director is given due consideration and where necessary, to act as a communication channel between Independent Directors and Non-Independent Directors to ensure proper checks and balance are in place. In areas of conflict of interest, the Chair will abstain from relevant discussions and deliberations. Tan Sri Saw is also available to respond to shareholder's concerns when contact through normal channels are deemed inappropriate.</p>
<p>Timeframe</p>	<p>:</p> <p>Others</p>	<p>Digi intends to maintain current Board composition.</p>

Intended Outcome

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

Practice 4.2

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

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

Application	:	Not applicable - Step Up 4.3 adopted	
Explanation on application of the practice	:		
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.3 - Step Up

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

Application :	Adopted																
Explanation on adoption of the practice :	<p>Digi has adopted a policy in its Board Charter to limit the tenure of Directors, especially the Independent Directors to a cumulative term of nine (9) years as the Board believes this is necessary to keep the objectivity and independence in check.</p> <p>Digi does not have any Director who has served on the Board for more than nine (9) years for the financial year 2017. The length of service of Directors as at 6 March 2018 is set out in the Board of Directors' profiles in the 2017 Annual Report, and summarised as follows:-</p> <table border="1"><thead><tr><th>Name of Directors</th><th>Length of Service (as at 6 March 2018)</th></tr></thead><tbody><tr><td>Lars-Ake Valdemar Norling</td><td>2 years 7 months</td></tr><tr><td>Tan Sri Saw Choo Boon</td><td>7 years 2 months</td></tr><tr><td>Yasmin Binti Aladad Khan</td><td>4 years 8 months</td></tr><tr><td>Vimala V.R. Menon</td><td>2 years 8 months</td></tr><tr><td>Haakon Bruaset Kjoel</td><td>8 months</td></tr><tr><td>Torstein Pedersen</td><td>2.5 months</td></tr><tr><td>Tone Ripel</td><td>1.5 months</td></tr></tbody></table>	Name of Directors	Length of Service (as at 6 March 2018)	Lars-Ake Valdemar Norling	2 years 7 months	Tan Sri Saw Choo Boon	7 years 2 months	Yasmin Binti Aladad Khan	4 years 8 months	Vimala V.R. Menon	2 years 8 months	Haakon Bruaset Kjoel	8 months	Torstein Pedersen	2.5 months	Tone Ripel	1.5 months
Name of Directors	Length of Service (as at 6 March 2018)																
Lars-Ake Valdemar Norling	2 years 7 months																
Tan Sri Saw Choo Boon	7 years 2 months																
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Vimala V.R. Menon	2 years 8 months																
Haakon Bruaset Kjoel	8 months																
Torstein Pedersen	2.5 months																
Tone Ripel	1.5 months																

Intended Outcome

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

Practice 4.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has adopted a formal policy on diversity by taking into account the number of aspects in designing the Board's composition, including but not limited to gender, age, culture and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments are based on meritocracy, and candidates considered against objective criteria, having due regard to the benefits of Board diversity.</p> <p>Appointment processes for Directors and Management are based on merit as well as objective criteria that assess competency, experience, skills and abilities. For financial year 2017, the Board members' skills and background are diverse ranging from accounting, legal, strategic planning, business management, telecommunications, information technology, banking and finance, and science in engineering with the average age of members ranging from 46 to 71.</p> <p>The Nomination Committee has a vital role in achieving diversity on the Board and considers the following before making its recommendations of suitable candidates to the Board:</p> <ul style="list-style-type: none">• To consider the benefits of boardroom diversity and to appoint candidates based on merit and without prejudice, when reviewing the Board's composition;• To consider the balance of skills, experience, independence, knowledge and the diversity of representation on the Board, as part of the annual performance evaluation on the effectiveness of the Board, Board Committees and individual Directors; and• To implement and monitor the progress of the Diversity Policy towards the achievement of such objectives. <p>Digi's Diversity Policy is accessible on Digi's website at www.digi.com.my/investors</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.5

