



LET'S INSPIRE

Integrated Annual Report 2020

# CONNECTING YOU

# TO WHAT MATTERS MOST



# Inside This Report



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

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



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for Integrated Annual  
Report 2020 online

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# About This Report

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

## Scope and Reporting Boundaries

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

## Assurance

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

## Integrated Approach and Materiality

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

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

## Forward-looking Statements

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

## Approval by the Board

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

## Feedback

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

## Reporting Suites

We are committed to report openly and honestly to our broad range of stakeholders. To view the full suite, visit our website at [www.digi.com.my](http://www.digi.com.my)



### Integrated Annual Report (IAR) 2020

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



### Corporate Governance Report 2020

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



### Sustainability Performance and GRI Content Index

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

<https://www.digi.com.my/sustainability/reporting.html>



## Reporting Framework & Principles

Our reporting suites are in compliance with:



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

## NAVIGATION ICONS

### Our Capitals

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

### Our Strategic Pillars

-  Growth
-  Modernisation
-  Responsible Business

# About Digi

## WHO WE ARE

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

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

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

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

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

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

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

## Our Values



### Always Explore

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



### Create Together

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



### Keep Promises

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



### Be Respectful

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

## Our Way of Work



### Customer Obsessed

Putting our customers at the heart of everything we do.



### Innovation 360

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



## About Digi

## Our Purpose

### Connecting Customers To What Matters Most

### Empowering Societies

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

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

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

## Our Strategy

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

*Refer to Our Strategy on pages 42 to 43.*

## Our Promise to Customers



### Best in Internet and Value

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



### Digital Customer Experience

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



### Trusted by Customers

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

## Corporate Structure



### Digi.Com Berhad

[Registration No. 199701009694 (425190-X)]

100%

**Digi Telecommunications Sdn Bhd**

[Registration No. 199001009711 (201283-M)]

100%

**InfraNation Sdn Bhd**

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

100%

**Digi Services Sdn Bhd**

[Registration No. 199201012386 (243889-T)]

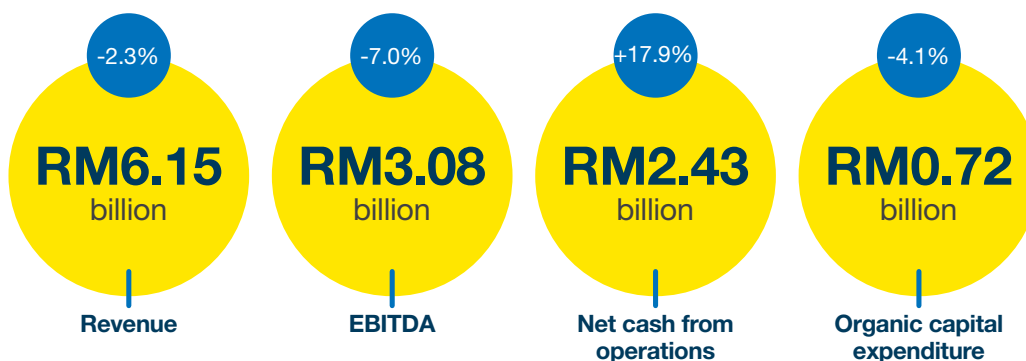
100%

**Y3llowlabs Sdn Bhd**

[Registration No. 200001032596 (535203-H)]

# The Value We Created

## Financial Performance



### FOR OUR CUSTOMERS

Wider network population coverage nationwide

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

Delivered fastest and most consistent network

**Ranked #1** in most consistent network\*

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

\*measured via third-party crowdsourcing data

Increased self-serve transactions on digital channels

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

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

### FOR OUR INVESTORS

**Near 100%** dividend payout ratio

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

Recorded the highest return on equity over three years

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



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

### FOR OUR SOCIETIES

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

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

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

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

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

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

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



## The Value We Created

### FOR OUR ENVIRONMENT

#### ↑5% improvement

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

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

#### ↑31% improvement

in carbon intensity per data usage of **0.09 tCO<sub>2</sub>e** (FY2019: 0.13 tCO<sub>2</sub>e)

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

#### ↑27% improvement

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

### FOR OUR EMPLOYEES

#### RM242.1 million

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

#### 86,420 hours

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

#### Highly diverse workforce

**50%** of our employees are women

**47%** women in leadership position

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



*Enabling*

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

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







# Our Response to Covid-19

## Driving Inclusivity To Build Socio-economic Recovery

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

Key  
1

### Maintaining network stability to sustain leading position on consistency and quality



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



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

Key  
2

### Promoting safe internet and digital inclusion and accessibility for underserved communities



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



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

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

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

**Unlimited data access** for national curriculum resources on Jom Tuisyen



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



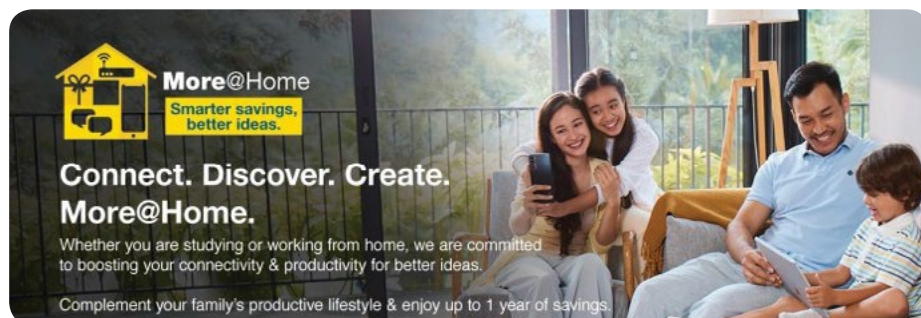
Supported **Tabung Cerdik**, a government-led initiative by providing devices and affordable connectivity options to B40 students for remote learning



## Our Response to Covid-19

### Key 3

#### Keeping customers connected via special plans and digital channels



#### Digi Prepaid Abadi,

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



#### More@Home Campaign,

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

Exclusive

#### Digi Postpaid Smart Bundle

for frontliners and essential services workforce



New services on

#### Digi Store Online

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

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

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



### Key 4

#### Helping micro businesses and SMEs digitalise for business continuity



#### Standing Together With You

Keeping you connected to what matters most.



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



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



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



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

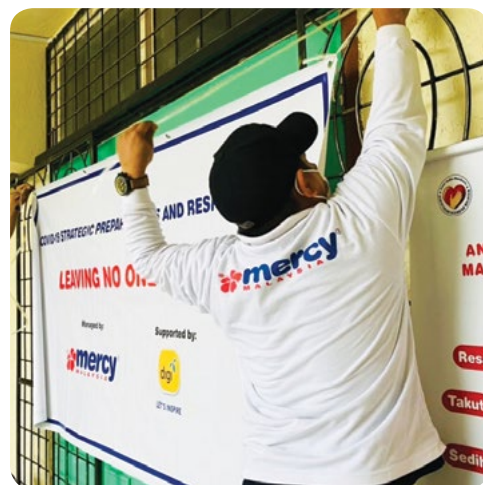




## Our Response to Covid-19

Key  
5

Supporting humanitarian and emergency relief efforts with Covid-19 aid



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



**RM2 million pledged**

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



**Zero-rated calls**

to state health emergency and hotline numbers



**Sponsored devices and connectivity for video calls**

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



Supported government in disseminating Covid-19 related information via

**daily SMS broadcasts**



## Our Response to Covid-19

**Key  
6**

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



#### 207 virtual inspections

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



#### Mandatory health and safety e-learning

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



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



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

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



More details on how Covid-19 has impacted our business operations and performance can be found throughout Sections 3 and 4 of this report and in Digi's Sustainability website at <https://www.digi.com.my/sustainability/reporting.html>

# Chair of the Board's Statement

Navigating a year of strong challenges  
**and deep responsibility for all**



**Haakon Bruaset Kjoel**  
Chair of the Board

“

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

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



## Chair of the Board's Statement



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## Chair of the Board's Statement

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

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

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

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

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

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

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

### **Q How would you describe the year ahead for Digi?**

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

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

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

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

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

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

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

# Chief Executive Officer's Statement

## Stronger Together, Building A Better Tomorrow

“

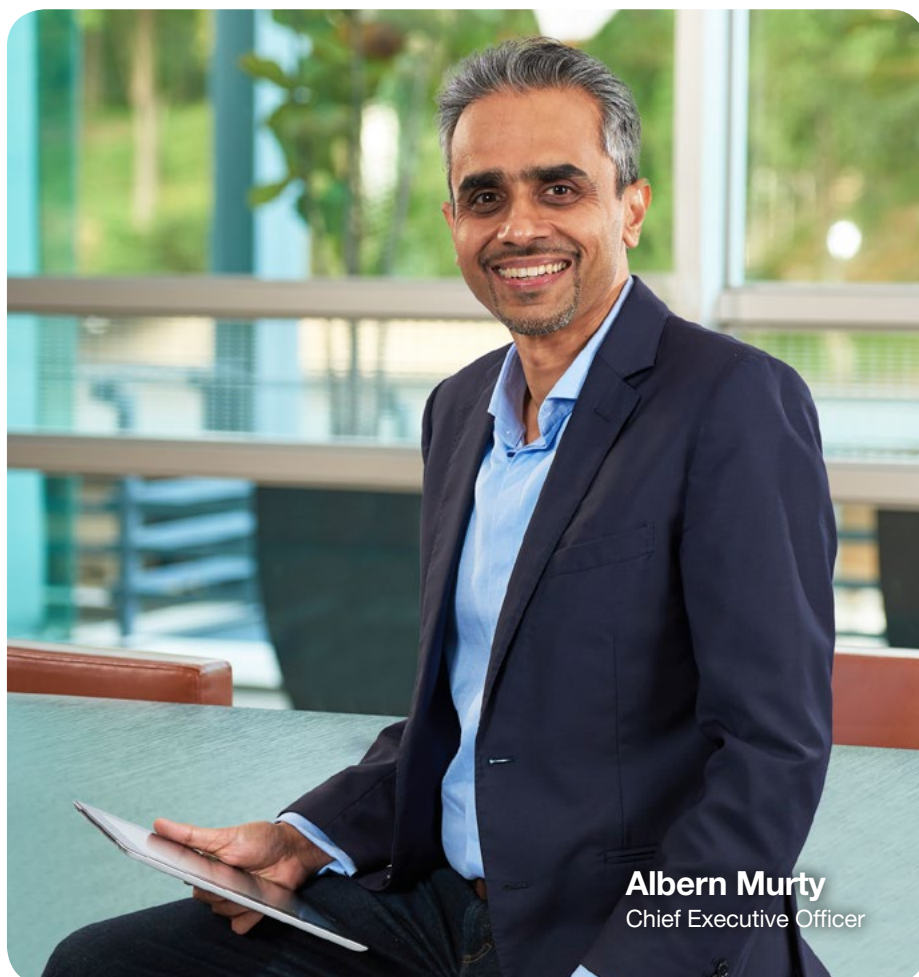
2020 was a year of learning and exploration for Digi – new ways of working and staying connected to our teams, finding innovative means of serving our customers, and doing things to grow closer as a team despite being physically apart. This was a year where we grew as a company and explored new growth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

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

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

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

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



**Albern Murty**  
Chief Executive Officer



## Chief Executive Officer's Statement

“

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

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

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

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

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

### **Benefits for customers focused on learning, connectivity, and productivity**

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

### **Optimising service channels to better meet customer's needs**

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

### **Timely dissemination of information to all**

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

### **Supporting relief efforts**

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

### **Safeguarding health and wellbeing of people across our value chain**




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







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

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

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

# Chief Executive Officer's Statement

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

Legend:  Financial  Intellectual  Social & Relationship  Manufactured  Natural  Human

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

## Q What are your priorities and outlook for 2021?

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

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

# Chief Financial Officer's Statement



**Inger Gløersen Folkesson**  
Chief Financial Officer

## Maintaining solid financial momentum driven by a resilient operating model

“

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

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

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

### Building sustainable revenue mix

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

### Driving optimal cost and capex controls

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

### Robust working capital management

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



## Chief Financial Officer's Statement

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

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

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

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



**Effective risk management for trade receivables**



**Protect flexibility for easy access of competitive rates**



**Execute interest rate swap exercises to hedge against interest rate risk**



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



**Clear capital allocation process that promotes long-term growth**

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

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



### GROWTH

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



### MODERNISATION

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



### RESPONSIBLE BUSINESS

- More efficient governance structures aimed at faster decision-making
- Increase in Health, Safety and Environment (HSE) adoption in supply chain
- Reduce CO<sub>2</sub> emissions versus baseline
- New Environmental, Social and Governance (ESG) brand preference score
- Users engaged via Yellow Heart programmes

