

Chair of the Board's Statement

Navigating a year of strong challenges and deep responsibility for all



Haakon Bruaset Kjoel
Chair of the Board

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Board is confident we have the appropriate balance of knowledge, skills, experience and independence to drive the company agenda and govern effectively. The recent appointments of Randi Wiese Heirung and Wenche Agerup as Non-Independent Non-Executive Directors have further strengthened the Board from a competence and diversity perspective. We would also like to thank Torstein Pedersen and Anne Kvam for their valued contribution during their time with the Board, and wish them the best in their next endeavours.

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

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

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

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

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

Q How would you describe the year ahead for Digi?

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

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

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

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

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

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

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