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognises that other aspects of diversity within the Board are also important, and this includes a mix of skills, experience, perspective, gender and age. The evolution of this mix is a long-term process that is deliberated each time a vacancy arises to ensure a balanced and diverse Board composition is maintained. The Diversity Policy aims to set the approach to achieve diversity on Digi's Board and its workforce.</p> <p>Ms Tone Ripel's appointment to the Board as Non-Independent and Non-Executive Director on 23 January 2018, brings the percentage of women board members to 43%.</p> <p>Digi's Diversity Policy is accessible on Digi's website at www.digi.com.my/investors.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.6

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board does not solely rely on recommendations from existing board members, Management or major shareholders. There are several ways the Board identifies suitable qualified candidates, and they are:</p> <ul style="list-style-type: none"> • Engages Egon Zhender, an Independent search firm, to identify suitably qualified candidates as Independent Directors of Digi based on the criteria identified. • Engages Telenor Group, who is the major shareholder of Digi, to nominate their representatives as Non-Independent Non-Executive Directors of the Company. <p>The Nomination Committee (NC) is responsible to ensure that the procedures for appointing new Directors are transparent and rigorous and the NC is guided by its Terms of Reference in carrying out its responsibilities in respect of the nomination, selection and appointment process in Digi.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.7

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

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

Intended Outcome

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

Practice 5.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has adopted a formal and objective annual evaluation of the Board, Board Committees and Directors' performance. The assessment took into account the contribution and performance of the Directors in relation to their competencies, time commitment, and experience in meeting the needs of the Company.</p> <p>Our external Company Secretary from Boardroom Corporate Services (KL) Sdn Bhd who is from an independent external secretarial firm assists in the preparation of documents for the annual evaluation and facilitates the evaluation which includes self and peer evaluations.</p> <p>The evaluation process is led by the Nomination Committee (NC) Chair and the Company Secretaries. Each Director conducts the evaluations by answering online questionnaires accessible via the Board portal in a confidential manner.</p> <p>The evaluation process was based on self and peer assessments whereby the Directors assessed each other and themselves, the Board as a whole and the performance of each Board Committee. The criteria and outcome of the assessment were properly documented.</p> <p>Based on the recent assessment, the NC was satisfied that the Board size and its composition are optimum as the Board comprises individuals with the requisite skills, knowledge, experience, characteristics and competencies to effectively discharge their roles. The Directors, Board Committees and key officers had also discharged their responsibilities in a commendable manner and contributed to the overall effectiveness of the Board and Company. The Directors also committed the time necessary to responsibly fulfil their commitment to the Company during the year. There were an unprecedented total of seven (7) Board meetings and eight (8) Board Committees meetings during the financial year 2017, details as set out on page 63 of the 2017 Annual Report.</p> <p>Based on the evaluation, the Chair of the Board encourages and seeks all Directors' participation during Board meetings. The Independent Directors do not just rely on representation by the Management but</p>

	<p>also raised their queries or concerns on papers presented to the Board or its Board Committees. The following feedback and areas for improvement from the Board members are:-</p> <ul style="list-style-type: none"> • A few key risk issues should be highlighted before and not after the event has occurred. • Reputational risk should also be discussed. • Maintain a good balance with strong participation from all Directors as presently practised. • There has been an increase in circular resolutions. • More relevant information on the industry or competitors should be included as additional information to the Board. 	
<p>Explanation for departure :</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure :</p>		
<p>Timeframe :</p>		

Intended Outcome

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

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

Practice 6.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board via the Remuneration Committee (RC) has the responsibility to establish the Remuneration Policy framework for Directors and Senior Management. The RC also reviews the remuneration of Directors which is linked to strategic objectives of Digi to ensure that the Company is able to attract and retain high-performing Directors and/or Management team members.</p> <p>Digi's Remuneration Policy for Non-Executive Directors, Remuneration Policy and Procedure for Senior Management, and Terms of Reference of the RC are in place and are published on Digi's website at www.digi.com.my/investors.</p> <p>Digi engages an independent external Human Resource firm periodically to benchmark the remuneration of Management against market practices. At present, Digi's Board and Management remuneration corresponds to industry standards and remains competitive to attract and retain the right talent to drive Digi's long term objectives.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 6.2