# Chief Financial Officer’s Statement

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

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

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

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

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

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

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

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

# 5-Year Financial Summary

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

## Notes:

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

1 EBITDA excludes the gain or loss on:

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

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

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

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





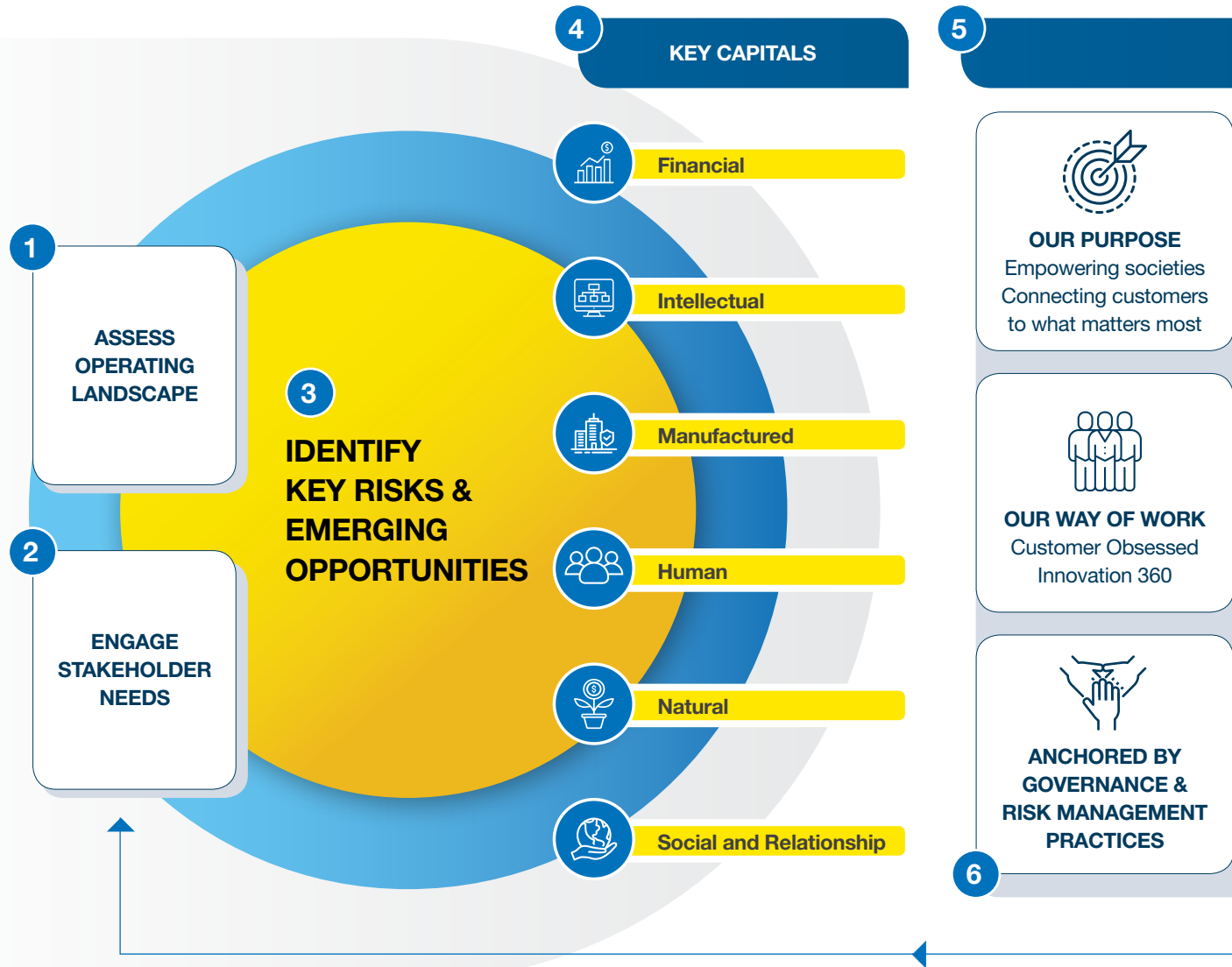
A person in a white lab coat is shown from the side, working on a laptop. The background is a solid blue color with a faint, abstract pattern of light and dark blue shapes. The text 'Catering TO THE SOCIETY'S NEEDS IN EXTRAORDINARY TIMES' is overlaid on the right side of the image. The word 'Catering' is in a yellow script font, while the rest of the title is in a bold, sans-serif font, with 'TO THE SOCIETY'S NEEDS' in yellow and 'IN EXTRAORDINARY TIMES' in dark blue.

# *Catering* **TO THE SOCIETY'S NEEDS IN EXTRAORDINARY TIMES**

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

# Our Business Model

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



**1** The environment in which we operate impacts our ability to create value. Refer to pages 26 to 28

**2** Top material matters and stakeholders' concerns are prioritised and addressed accordingly. Refer to pages 29 to 33, and 38 to 40 respectively

**3** Key risks and opportunities we consider to execute on our strategies. Refer to pages 34 to 37 and 41 respectively

**4** Resources from our capitals that are critical to create value. Refer to Section 4, pages 46 to 69



# Our Business Model

## OUR STRATEGY FRAMEWORK



8

## CREATING SUSTAINABLE VALUE

7

### PERFORMANCE & TARGETS

Steady dividend payout and shareholder returns

Widespread high quality network connectivity

Innovative core offerings for mass market customers and B2B segment

Safe internet usage and future skills programmes

Diverse and inclusive workplace

5

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

6

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

7

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






8

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

# Our Operating Landscape






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

 Financial
  Intellectual
  Social and Relationship
  Manufactured
  Natural
  Human

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

## 2021 Outlook



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

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

## 2021 Outlook



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

## Our Operating Landscape

Aspect	Impact to business & industry	Digi's Response
 <p><b>Emerging Regulatory Requirements</b></p> <p>Link to capitals:</p> 	<ul style="list-style-type: none"> <li>The government has announced Jalanan Digital Negara (JENDELA) initiative to upgrade Malaysia's digital infrastructure and provide wider coverage and better quality of broadband experience for the <i>rakyat</i>, whilst preparing the country for 5G technology</li> <li>3G sunset and subscriber migration to 4G present execution challenge among mobile telcos to ensure no impact to customer experience</li> <li>New provision of the Malaysian Anti-Corruption Commission (MACC) Act 2009 regarding graft offences and corporate liability to push greater governance and corporate citizenship</li> </ul>	<ul style="list-style-type: none"> <li>Committed to invest to increase overall service coverage, reliability and quality to provide digital inclusion for all Malaysians</li> <li>Set up internal governance with cross functional and CXOs involvement to ensure seamless 3G sunset and subscriber migration to 4G</li> <li>Continued to adopt an open and collaborative stance with the regulator and industry stakeholders to ensure achievement of national goals as well as spectrum access</li> <li>Conducted organisation-wide training on the revised MACC Act on Corporate Liability that took effect on 1 June 2020</li> </ul>

### 2021 Outlook

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

Aspect	Impact to business & industry	Digi's Response
 <p><b>Technology</b></p> <p>Link to capitals:</p> 	<ul style="list-style-type: none"> <li>Cloud, data and analytics, artificial intelligence, and network technologies continue to reshape the telco industry</li> <li>Cyber-security and data privacy becoming more important for customers and enterprises</li> <li>The need for the right digital talent to adopt digital transformation strategies at a faster pace to meet rising demands and new opportunities from technology innovation</li> </ul>	<ul style="list-style-type: none"> <li>Set up Data Hub department to consolidate expertise and deployed digital initiatives such as use of data analytics for improved process efficiency and develop strategic data assets to drive personalised offerings</li> <li>Leveraging learnings from 5G use cases and trials conducted nationwide while modernising our network</li> <li>Robust governance and processes to ensure compliance, privacy controls and security system to enhance data protection</li> <li>Develop critical digital competencies through a plethora of e-learning resources and cross-function job exposures</li> </ul>

### 2021 Outlook

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





## Our Operating Landscape

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

### 2021 Outlook

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

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

### 2021 Outlook

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

# Our Key Relationships

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

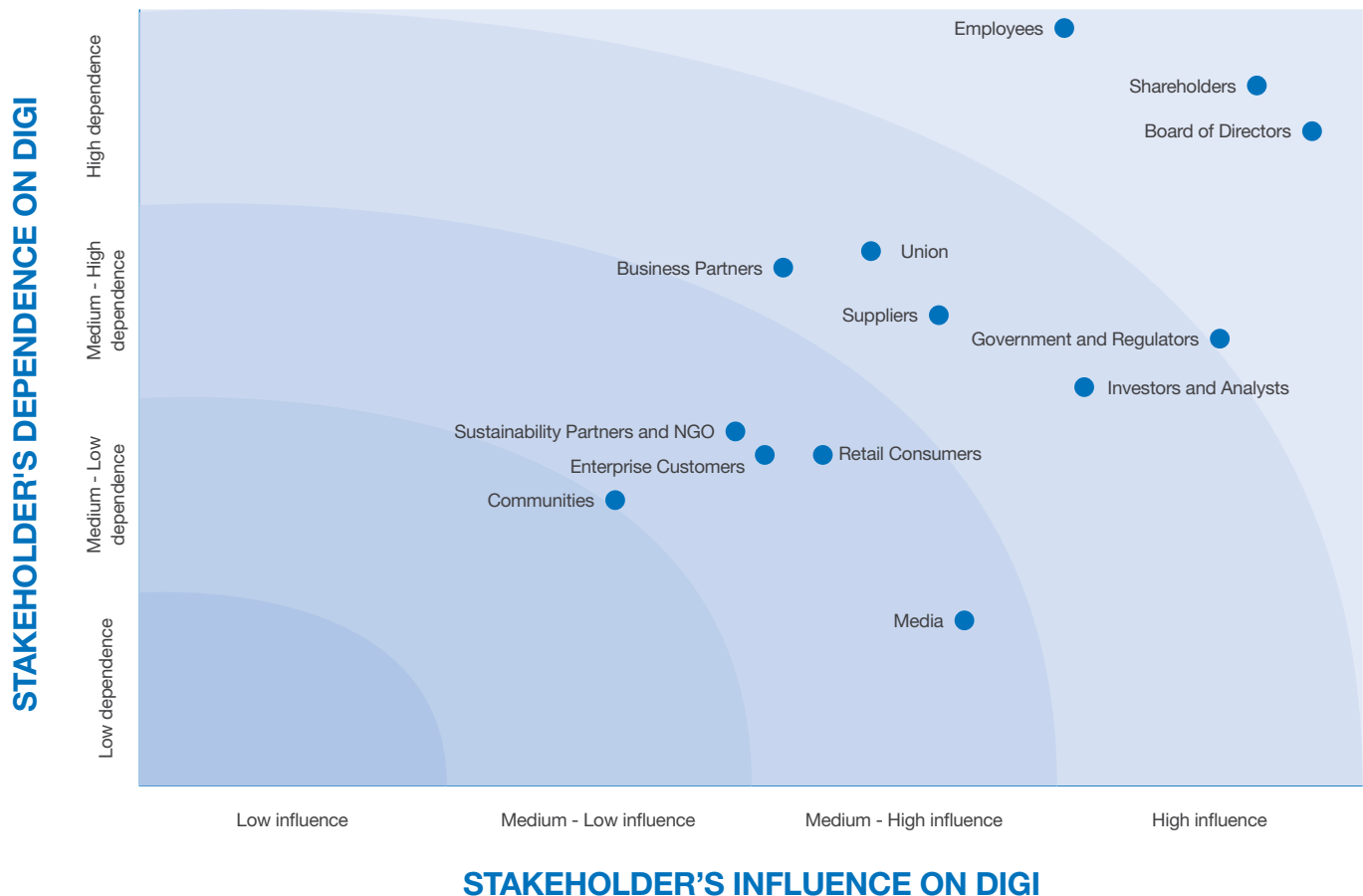
## STAKEHOLDER PRIORITISATION PROCESS

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

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

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

### STAKEHOLDER PRIORITISATION MATRIX FY2020



## Our Key Relationships

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

### SUMMARY OF ENGAGEMENT WITH KEY STAKEHOLDER GROUPS

Stakeholder Groups	Engagement Channel and Frequency	Issues and Expectations	Digi's Response
<b>BOARD OF DIRECTORS</b> Responsible as the company's leadership, setting out strategic aims, reviewing the management's performance to meet objectives	<ul style="list-style-type: none"> <li>Annual General Meeting</li> <li>Quarterly Board meeting</li> <li>Board effectiveness evaluation</li> <li>Company events/ activities</li> </ul> <p><b>Frequency of engagement:</b></p> <p>W Q Y</p>	<ul style="list-style-type: none"> <li>Existing agenda on ESG matters (i.e. climate change, anti-corruption, compliance, welfare and wellbeing of the stakeholders)</li> <li>Review financial and non-financial performances</li> </ul>	<ul style="list-style-type: none"> <li>Engage on Digi's financial and non-financial performance, strategic growth plans, operational and talent management</li> <li>Ensure transparency in corporate reporting and disclosures through multiple platforms</li> <li>Strengthen communications and engagements with stakeholders</li> </ul>
<b>GOVERNMENT AND REGULATORS</b> Access to spectrum and operating licenses, set regulatory measures with financial implications, and compliance in accordance to national laws and aspirations	<ul style="list-style-type: none"> <li>Regular reports and periodical information sharing with Ministry and regulators</li> <li>Participate in JENDELA and 5G Taskforce</li> <li>Company website</li> <li>Annual Report and Financial Report</li> <li>Yearly site audit and visit</li> <li>Analyst briefings</li> </ul> <p><b>Frequency of engagement:</b></p> <p>W Q Y</p>	<ul style="list-style-type: none"> <li>Widespread digital adoption</li> <li>Service reliability and quality</li> <li>Achieving Jalinan Digital Negara (JENDELA) targets</li> <li>Tech talent development</li> <li>Climate action and environmental management</li> <li>Digi's efforts in data privacy and protection</li> </ul>	<ul style="list-style-type: none"> <li>Wider coverage and better quality of broadband experience</li> <li>Improve our 4G network nationwide</li> <li>Rollout of '#BuatLebih4Gi' campaign with Digi 4G' to drive adoption</li> <li>Foundation to prepare the country for 5G technology together with industry</li> <li>Affordable access for education and productivity, digitalisation for SMEs and businesses and inclusive products and offerings for the <i>rakyat</i></li> </ul>



## Our Key Relationships

### Frequency of engagement:

<b>D</b> Daily	<b>Q</b> Quarterly
<b>W</b> Weekly	<b>H</b> Half-yearly
<b>M</b> Monthly	<b>Y</b> Yearly

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

## Our Key Relationships

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

## Our Key Relationships

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












# Our Key Risks

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





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

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





 Financial
  Intellectual
  Social and Relationship
  Manufactured
  Natural
  Human

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

# Our Key Risks

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

## Our Key Risks

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



## Our Key Risks

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

# Our Material Matters

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

## Phase 1: Review material matters

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

## Phase 2: Stakeholder engagement

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

## Phase 3: Sustainability impact assessment

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

## Phase 4: Calibration of stakeholder engagement and impact assessment

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

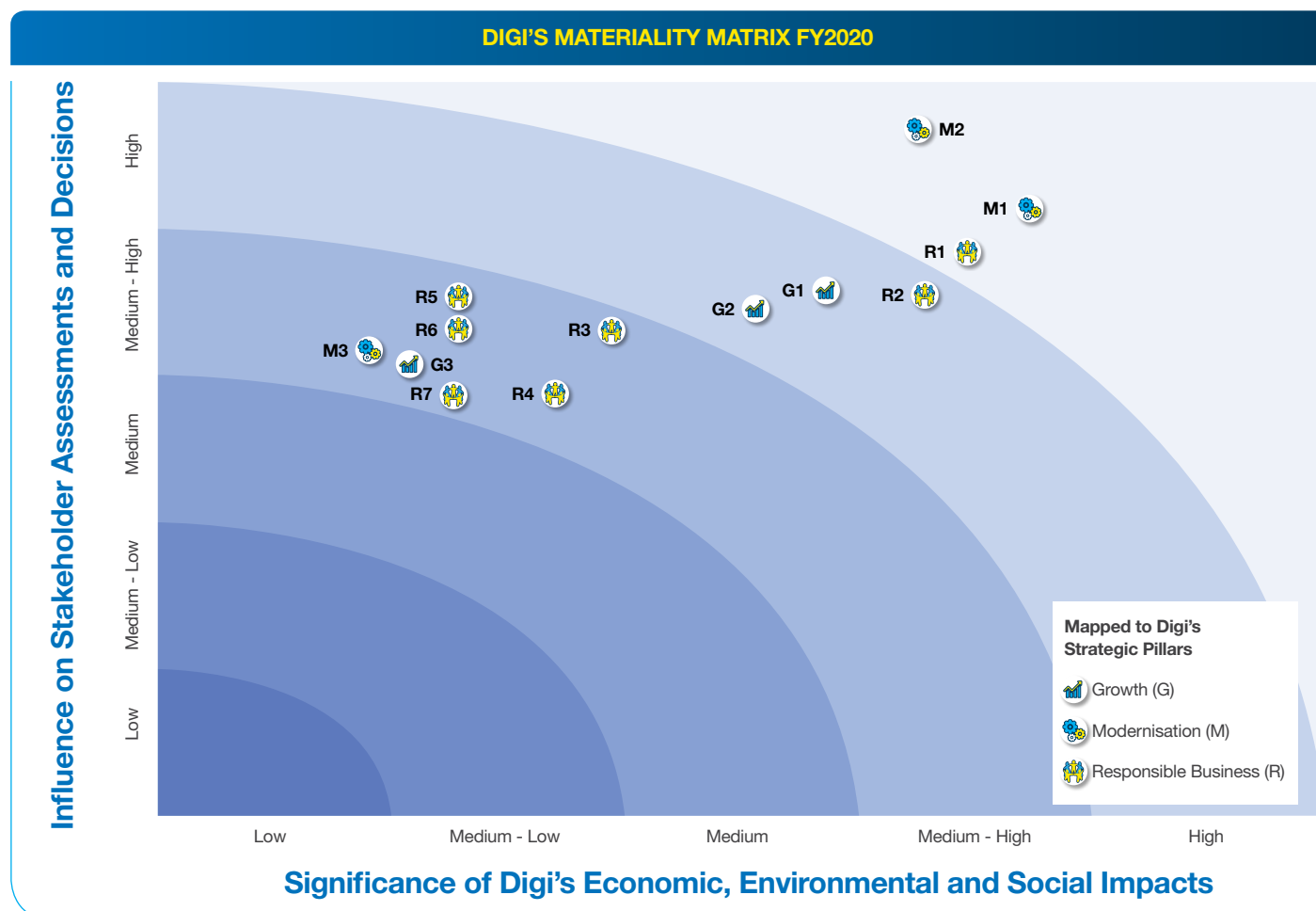
## Phase 5: Review and approvals

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

## Our Material Matters

### Materiality Matrix

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



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

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

## Our Material Matters


















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



# Our Emerging Opportunities

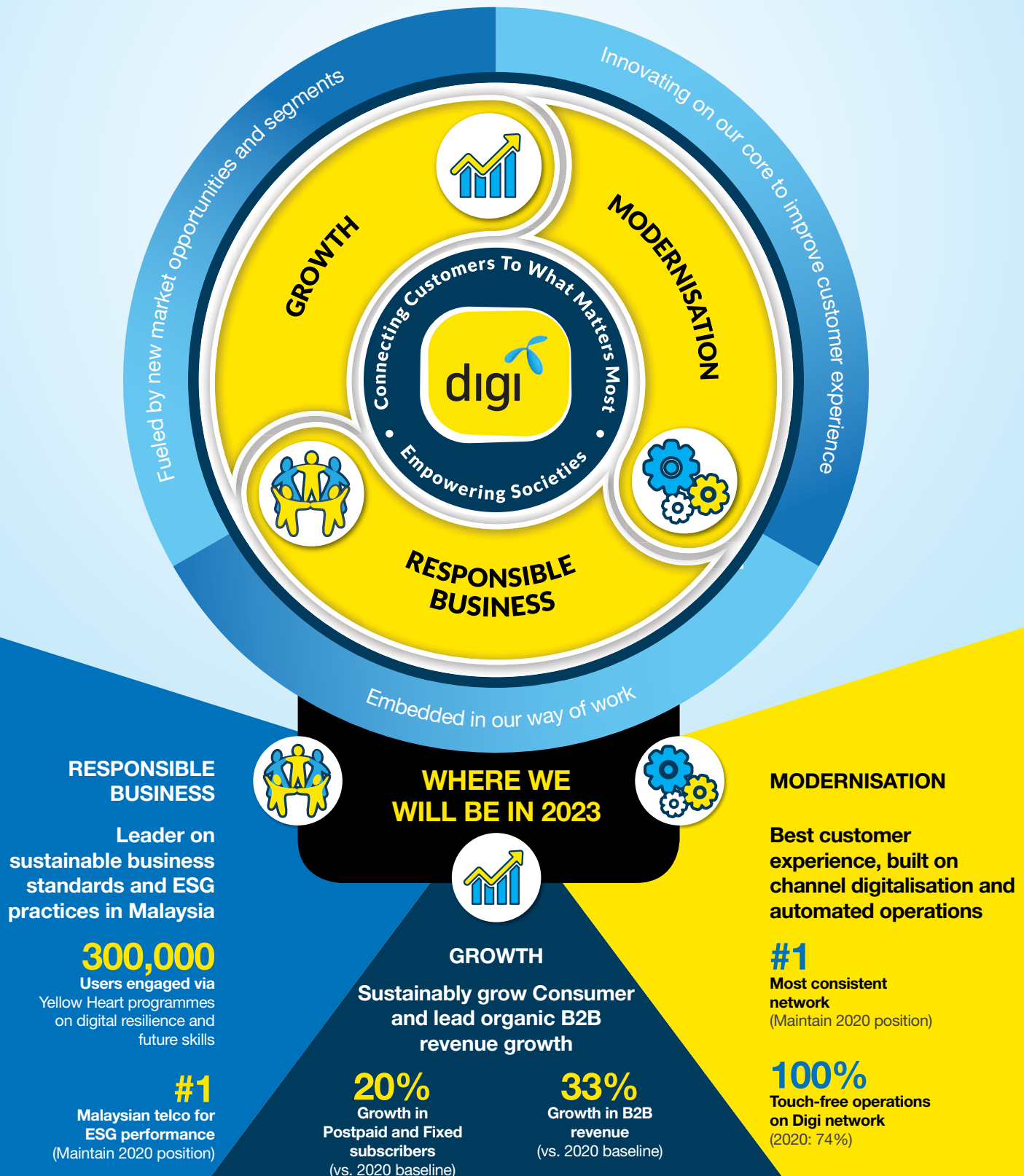
Macroeconomic, regulatory, and technological developments have influenced the industry and consumer behaviour at a rapid pace. By understanding our stakeholder's expectations, coupled with thorough analysis of the operating trends and key risks, it has presented Digi with a host of opportunities that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

 Financial
  Intellectual
  Social & Relationship
  Manufactured
  Natural
  Human

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

# Our Strategy

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



## Our Strategy

2021

Building Foundations  
For Growth In  
The New Normal



## GROWTH

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



## MODERNISATION

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



## RESPONSIBLE BUSINESS

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

2022

Advancing Customers  
And Society Through  
Digitalisation



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

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

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

2023

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



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

## HOW DO WE GET THERE

Priorities for 2021



## GROWTH

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



## MODERNISATION

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



## RESPONSIBLE BUSINESS

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

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

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







# How We Create Value

## FINANCIAL

## MANUFACTURED

## INTELLECTUAL

## HUMAN

## NATURAL

## SOCIAL &amp; RELATIONSHIP



## WHAT FINANCIAL CAPITAL MEANS TO DIGI

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

### KEY HIGHLIGHTS AND VALUE CREATED

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

### CHALLENGES AND OPPORTUNITIES

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

### Mapping against our sustainability matters

G3 M1 R6

### Our key initiatives linked to strategic pillars

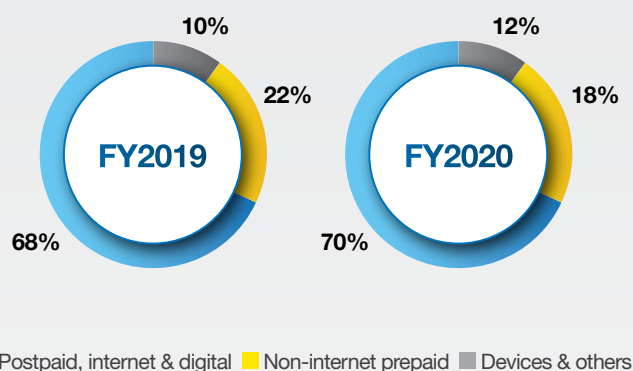
Driving sustainable growth from the internet and digital portfolios	
Growing active Malaysian subscriber base to deliver resilient service revenue	
Delivering disciplined cost control and capital allocation	
Managing risks for trade receivables	
Strengthening our focus to drive efficient, profitable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

## How We Create Value

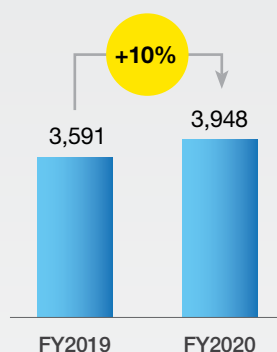
### Driving sustainable growth from the internet and digital portfolios

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

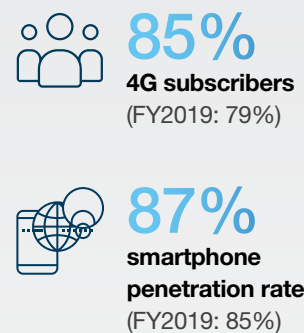
#### More sustainable revenue mix



#### Improved internet and digital revenue in RM mil



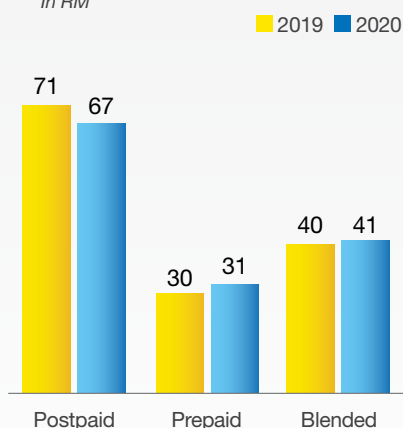
#### Growing internet users



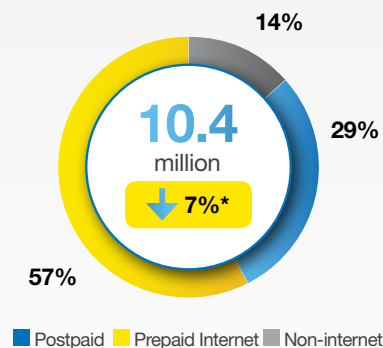
### Growing active Malaysian subscriber base to deliver resilient service revenue