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

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

Application :	Applied
Explanation on application of the practice :	<p>The Remuneration Committee (RC) of Digi has implemented policies and procedures on the remuneration of Non-Executive Directors. Digi recently adopted the Remuneration Policy and Procedure for Senior Management, and is made available on Digi's website at www.digi.com.my/investors.</p> <p>The RC reviews and recommends the remuneration of Independent Directors for the Board's approval and subsequently for shareholders' approval pursuant to the Terms of Reference of the RC, and Remuneration Policy of Non-Executive Directors. The RC has delegated to the CEO to determine the remuneration packages for Management team members under Delegation Authority Matrix approved by the Board.</p> <p>Each of the Independent Directors abstained from deliberating and voting on their own remuneration. The Non-Independent Non-Executive Directors receive their remuneration from their employing companies within Telenor Group and do not receive any form of remuneration from Digi. The Board is of the view that the current remuneration level suffices to attract, retain and motivate qualified Directors to serve on the Board.</p> <p>Digi also engages an independent external Human Resource firm periodically to benchmark the remuneration of Management against market practices. At present, Digi's Board and Management remuneration corresponds to industry standards and remains competitive to attract and retain the right talent to drive Digi's long term objectives.</p>
Explanation for departure :	

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

Intended Outcome

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

Practice 7.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board collectively determined the remuneration for the Independent Directors based on the recommendation of the Remuneration Committee. Each of the Independent Directors has abstained from deliberating and voting on their own remuneration.</p> <p>The Board ensures that information relating to Directors' remuneration is made transparent to all shareholders in line with good corporate governance practices and the Main Market Listing Requirements of Bursa Securities. The detailed disclosure on Directors' remuneration for the financial year 2017 is disclosed on a named basis for the Group in the Annual Report.</p> <p>The Non-Independent Non-Executive Directors receive their remuneration from their employing companies within Telenor Group and do not receive any form of remuneration from Digi.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 7.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	Currently, Management's remuneration is not disclosed in the annual report for confidentiality reasons as it may be detrimental to the interest of the Company and individuals.	
		The Board wishes to give assurance that the remuneration of the Management commensurate with their individual performances, taking into consideration the Group's performance and achievement of its key performance indicators (KPI). Market benchmarks are also conducted annually to maintain a total compensation level which is comparative to the market. The remuneration packages of the Management are based on experience, expertise, skills and industry benchmark.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Remuneration Committee will review the disclosure of the top 5 Management members.	
Timeframe	:	Within 2 years	

Intended Outcome

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

Practice 7.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.1

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

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

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>Digi does not have any former key audit partner as a member of the Audit and Risk Committee (ARC).</p> <p>The ARC has revised its Terms of Reference, which was approved by the Board on 15 March 2018, to adopt the policy that requires a former key audit partner to observe a cooling off period of at least two (2) years before being appointed as a member of the ARC by the Company or any of its related corporations.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognises the value of an effective Audit and Risk Committee (ARC) that ensures Digi maintains the integrity and reliability of its audit process and reports produced. This ensures investors are provided with quality information that helps them make informed decisions related to Digi. On 15 March 2018, the ARC formalised the procedures in assessing the suitability, objectivity and independence of the external auditors.</p> <p>The ARC conducted an annual assessment of the external auditors for the year 2017. Areas of assessment include technical competencies, capabilities, adequacy of specialist support, and senior audit partners' accessibility and time commitment. The external auditors confirmed, in writing to the Board, their independence in providing both audit and non-audit services up to the date of this report.</p> <p>Following the review of the assessment, the ARC was satisfied with Messrs Ernst & Young's technical competency and audit independence and recommended the re-appointment of Messrs Ernst & Young for shareholders' approval at the forthcoming Annual General Meeting.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The review of the term of office and performance of the Audit and Risk Committee (ARC) and each of its members are conducted annually, and concurrently with the annual Board assessment executed by the Nomination Committee pursuant to Paragraph 15.20 of the Main Market Listing Requirements of Bursa Securities (MMLR).</p> <p>Based on the results of the recent ARC evaluation, the Board is satisfied with the ARC's performance as the Chair and its members possess the necessary knowledge, experience, expertise and skills which contributed to the overall effectiveness of the ARC.</p> <p>All ARC members are financially literate, have sufficient understanding of Digi's business and commercial expertise skills required to discharge their roles and responsibilities effectively. The composition of the ARC is set out in the ARC Report on page 79 while the profiles of each member are disclosed in the Directors' profiles from pages 46 to 52 of the 2017 Annual Report.</p> <p>Ms Vimala V.R. Menon is a Fellow of the Institute of Chartered Accountants in England and Wales, United Kingdom and a member of the Malaysian Institute of Accountants. The ARC, therefore, meets the requirement of Paragraph 15.09(1)(c)(i) of the MMLR, which stipulates that at least 1 member of the ARC is a qualified accountant.</p> <p>The ARC ensures that the financial reports of the Company comply with applicable financial reporting standards.</p> <p>All ARC members keep themselves abreast with relevant industry developments including accounting and auditing standards, business practices and rules, and new statutory and regulatory requirements. They also enhance their skills through appropriate continuing education programmes.</p>

	The details of training programmes attended by the Directors during the year under review are set out on page 85 in the 2017 Annual Report.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognises its overall responsibility for establishing and overseeing Digi's system of internal control and risk management framework, and ensuring the adequacy and effectiveness of the system.</p> <p>Digi has established its risk management framework designed to identify, assess and manage significant risks that may impede the achievement of business objectives and strategies whilst the internal control systems are designed to manage and minimise, rather than eliminate occurrences of material misstatement, financial loss or fraud.</p> <p>Management is responsible for implementing Board policies and procedures on risk management by identifying and evaluating risks, and monitoring the risk vis-à-vis achievement of business objectives within the risk appetite parameters. The Board via the Audit and Risk Committee (ARC) oversees the Company's risks through its quarterly reviews and deliberation on the key risks identified and responses in mitigating the risk exposures. The ARC also periodically reviews the process to ensure the internal control and risk management framework are adequate and effective.</p> <p>The Board adopts the principles and guidelines on Risk Management under ISO 31000:2009 (which is a standard relating to risk management codified by the International Organisation for Standardisation) for the setting of objectives, risk identification, assessment, prioritisation, mitigation and monitoring.</p> <p>Details on Digi's internal control and risk management framework are set out in the Statement on Risk Management and Internal Control on pages 73 to 78 in the 2017 Annual Report.</p>
Explanation for departure	:	

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

Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 9.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>Management is responsible to manage the key business risks of the Group and implement appropriate internal control systems to manage those risks. The Board via the Audit and Risk Committee (ARC) reviews the adequacy and effectiveness of the risk management framework and system of internal controls including technology security and control, and the policies and compliance procedures with respect to business practices.</p> <p>The features of Digi's risk management framework and practices are disclosed in the Statement on Risk Management and Internal Control as part of the 2017 Annual Report, including the adoption of internationally recognised risk management framework, key risks areas and relevant risk responses in mitigating the risk exposures. Digi's Risk Management function reports on the above topics to the Board on a quarterly basis.</p> <p>The Internal Audit function assists the ARC in evaluating the effectiveness of the Company's risk management and internal control system through its Internal Audit Plan. The ARC also obtains such assurance from Management and other assurance providers in ensuring the adequacy and effectiveness of its risk management and internal control systems.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 10.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Internal Audit function is carried out by the Internal Audit department independently. All internal audit personnel have no involvement in the operations and Head of Internal Audit report directly to the Audit and Risk Committee (ARC). The internal audit function thereby provides independent assurance on the areas reviewed related to the effectiveness of Digi's internal control system. This is carried out based on the annual Internal Audit Plan approved by the ARC. The purpose, authority and responsibility of the Internal Audit department are reflected in the Internal Audit Charter, which is also reviewed and approved by the ARC annually.</p> <p>The ARC further reviews the performance of the Head of Internal Audit and holds private sessions with her without the presence of Management to ensure its remains effective and able to function independently.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 10.2