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

#### Improved ARPU development In RM

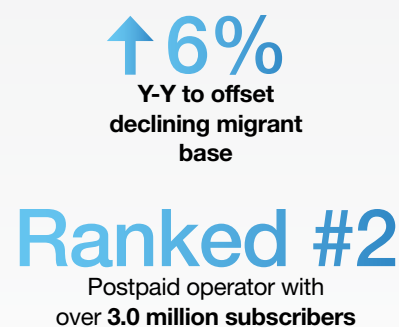


#### Lower total subscribers



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

#### Larger active Malaysian base





# How We Create Value

## FINANCIAL

## MANUFACTURED

## INTELLECTUAL

## HUMAN

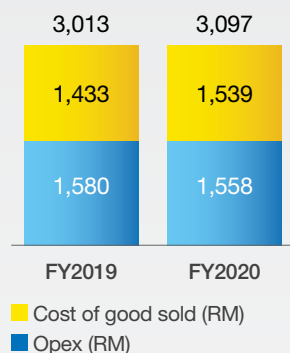
## NATURAL

## SOCIAL &amp; RELATIONSHIP

## Delivering disciplined cost control and capital allocation

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

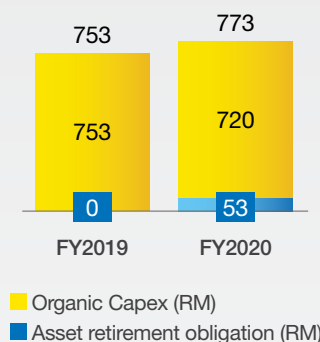
**Higher costs by 3%**  
in line with growth in device and digital business



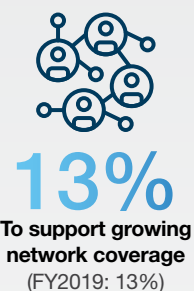
**Opex savings of 1%**  
as a result of strategic transformation to online channels



**Optimal organic capex**  
as guided amid challenging backdrop



**Sustained organic capex-to-service ratio**



## Managing risks for trade receivables

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

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

**3%**  
(FY2019: 3%)

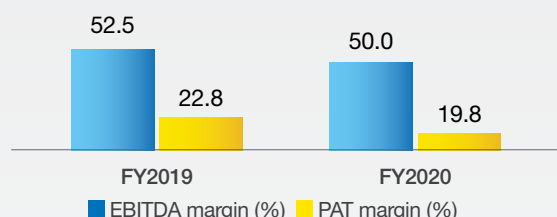


## How We Create Value

### Strengthening our focus to drive efficient, profitable operations

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

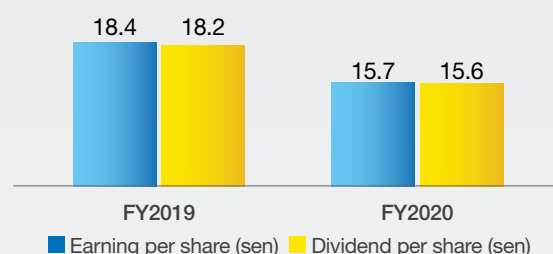
#### Resilient EBITDA and PAT margins



### Sustaining near 100% of dividend payout ratio

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

#### Shareholder returns



#### Approved Dividend by Board

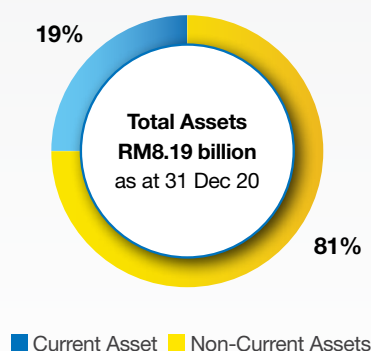
**RM1,213 mil**

Near 100% payout ratio

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

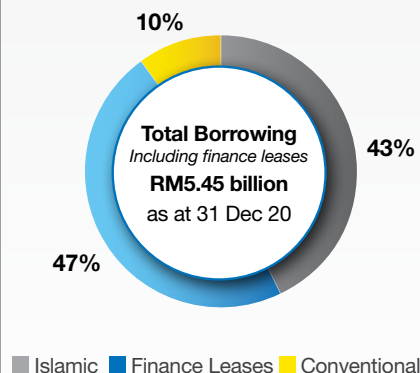
- Expanded Total Assets to RM8.19 billion on enlarged right-of-use assets led by continued prioritisation on efficient asset management
- Ensured business sustainability and positioned us for the future to deliver value to our shareholders

#### Total Assets



#### Higher total borrowings

mainly attributed to increased finance leases of 26%



#### Gearing and net debt level

**1.7 times**

**Net debt to EBITDA ratio**  
(FY2019: 1.6 times)

**7%**

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

# How We Create Value

FINANCIAL

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**WHAT MANUFACTURED CAPITAL MEANS TO DIGI**

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

KEY HIGHLIGHTS AND VALUE CREATED

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

CHALLENGES AND OPPORTUNITIES

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

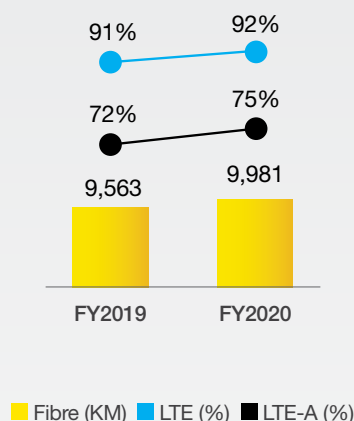
Mapping against our sustainability matters	
G1 M1 R3	
Our key initiatives linked to strategic pillars	
Delivering stronger coverage and network capacity throughout the pandemic	
Ensuring consistent network experience for customers with the fastest network	
Preparing our core mobile network to be 5G-ready	
Developing in-house digital services to address customer needs and pain points	
Deepening digitalisation efforts to drive online customer engagements and overall customer satisfaction	

## How We Create Value

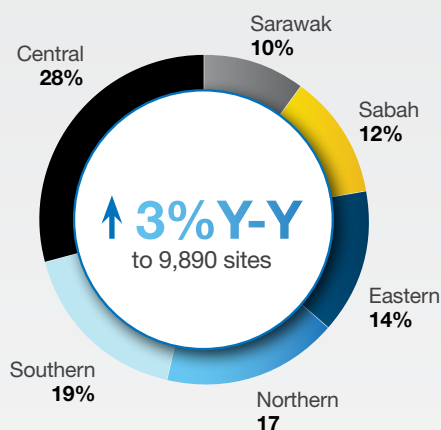
### Delivering stronger coverage and network capacity throughout the pandemic

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

#### Robust network coverage



#### Enlarged network sites



#### Fulfilled JENDELA ambitions\*

##### 100% completion

in site upgrades to support JENDELA ambitions in 2020

##### 97% completion

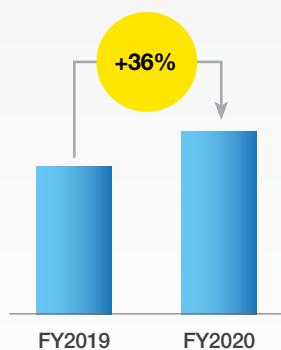
in new site rollouts to support JENDELA ambitions in 2020

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

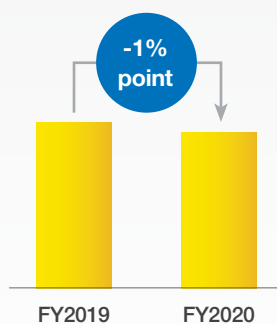
### Ensuring consistent network experience for customers with the fastest network

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

#### Higher data consumption growth



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



**29.36 Mbps**  
download speed in 2H20\*

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

**Sustained #1**  
on consistency and throughput speeds\*

*\* measured via third-party crowdsourcing data*

# How We Create Value

## FINANCIAL

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## SOCIAL &amp; RELATIONSHIP

## Preparing our core mobile network to be 5G-ready

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

### 5G OpenLab



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

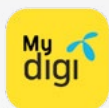
### 5G Demonstration Projects



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

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

### Growth engines for retail customers



#### MyDigi as a lifestyle hub

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



#### A B2C platform for gaming

Providing gamers with the ability to seamlessly reload and make purchases on their favourite games



#### Subscription management platform

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

### Digital solutions for enterprise customers



#### Omni Hotline

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



#### iFleet

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



#### alHR super app for companies

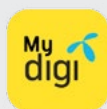
Digital workforce management solution with features enabling companies to operate efficiently in the new normal



## How We Create Value

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

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



**4.4mil**  
monthly active users  
increased by 16%

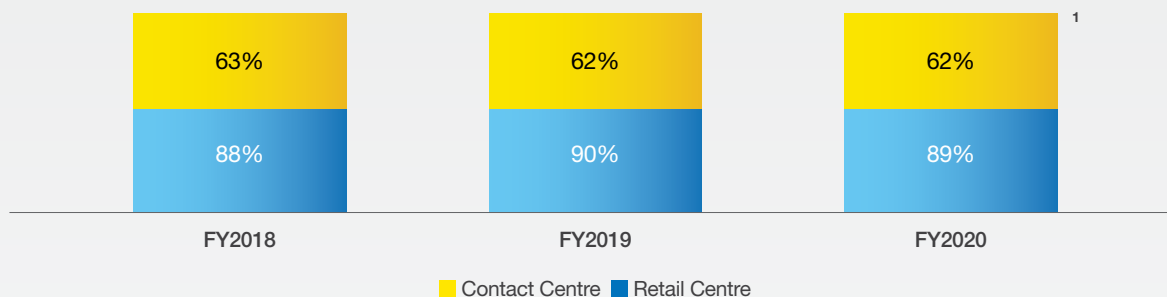


**+7%**  
upsell transactions



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

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



<sup>1</sup> Data for CSAT score has been independently audited by PwC



# How We Create Value

FINANCIAL

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**WHAT INTELLECTUAL CAPITAL MEANS TO DIGI**

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

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

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

Mapping against our sustainability matters	
G3 M2 R6	
Our key initiatives linked to strategic pillars	
Establishing a trusted brand connecting customers to what matters most	
Increasing operational efficiency through process optimisation	
Maintaining our business resilience	
Accelerating channel digitalisations through affiliations and collaborations	
Improving awareness and importance of cybersecurity to Digizens and SMEs	
Enhancing data protection and security to strengthen the integrity of our network	

## How We Create Value

### Establishing a trusted brand connecting customers to what matters most

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

#### Included as index constituent in ESG and Shariah indices



FTSE4Good

Bursa Malaysia Index

Rated **3.5 out of 4**

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



Bursa Malaysia Hijrah Shariah Index

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

#### Preferred brand for consumers and shareholders



2020 Putra Brand Awards

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



Malaysia-ASEAN Corporate Governance Report

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

### Increasing operational efficiency through process optimisation



#### Pursuing new operating models

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



#### Fitter for the future

- Optimised our internal processes and driving efficiency to reduce costs

### Maintaining our business resilience



#### Getting through the pandemic

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



#### Constant communication with Digizens

- Distributed **weekly HR virtual toolkits**

## How We Create Value

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### Accelerating channel digitalisations through affiliations and collaborations

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

#### Real-time contactless payment



**Boost™**  
**RM1.4bil**

payments collected  
over kiosks, digital and e-wallet channels

#### Personalised messages and offers



Over  
**20mil**  
messages  
sent per  
month



Average conversion  
of at least  
**125%**  
higher than  
traditional SMS

#### Affiliated selling platforms



Created over  
**3,700**  
affiliated links for sales agents

### Improving awareness and importance of cybersecurity to Digizens and SMEs

#### Cloud-based security protection solution for SME customers



#### Partnered with Cisco

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

#### Why CISCO UMBRELLA



**Convenient:**  
No on-device  
installation required



**Affordable:**  
From only  
RM30/month per SIM



**Safer & Protected:**  
Blocks you from dangerous sites,  
protects your devices, network,  
software & data



**#1 in DNS-layer  
security\***  
2020 report



Go Digital with Digi Business on low commitment plans today.  
digi.my/business | 016-299 8888 | bsc@digi.com.my



Terms and conditions apply. Digi Telecommunications Sdn. Bhd. 201203-04

#### Mandatory cybersecurity awareness training sessions for employees



#### 100% completion

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



## How We Create Value

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

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

#### Reinforced privacy foundations with Telenor Asia Privacy Programme



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

#### Instilled privacy as part of our Responsible Business culture



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

#### Strengthened governance through our policies and manuals



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

#### Engaged regulators on best practices for data protection



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

# How We Create Value

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## WHAT HUMAN CAPITAL MEANS TO DIGI

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

## KEY HIGHLIGHTS AND VALUE CREATED

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

## CHALLENGES AND OPPORTUNITIES

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

## Mapping against our sustainability matters

M3 R2 R5

## Our key initiatives linked to strategic pillars

Faster access to critical competencies and talent



Promoting collaborative employee experience



Building an attractive employer brand



Creating an equal, engaged and empowered workplace for all



## How We Create Value

### Faster access to critical competencies and talent

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



**59.8<sup>\*1</sup>**

**(vs. target 40 hours)**  
Average online learning hours completed per employee

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

<sup>1</sup> Data for average online learning hours per employee has been independently audited by PwC



**85%**

**Super learners**  
Completed >40 hours learning



**100%**

**Completion**

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



**175**

**Employees**

Embarked on expert journeys, covering 13 critical competencies



**290**

**Leaders & Experts**

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

### Promoting collaborative employee experience

#### Making collaboration easy for all Digizens



**100%**

**Adoption of Office 365**

Effective collaboration tool for remote working conditions

#### Annual Employee Effectiveness Survey (EES)



**98%**  
**Response rate**



**71%**  
**Effectiveness Index**

#### Findings

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

\* Benchmarked by Korn Ferry

#### Qualitative assessments

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

## How We Create Value

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RELATIONSHIP

### Promoting collaborative employee experience (Continued)

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

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

##### Digital Day



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

##### Customer Obsessed Day



**>3000** customers engaged virtually

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

### Building an attractive employer brand

#### CXO Apprentice Programme



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



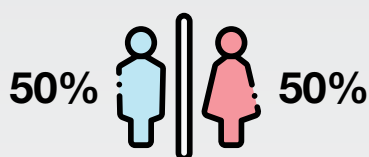
## How We Create Value

### Creating an equal, engaged and empowered workplace for all

#### Truly diverse and inclusive organisational demographics

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

##### Balanced gender diversity

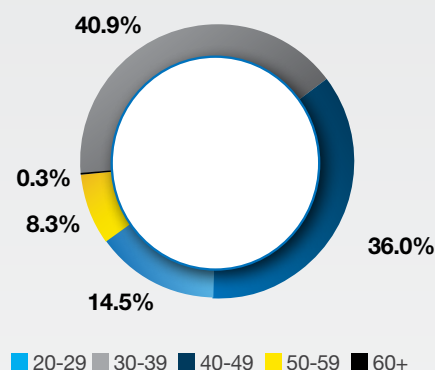


##### Women in leadership positions



##### Young demographic

with majority in 30 to 39 years old bracket



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



With 100% disclosure score, above global and country average



##### GLOBAL DIVERSITY AND INCLUSION INDEX 2020

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

#### Highest standards for Occupational Health And Safety

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

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

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



#### Recertification for ISO 45001:2018

(Occupational Health and Safety Management System)

Completed in October 2020

#### Monitoring employee wellbeing

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



99%

affirmed that they felt well-connected virtually with their teams



84%

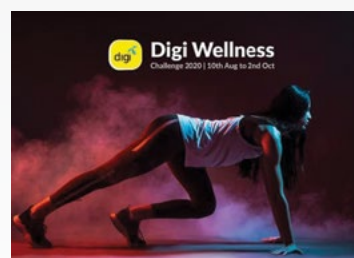
had daily calls with their managers to stay on top of things



90%

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

#### Employee wellness challenge



152

Digizens participated in the #DigiWellnessChallenge

# How We Create Value

FINANCIAL

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**WHAT NATURAL CAPITAL MEANS TO DIGI**

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

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

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

Mapping against our sustainability matters

G2 G3 R4

Our key initiatives linked to strategic pillars

Driving network modernisation for sustainable growth	
Cultivating a “green” workplace	

Driving network modernisation for sustainable growth

Adopt cleaner energy innovations and solutions

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

Transitioning towards data driven network planning and higher spectrum efficiencies

RAN modernisation

Microwave to fibre connectivity

## How We Create Value

### Driving network modernisation for sustainable growth (Continued)

#### Energy optimisation and decarbonisation initiatives



**21**

Base station controllers consolidated and shutdown



**699**

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



Switched-off    Replaced  
**21                  51**

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



**55**

Fuel powered off-grid sites converted to grid power



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



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

#### Performances

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

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

Our Carbon Intensity per Data Usage also improved by 31%. This means that though the average customer is using more data, we have achieved a lower carbon footprint per unit of data consumed. Our carbon intensity is measured by tonnes of CO<sub>2</sub> (tCO<sub>2</sub>e) per terabyte of data.

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

# How We Create Value

## FINANCIAL

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## Cultivating a “green” workplace



### Adoption of international standards

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



### Efficient energy consumption

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



### Green practices across value chain

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

## Performances

### General waste

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

### Waste managed in 2020



# 251 Tonnes

General waste collected



# 170 kg

Waste generated per employee



# 2 Tonnes

Waste recycled

### E-Waste\*

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

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

### Obsolete electrical and electronic waste managed in 2020



# 47 Tonnes

Collected

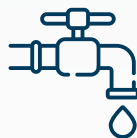


# 11 Tonnes

Recycled

### Water consumption

#### Water consumption in 2020



# 78,856 m<sup>3</sup>

Total water consumed



# 54 m<sup>3</sup>

Water consumed per employee

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



# How We Create Value

FINANCIAL

MANUFACTURED

INTELLECTUAL

HUMAN

NATURAL

SOCIAL &  
RELATIONSHIP

## WHAT SOCIAL & RELATIONSHIP CAPITAL MEANS TO DIGI

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

### KEY HIGHLIGHTS AND VALUE CREATED

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

### CHALLENGES AND OPPORTUNITIES

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

### Mapping against our sustainability matters

G2 R1 R3 R5 R7

### Our key initiatives linked to strategic pillars

Sustaining brand trust through our Yellow Heart programmes



Emphasising strong governance and robust internal controls



Managing our supply chain responsibly



# How We Create Value

## FINANCIAL

## MANUFACTURED

## INTELLECTUAL

## HUMAN

## NATURAL

## SOCIAL &amp; RELATIONSHIP

## Sustaining brand trust through our Yellow Heart programmes

### Digital Inclusion

#### Future Skills For All (FS4A)

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

**19,816<sup>1</sup>**

Users enrolled

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

**7,000**

Students assisted with  
micro:bit quick start learning kits

**> 2,700**

Teachers and all Digi internet  
centre managers onboarded

#### Segmented Offerings

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

#### Best value offers for

**> 45,700**

senior citizens

**> 3,900**

PWDs

**Digi Prepaid  
Abadi**

First prepaid plan with  
life insurance coverage

#### Access to digital learning

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

#### Potential to benefit

**> 5 million**  
students

**> 500,000**  
teachers

### Digital Resilience

#### Safe Internet & CyberSAFE in Schools

**> 115,000**

People engaged on online safety

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

#### Child Rights 2020 Webinar

**130**

Participants engaged

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

#### Partnership with UNICEF

**4**

Virtual training sessions

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

**18**

Virtual training sessions

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

#### Scams Campaign

**> 600,000**

Digi customers reached

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

## How We Create Value

### Sustaining brand trust through our Yellow Heart programmes (Continued)

#### Inclusive Business



#### Accessibility improvements to our digital touchpoints

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

#### Sustainability Thought Leadership

##### CEO Action Network

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

##### mySDGAction2030

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

##### Malaysian Investor Relations Association (MIRA) Sustainability Accelerator

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

##### Responsible Business Summit

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



**> 1,400**  
employees participated



**> 7,960**  
learning hours clocked in by employees

#### Other engagements :

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

# How We Create Value

FINANCIAL

MANUFACTURED

INTELLECTUAL

HUMAN

NATURAL

SOCIAL & RELATIONSHIP

Emphasising strong governance and robust internal controls

Strengthening Compliance Way of Work and Mindset

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

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

Reinforcing Business Partners Governance

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

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

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

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



## How We Create Value

### Managing our supply chain responsibly

#### Enforcement of mandatory requirements and integrity due diligence (IDD)

##### Our commitment to raise standards of our supply chain



**130**

New suppliers signed Agreement on Business Conduct (ABC)<sup>1</sup>



**1,919**

Suppliers signed ABC to date



**2,426**

Total training hours for our suppliers

##### Strict compliance to Health and Safety as per established sanction matrix



**511**

Inspections conducted

**48**

Announced

**463**

Unannounced

**5**

Major findings

**194**

Minor findings

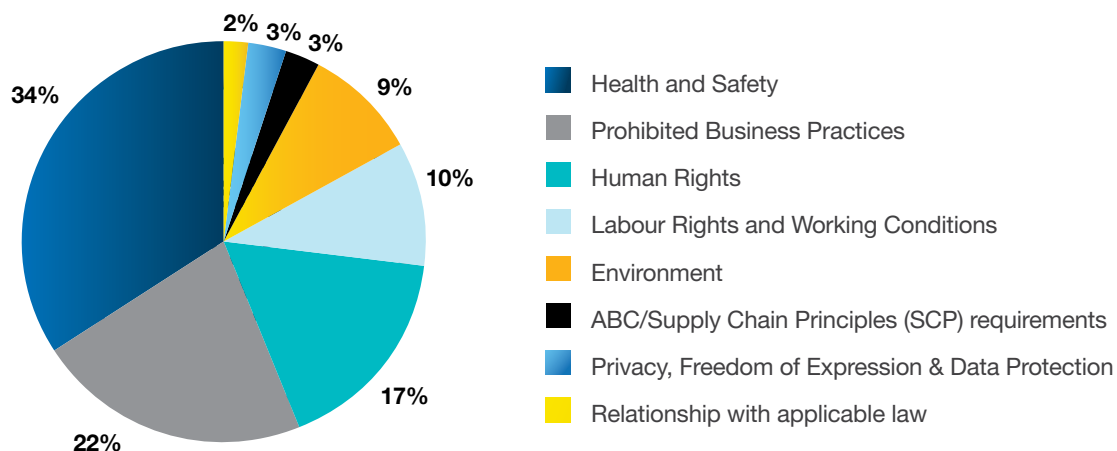
**3**

Vendors were terminated

<sup>1</sup> Data for new suppliers signing the ABC has been independently audited by PwC