The board should disclose–

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Internal Audit department comprises six (6) members, led by Ms Jenny Koay Chia Yin, who has over 17 years of experience in operational risk management and internal audit, in various multinational companies, and has a Certification in Risk Management Assurance (CRMA). To further preserve the independence of the Internal Audit function, the Head of Internal Audit's performance is appraised by the Chair of the Audit & Risk Committee (ARC).</p> <p>The Internal Audit staff are required to perform an annual declaration of adherence to the Code of Ethics, and any non-conformance and/or conflicts are reported to either the Head of Internal Audit or Chair of the ARC.</p> <p>The Internal Audit personnel are free from any relationships or conflict of interest which could impair their objectivity and independence.</p> <p>The Internal Audit department adopts the Institute of Internal Auditors International Standards for the Professional Practice of Internal Auditing. It also maintains a quality assurance and improvement programme covering its internal audit processes, which is subject to an annual internal and external assessment by a certified body once in 5 years. The results are presented and discussed with the ARC.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	

Timeframe	:		
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Intended Outcome

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

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

Practice 11.1

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

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

	<p>investment community have been instrumental to facilitate a clear, fair and holistic appreciation of Digi’s performance, business strategies and prospects among research analysts, fund managers, investors and other stakeholders.</p> <p>During the Annual General Meeting (AGM), there is a presentation on the Company’s performance, major activities which were carried out by the Company during the financial year and future prospects. Furthermore at the AGM, shareholders have the opportunities to post questions and comment on the Company’s performance and operations.</p> <p>Shareholders and investors can also make inquiries about Investor Relations matters with Digi throughout the year via Investor_Relations@digi.com.my.</p>
<p>Explanation for departure</p>	<p>:</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure</p>	<p>:</p>
<p>Timeframe</p>	<p>:</p>

Intended Outcome

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

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

Practice 11.2

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	The Board acknowledges that integrated reporting goes beyond a mere combination of a financial statement and sustainability report into a single document.
		Nevertheless, there are coordination efforts among cross-functional departments in preparing the various statements and reports in the Annual Report.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	The Board will look into integrated reporting based on a globally recognised framework in the near future.
Timeframe	:	Within 2 years

Intended Outcome

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

Practice 12.1

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

Application	:	Applied	
Explanation on application of the practice	:	Digi's notice of AGM is sent to shareholders at least 30 days prior to meeting date.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>All Directors including the chairs of the respective Board Committees attended the last AGM. At the 20th AGM held on 9 May 2017, the CEO also provided shareholders with a presentation on the Group's financial performance and operations. The Chair of the Board also shared with shareholders at the meeting and responded to questions submitted in advance by the Minority Shareholders' Watchdog Group.</p> <p>Shareholders are invited to ask questions both about the resolutions being proposed before putting them to vote as well as matters relating to the Company's operations in general and meaningful responses were given to the questions raised.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 12.3

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

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	Although Digi is not able to immediately comply with the recommended approach under Practice 12.3, the Board has taken the necessary steps to enable shareholders to participate, engage the Board and Digi Management Team effectively and make informed voting decisions at General Meetings by organizing shareholders' meetings in Kuala Lumpur to provide the maximum opportunity for shareholders to attend alongside with the convenience of voting via e-polling and online real time results.
	:	In line with the revised Paragraph 8.29A of the MMLR, all resolutions put to general meetings have been voted by e-poll with an independent scrutineer appointed to validate the votes casted at the AGM. The outcomes of voting on the proposed resolutions have been disclosed to the market and posted on Digi's website after the AGM.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	The Board is committed to assess on the need for voting in absentia and remote shareholders' participation at General Meeting and the availability of a secure remote voting online platform.
Timeframe	:	Within 2 years

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

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

Not applicable