#### Major findings involves issues concerning Health and Safety

##### Minor findings involves issues concerning -



#### Risk assessment monitoring

**77**

SAQ Responses

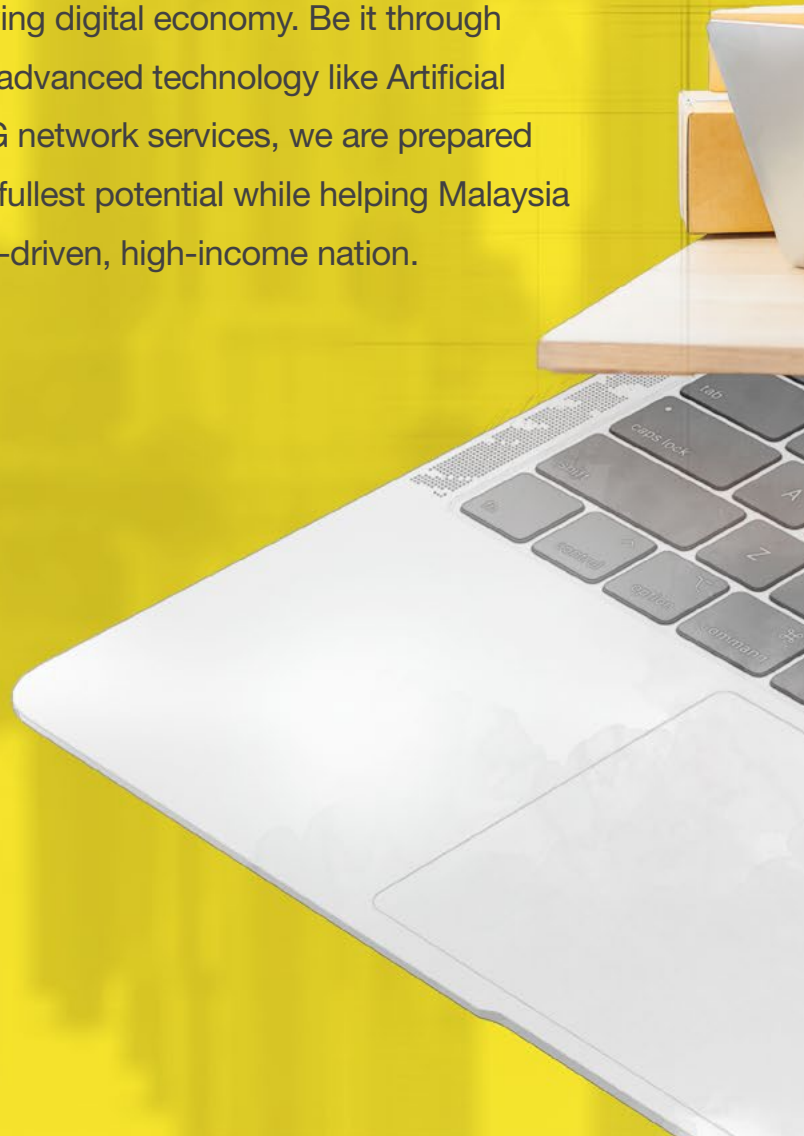
**51**

Findings from the SAQ were resolved

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

# *Progressing* **MALAYSIA TOWARDS A DIGITAL ECONOMY NATION**

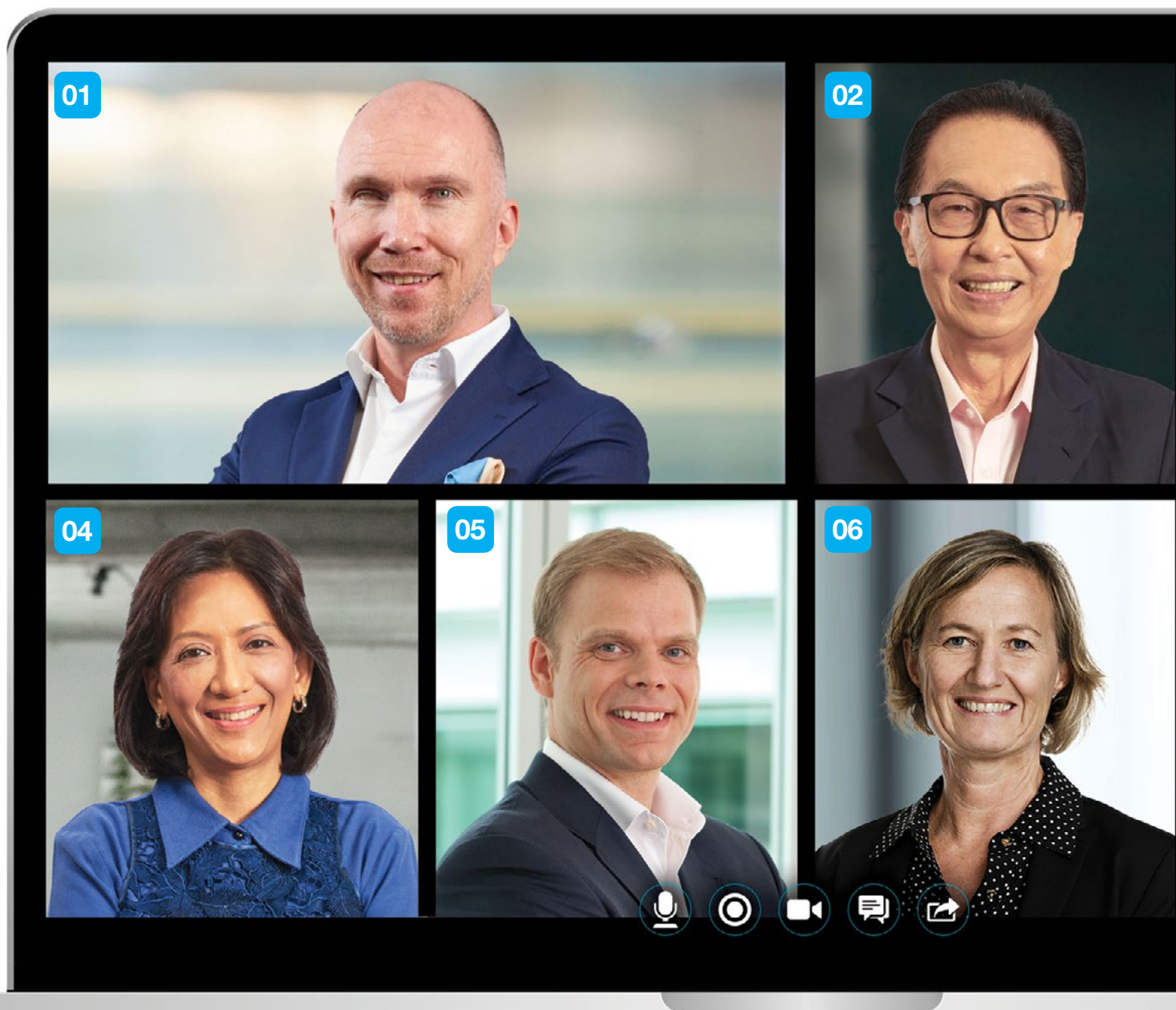
We are steadfast in reinforcing the backbone of Malaysia's economy with the right tools and technology to transform digitally. As a digital and connectivity solutions provider, we are helping to digitalise businesses large and small, empowering them to be future-ready and competitive in a growing digital economy. Be it through essential digital business solutions, or more advanced technology like Artificial Intelligence (AI), Internet of Things (IoT) or 5G network services, we are prepared to journey with our customers to reach their fullest potential while helping Malaysia achieve its aspiration of becoming a digitally-driven, high-income nation.







# Board of Directors' Profiles



## 01. HAAKON BRUASET KJOEL

Non-Independent  
Non-Executive Director



## 02. TAN SRI SAW CHOO BOON

Senior Independent  
Non-Executive Director



## 03. VIMALA V.R. MENON

Independent  
Non-Executive Director



## 04. YASMIN BINTI ALADAD KHAN

Independent  
Non-Executive Director



## 05. LARS ERIK TELLMANN

Non-Independent  
Non-Executive Director



## 06. WENCHE MARIE AGERUP

Non-Independent  
Non-Executive Director



## 07. RANDI WIESE HEIRUNG

Non-Independent  
Non-Executive Director



## Board of Directors' Profiles

03



07



## Haakon Bruaset Kjoel

*Non-Independent Non-Executive Director*  
Norwegian • Male • 49

Meetings attended

8/8

### Date of appointment

11 July 2017

### Length of Service (as at 31 March 2021)

3 years 8 months

### Present directorships

#### Listed entities

- Grameenphone Ltd, Bangladesh
- Total Access Communication Public Company Limited, Thailand, dtac

#### Other public companies/ non-listed

Nil

### Area of expertise

Telecommunications, Strategy Development, Leadership, Legal & Regulatory, Environmental Sustainability

### Relevant experience

- 26 years of experience in Telenor Group across Europe and Asia in the area of operational development, merger and acquisition, public and regulatory affairs (1995-present)
- Board of Directors of several Telenor Group Companies in Singapore, Bangladesh, Thailand, Myanmar and Malaysia (2011-present)
- Non-executive Director of the global architect and design company Snøhetta, headquartered in Oslo, Norway (2020-present)
- Chief Strategy and Transformation Officer at Total Access Communication Public Company Limited, Thailand, dtac (2019-2020)
- Senior Vice President, Partner and External Relations Asia for Telenor Group (2018-2019)
- Acting Executive Vice President and Chief Corporate Affairs Officer for Telenor Group (July-October 2018)
- Senior Vice President and Head of Group Public and Regulatory Affairs for Telenor Group (2016-2018)

### Academic/ professional qualification/ membership

- Master of Business Administration degree (Executive) from BI Norwegian Business School, Oslo
- Studied public relations at BI Norwegian Business School, Oslo

#### Key to Committee membership:

B

Board

N

Nomination Committee

A

Audit and Risk Committee

R

Remuneration Committee



Committee Chair



## Board of Directors' Profiles

### Tan Sri Saw Choo Boon

Senior Independent Non-Executive Director  
Malaysian • Male • 74

Meetings attended  
**8/8**

#### Date of appointment

9 December 2010

#### Length of Service (as at 31 March 2021)

10 years 3 months

#### Present directorships

##### Listed entities

- Wah Seong Corporation Berhad

##### Other public companies/ non-listed

Nil

#### Area of expertise

Leadership, Strategy Development, Environmental Sustainability, Human Resource, Commercial Marketing

#### Relevant experience

- Independent Director of Wah Seong Corporate Berhad (2018-present)
- Chairman of MRCB Quill Management Sdn Bhd (2016-present)
- Sits on the Board of the Social-Economic Research Centre Board of the Associated Chinese Chambers of Commerce and Industry Malaysia (2011-present)
- Board of Directors for some private companies (2010-present)
- Independent Director of RHB Bank Berhad (2016-2020)
- Held various positions in Shell spanning 40 years, from a Refinery Technologist to Chairman (1970-2010)

#### Academic/ professional qualification/ membership

- Bachelor of Science Hons (Chemistry) from University of Malaya
- Council member of the Federation of Malaysian Manufacturers Council

### Vimala V.R. Menon

Independent Non-Executive Director  
Malaysian • Female • 66

Meetings attended  
**8/8**

#### Date of appointment

1 July 2015

#### Length of Service (as at 31 March 2021)

5 years 8 months

#### Present directorships

##### Listed entities

- Jardine Cycle & Carriage Limited

##### Other public companies/ non-listed

Nil

#### Area of expertise

Leadership, Accounting & Finance, Legal & Regulatory, Strategy Development

#### Relevant experience

- Independent Director and the Board Audit Committee Chairman of Jardine Cycle & Carriage Limited (2017-present)
- Independent Director and Chairman of the Board Audit Committee of Petronas Dagangan Berhad (2011-2020)
- Senior Independent Director and Chairman of the Board of Audit Committee of Petronas Chemical Group Berhad (2010-2019)
- Board member of Prince Court Medical Centre Sdn Bhd (2011-2018)
- Nominee Director of Khazanah Nasional Berhad on the Board of Destination Resorts and Hotels Sdn Bhd (2011-2015)
- Board member of Trustees of Pemandu Corporation (2014-2017)
- Director of Finance and Corporate Affairs at Proton Holdings Berhad (2008-2009)
- Board member of PT Astra International Tbk (2000-2003)
- Held various positions in EON Berhad spanning of 23 years from a Manager to a Board member (1984-2007)

#### Academic/ professional qualification/ membership

- Fellow of the Institute of Chartered Accountants in England and Wales
- Member of the Malaysian Institute of Accountants (MIA)

## Board of Directors' Profiles

**Yasmin binti Aladad Khan**

*Independent Non-Executive Director*  
 Malaysian • Female • 62

Meetings attended  
**8/8**

**Date of  
 appointment**

23 July 2013

**Length of Service  
 (as at 31 March 2021)**

7 years 8 months

**Present directorships****Listed entities**

Nil

**Other public companies/ non-listed**

Nil

**Area of expertise**

Leadership, Commercial Marketing, Environmental Sustainability,  
 Strategy Development, Human Resource

**Relevant experience**

- Director of DHL's subsidiaries in Asia Pacific (2003-present)
- Executive Vice President, Commercial, DHL Express, Asia Pacific (excluding China) (2019-present)
- Executive Vice President, Area Director, Emerging Markets and Commercial, DHL Express, Asia Pacific (excluding China) (2015-2019)
- Senior Vice President, South East Asia and South Asia for DHL Express (2004-2015)
- Country Manager for DHL Malaysia (2001-2003)
- Country Manager in DHL Singapore (2003-2005)
- Chief Operating Officer of GE International Inc, Thailand (1999-2003)
- Director, Business Development of GE International Inc, Thailand and Malaysia (1997-1998)
- Vice President, Corporate and Investment Banking at JP Morgan Chase (1986-1996)
- Credit Analyst, JP Morgan Chase (1983-1985)

**Academic/ professional qualification/ membership**

- Master of Business Administration from Aston University
- Member of the Advisory Board of Singapore Management University

**Lars Erik Tellmann**

*Non-Independent Non-Executive Director*  
 Norwegian • Male • 49

Meetings attended  
**7/8**

**Date of  
 appointment**

12 July 2019

**Length of Service  
 (as at 31 March 2021)**

1 year 8 months

**Present directorships****Listed entities**

- Grameenphone Ltd,  
 Bangladesh

**Other public companies/ non-listed**

Nil

**Area of expertise**

Leadership, Telecommunications, Strategy Development, Accounting  
 & Finance, General Management, Sustainability, Human Resource,  
 Commercial Marketing

**Relevant experience**

- Board of Directors in Carousell in Singapore (2020-present)
- Head of Telenor Financial Services in Singapore, Telenor Asia Ltd (2019-present)
- Board of Directors of several Telenor Group Telcom and FinTech Companies in Bangladesh, Pakistan, Myanmar and Malaysia (2011-present)
- Senior Vice President and Head of Business Development and Portfolio Management, Telenor Asia Ltd (2018-2019)
- Chief Executive Officer of Telenor Myanmar Ltd (2016-2018)
- Chief Financial Officer of Telenor Myanmar Ltd (2013-2016)

**Academic/ professional qualification/ membership**

- Master in Business Administration (MBA) from Heriot-Watt University, Edinburgh
- Master of Science in Business (M.Sc./ Siviløkonom) degree from NORD University in Norway

## Board of Directors' Profiles

### Wenche Marie Agerup

Non-Independent Non-Executive Director  
Norwegian • Female • 56

Meetings attended  
**3/3**

#### Date of appointment

15 October 2020

#### Length of Service (as at 31 March 2021)

5 months

#### Present directorships

##### Listed entities

- TGS ASA

##### Other public companies/ non-listed

Nil

#### Area of expertise

Legal & Regulatory, Strategy Development, Environmental Sustainability, Human Resource, Leadership

#### Relevant experience

- Senior Vice President and Head of Board Governance and Support for Telenor Asia (2020-present)
- Director of Digi Telecommunications Sdn Bhd (2020-present)
- Board members for several international companies listed in Norway in the oil and energy industry (Equinor ASA 2015-2020, TGS ASA 2015-present)
- Executive Vice President, Corporate Affairs and General Counsel in Telenor (2015-2018)
- Various senior roles as plant manager, Head of Corporate M&A, Project Director and Executive Vice President and General Counsel in Hydro ASA, Norwegian conglomerate (1998-2015)
- Legal Counsel in Hafslund Nymcomed ASA (1993-1997)

#### Academic/ professional qualification/ membership

- Master of Business Administration from Babson College, USA
- Master's degree in Law from University of Oslo

### Randi Wiese Heirung

Non-Independent Non-Executive Director  
Danish • Female • 38

Meetings attended  
**3/3**

#### Date of appointment

15 October 2020

#### Length of Service (as at 31 March 2021)

5 months

#### Present directorships

##### Listed entities

Nil

##### Other public companies/ non-listed

Nil

#### Area of expertise

Telecommunications, Leadership, Strategy Development, Accounting & Finance, Legal & Regulatory

#### Relevant experience

- Director of Digi Telecommunications Sdn Bhd (2020-present)
- Senior Business Manager in Telenor Group responsible for financial and operational follow up of Thailand and Malaysia entities (2019-present)
- Project Manager, Telenor Group spectrum acquisition (2015-2019)
- Project Manager, Norwegian telecom regulator, spectrum auctions (2013-2015)
- Head of Section, Danish telecom regulator (2010-2013)

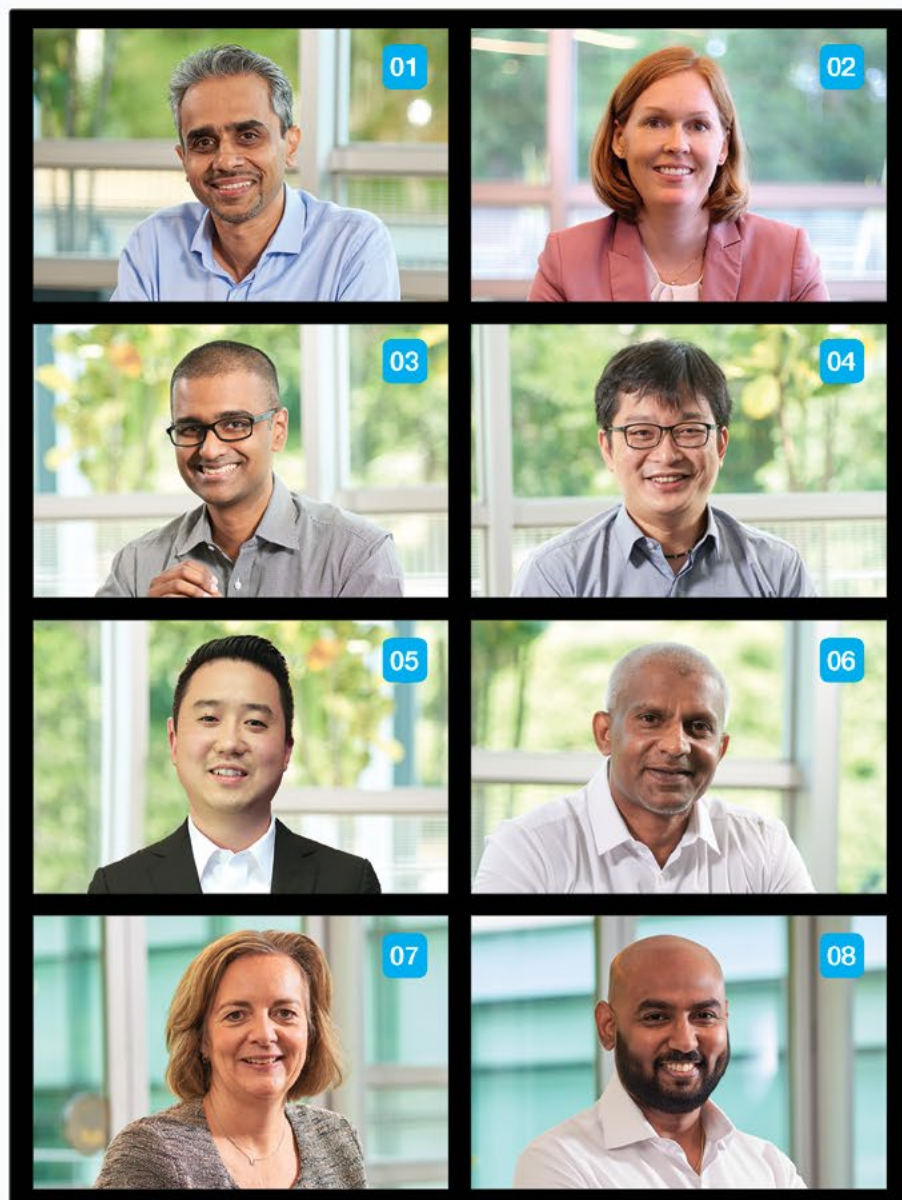
#### Academic/ professional qualification/ membership

- Master of Economics from University of Copenhagen in addition to specialisation within Telecommunication Economics and Auction Theory
- Bachelor of Economics, University of Copenhagen

Save as disclosed, none of the Directors have any:-

1. Family relationship with any Director and/or major shareholders of the Company;
2. Conflict of interest with the Company; and
3. Conviction for offences within the past 5 years other than traffic offences

# Management Profiles



01

## Albern Murty

Malaysian | Male | 48

Chief Executive Officer

Year of appointment : 2015

### Career history

- Held multiple roles in Digi, including Product Management and Product Development, Head of Strategy and New Business, Chief Marketing Officer and Chief Operating Officer
- Held business and commercial management roles in Lucent Technologies across the Asian region

### Skills and experience

Bachelor of Science in Marketing and Advertising Management, Portland State University, Oregon, USA

02

## Inger Gløersen Folkesson

Norwegian | Female | 39

Chief Financial Officer

Year of appointment : 2019

### Career history

- Held multiple roles in Telenor Group's adjacent and non-telco assets globally, namely Chief Financial Officer in Norkring AS (part of Telenor Broadcast Holding), Telenor Digital Businesses, and Telenor Group Holdings

### Skills and experience

Master of Science, Institute of Industrial Economics and Technology Management, Norwegian University of Science and Technology, Trondheim, Norway



## Management Profiles

03

### Praveen Rajan

Malaysian | Male | 42

Chief Marketing Officer

Year of appointment : 2020

#### Career history

- Held multiple positions in Digi, including Head of Advanced Data Services, Head of Products – Internet & Services, Head of Postpaid & Digital Services and Chief Digital Officer
- Co-founder and Chief Technology Officer, LifeLogger, a social networking startup

#### Skills and experience

Bachelor of Engineering (BEng) in Electronics and Computing, Nottingham Trent University, Nottingham, England

05

### Cheng Weng Hong

Malaysian | Male | 42

Chief Sales Officer

Year of appointment : 2020

#### Career history

- Held multiple roles in Digi, including Head of Consumer Sales, Head of Retail and Controlled Channels, and in Product Development
- Held leadership roles at Trisilco-folec

#### Skills and experience

Bachelor of Engineering in Civil and Computing, Monash University, Australia

07

### Elisabeth Melander Stene

Norwegian | Female | 55

Chief Human Resource Officer

Year of appointment : 2018

#### Career history

- Held the position of Chief Human Resource Officer at Multiconsult, a Norway based engineering company
- Held various senior roles both at Telenor Group and Business Unit level across various commercial and HR functions, including serving as Chief HR Officer at Uninor, a Telenor subsidiary in India

#### Skills and experience

Bachelor of Science, University of Salford, England

Master of Science, London School of Economics and Political Science, England

04

### Eugene Teh

Malaysian | Male | 46

Chief Business Officer

Year of appointment : 2018

#### Career history

- Previously Digi's Chief Corporate Affairs Officer
- Held the position of Director, Performance Management and Delivery Unit (PEMANDU) at the Prime Minister's Department
- Held senior leadership roles in Arthur D. Little, and McKinsey & Co and a Senior investment officer at Singapore's Economic Development Board

#### Skills and experience

Master of Science in Electrical Engineering and Computer Science, University of California Berkeley, USA

06

### Kesavan Sivabalan

Malaysian | Male | 52

Chief Technology Officer

Year of appointment : 2017

#### Career history

- Held multiple roles in Digi, including Chief Network Officer and Head of Technology Operations
- Held the position of General Manager, Access Network at Vodafone Australia
- Held various roles within the telecommunications industry across Asian and European markets including Malaysia, Germany, Australia, Cambodia, Vietnam and Bangladesh, working with network vendors like Lucent and Ericsson, and operators like Maxis and Vodafone

#### Skills and experience

Bachelor of Business, Deakin University, Australia

Master of Science in Enterprise Project Management, Stevens Institute of Technology, New York, USA

08

### Joachim Rajaram

Malaysian | Male | 44

Chief Corporate Affairs Officer

Year of appointment : 2018

#### Career history

- Held multiple roles in Digi and Telenor, including Head of Corporate Communications in Telenor Myanmar and Head of Communications and Sustainability at Digi

#### Skills and experience

Bachelor of Laws (LLB), University of London, England

Executive Education Programmes, London Business School, England

# Corporate Governance Overview Statement

## OVERVIEW OF OUR APPROACH TO CORPORATE GOVERNANCE

Board of Directors (the Board) sets and steers the direction of Digi Group (Digi and its subsidiaries) and brings independent, informed and effective judgement on material decisions reserved for the Board. The Board also ensures that strategy, risk, performance and sustainable development considerations are effectively integrated and appropriately balanced. Recognising the importance of good corporate governance, the Board is committed to uphold high standards of business integrity and ethics and has worked with the management to maintain these standards throughout the course of the year. For a fair view of the Board's priorities and the Company's corporate governance practices in 2020, this statement is to be read together with the Corporate Governance Report (CG Report). The CG Report elaborates on the Company's application of each Principle of the Malaysian Code of Corporate Governance 2017 (MCCG 2017) for the financial year under review.

## Summary of Corporate Governance Practices

Digi has applied all applicable Practices set out in the MCCG for the financial year ended 31 December 2020 save for:

### Practice 4.1

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

### 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.

In line with the latitude provided in the application mechanism of the MCCG and the widely held notion that there is no "one-size fits all" modality in applying corporate governance practices, Digi has provided clear and forthcoming explanations for departures from the Practices in the MCCG. The explanations provided on the departures are supplemented with an articulation on the alternative measures that are in place to achieve the Intended Outcome of the departed Practices. Further details on Digi's application of each individual Practice of the MCCG are available on the CG Report which is available on Digi's website as well as via the announcement on the portal of Bursa Malaysia Securities Berhad (Bursa Securities).

## Covid-19 response plan

In light of the Board's oversight responsibilities and as a matter of good corporate governance, the Board has worked closely with the Management to develop the Covid-19 response plan including the development of Business Continuity Plan (BCP), continuous evaluation on the potential disruptions to operations and business relationships, sustaining an open dialogue with Management on both the business risks and workplace health and safety issues, and reassessing long-term corporate strategy.

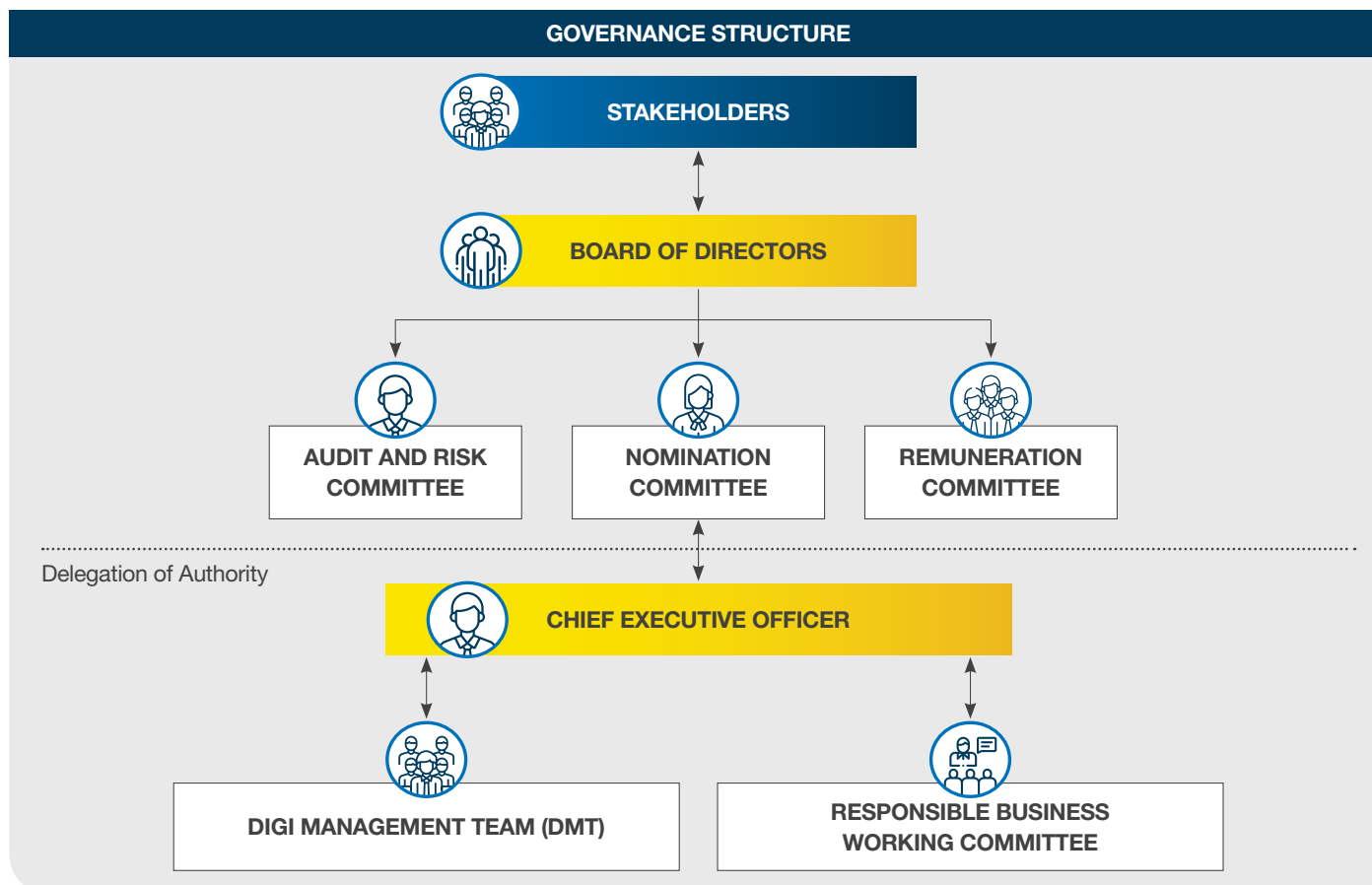
All Board meetings and communications are held through video conferencing during the Movement Control Order.

## Statement by the Board on Corporate Governance

The Board is pleased to report to its shareholders that to the best of its knowledge, Digi has complied with and shall remain committed to attaining the highest possible standards of corporate governance through the continuous adoption of the principles and best practices of the MCCG 2017, and all other applicable laws. The status of the Company's application is reported in our CG report.

# Corporate Governance Overview Statement

## EMBRACING VALUES AND PRINCIPLES OF GOOD GOVERNANCE



The Board is dedicated to enhancing Digi's corporate governance practices which has shaped the way Digi operates. The Board believes in a structured governance to identify and manage Digi's business systematically to address risks and maximise the positive impact to the business, whilst conforming to global sustainability standards. Digi's approach is one of continuous improvement.

Digi's culture is defined through the Digi Way of Work, the Code of Conduct (the Code), Whistle Blowing Policy and Manual, Anti-Corruption Policy, No Gift Policy, and Health, Safety and Environmental (HSE) Policy. These policies are accessible in Digi's website at <https://www.digi.com.my/about-us/governance>. Various activities are conducted to increase awareness amongst employees, essential to instill a compliance culture within Digi's Group. Digi is committed to the highest standards of transparency and to be accountable for the impact on the operations, products and services, and environmental footprint of the value chain Digi operates in.

The Board believes that upholding high standards of corporate ethics is key to long-term value creation and will contribute directly to improved business performance. The Board has zero tolerance for corruption and Digi Group's corporate values and ethical standards represent an important foundation for implementing our governance framework.

Digi's efforts have positioned the Company amongst the Top ASEAN Public Listed Companies in terms of corporate governance effectiveness, and quality of disclosure has instilled investors' confidence in Digi.

These continuous efforts are reflected through Digi's achievement as the winner of the Excellence award for Long Term Value Creation for ASEAN and domestic level, a significant recognition by the MSWG-ASEAN Corporate Governance Scorecards Award 2019.

# Corporate Governance Overview Statement

## How Sustainability is embedded in the Governance Structure

Sustainability matters in Digi are addressed as part of Digi's overall Responsible Business (RB) strategic pillar. The RB covers material issues relating to Environmental, Social and Governance (ESG); Sustainability; Compliance and Labour Law; Data Protection; Cybersecurity; Supply Chain and Health and Safety; Diversity and Inclusion. These are governed across different leadership levels within the organisation – the Board, Management and key departments and support functions. Digi's sustainability framework defines the governance structure and the responsibilities of each parties within.

The key departments and functions involving Sustainability, Compliance and Labour Law, Supply Chain Sustainability and Health, Safety and Environment (HSE), Privacy, Security, Human Resource and Enterprise Risk Management oversee the daily operations of RB to meet the non-financial Key Performance Indicators (KPIs) established jointly with Telenor Group. These material issues and KPIs are reported quarterly to the Responsible Business Forum (RBF). Chaired by the Chief Executive Officer (CEO), the forum includes the Chief Human Resource Officer, Chief Technology Officer, Chief Corporate Affairs Officer and other senior leadership members. RB agenda is also discussed at the quarterly Board meetings.

### Key functions of the RBF are to:

- Formulate RB strategies, policies and goals
- Monitor and facilitate adherence to the related RB policies and manuals
- Support departments to meet RB goals
- Conduct RB awareness and engagement activities
- ESG and Non-Financial Reporting (NFR) performances

## Digi Sustainability Governance Framework

### Digi Board of Directors

- Oversee Digi's Responsible Business Focus and Performance

### Quarterly Reporting

### Digi Management Team

- Responsible for sustainable business policies and directions
- Oversee responsible business related risks and progress of non-financial KPIs
- Provides quarterly updates to the Board via RBF

### Quarterly Reporting

### Responsible Business Forum (RBF)

RBF is a standing quarterly agenda to the Digi Board of Directors. Non-Financial Reporting (NFR) on people, social, and environmental data is collected on a quarterly and annual basis by the NFR Coordinator and signed off by the Chief Financial Officer

### Responsible Business Working Committee

- Comprises Heads of Departments and senior leadership
- Guided by sustainability guidelines, international best practices and recommendations, Digi's Code of Conduct, and policies and manuals relevant to the scope of the committee members
- Supports the Management and Board in addressing responsibilities related to the RB agenda and reporting of best practices

### Quarterly Reporting

### Telenor Group Sustainability

- Alignment to KPIs and global partnerships
- Quarterly reporting of responsible business KPIs
- Annual non-financial reporting

### On-going Reporting

### Sustainability, Compliance, Human Resource, Supply Chain Sustainability and Health & Safety, Privacy and Security departments

- Day-to-day management of responsible business principles, risks and issues
- Ensure compliance of relevant responsible business-related policies and principles



# Corporate Governance Overview Statement

## PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

Digi's Board has the appropriate balance of knowledge, skills, experience, diversity and independence to objectively and effectively discharge their governance role and responsibilities.

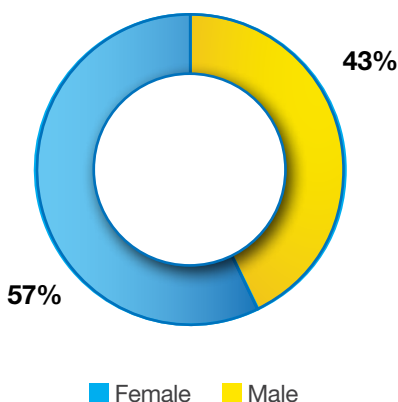
The diversity in its membership creates value by promoting better decision-making and effective governance and the Board has escalated its efforts to establish a diverse Board with a variety of skills, experience, age, cultural background and gender. Similarly, the Board is committed to developing a corporate culture that embraces all aspects of diversity and inclusion practices in the Group. The Board of Digi is guided by its Board Diversity Policy and accessible in Digi's website at [https://digi.listedcompany.com/corporate\\_governance.html](https://digi.listedcompany.com/corporate_governance.html)

### Board Balance and Composition

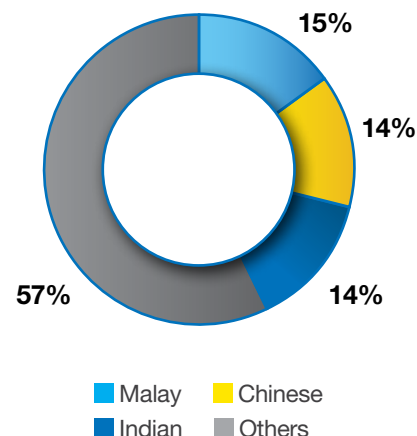
**3** Independent Non-Executive Directors

**4** Non-Independent Non-Executive Directors

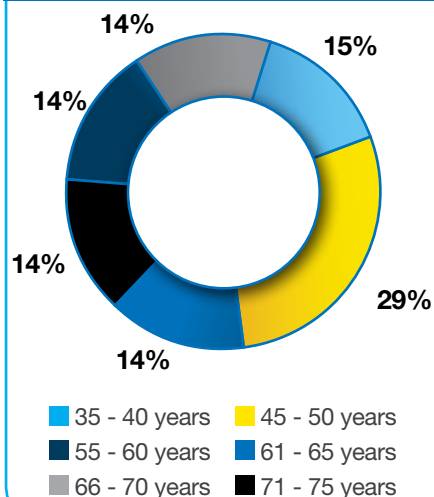
### Female Representative



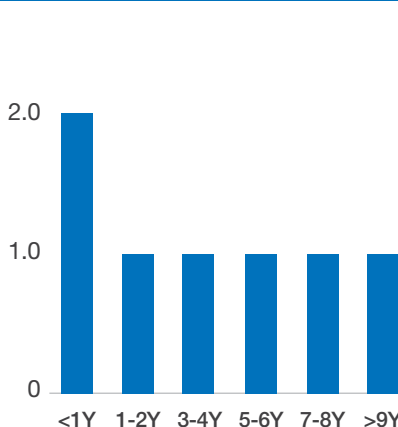
### Ethnic Diversity



### Age Diversity



### Length of Tenure



### Board Skill Matrix



# Corporate Governance Overview Statement

## BOARD ROLES AND RESPONSIBILITIES

The roles of the Chair of the Board and CEO are separated and held by different individuals. Whilst the Chair of the Board provides leadership of the Board, the CEO heads the Management Team for the day-to-day management of the business. The CEO has been delegated certain powers to execute transactions that are guided by the rules and procedures for the CEO and in accordance with the authority limits as defined and formalised.

The following Board Committees have been established to assist the Board in its oversight function with reference to specific responsibility areas:

- (i) Audit and Risk Committee (ARC)
- (ii) Nomination Committee (NC)
- (iii) Remuneration Committee (RC)

It should however be noted that at all times, the Board has collective oversight over the Board Committees. These Board Committees have been constituted with clear Terms of Reference (TOR).

### Overview of the roles of the Board

#### Chair of the Board

- Leads and manages the Board's effectiveness with a keen focus on strategy, governance and compliance
- Leads Board meetings, sets the agenda and promotes a culture of open debate between the Directors
- Regularly engages with the CEO and the Management Team to stay informed on operational matters
- Ensures effective communication with shareholders

#### Non-Executive Directors

- Contribute to developing Digi's strategies
- Scrutinise and constructively challenge the performance of Management in the execution of Digi's strategies

#### Senior Independent Non-Executive Director (Sr INED)

- Provides a sounding board to the Chair and appraises his performance
- Acts as intermediary for other Directors, if needed
- Responds to shareholders' concerns as and when other channels are exhausted

## Matters reserved for the Board

- Review, approve and adopt Digi Group's strategic plans and annual targets
- Overseeing and evaluating the conduct and performance of overall business
- Declaration of dividends, approval of financial statements, annual and quarterly reports of the Company
- Strategic investment, mergers and acquisition, divestment and any corporate exercises
- Material acquisitions and disposition of assets not in the ordinary course of business
- Reviewing the adequacy and integrity of the internal control system
- Changes in all policies, procedures and delegated authority limits
- Identifying and managing principal risks affecting the Company

## Key features of the Board

- Separation of roles between the Chair of the Board and CEO
- The Chair of the NC and ARC are Independent Non-Executive Directors
- Meets Board Diversity requirements, in particular gender diversity with four (4) women serving as members of the Board (57% female representation)
- Management do not sit on the Board
- The Chair of the ARC is not the Chair of the Board

## Board Access to Management, Company Secretary, Information and External Experts

The Board has direct access to the Management Team to arrive at informed decisions with unrestricted and immediate access to information relating to Digi's business affairs.

The Board also has full access to the qualified Company Secretaries, who are equipped with the skills and expertise to provide comprehensive support, appropriate governance and advice, to ensure adherence to corporate governance issues and compliance with relevant policies and procedures, and laws and regulatory requirements, in addition to corporate secretarial matters.

## Corporate Governance Overview Statement










Meeting materials are provided to the Board and Board Committees via a secured electronic Board portal at least seven (7) days prior to the meetings to accord the Directors' sufficient time to assess and review the proposals or information. Materials are disseminated digitally and instantly.

Other than the aforesaid internal resources, the Board and Board Committees have at their disposal access to external information and expert advice by engaging independent external experts at the expense of the Company, if they deem it necessary in facilitating the performance of their duties.

Detailed description of these roles can be found on the Board Charter inclusive of the TOR of the Board Committees online at [https://digi.listedcompany.com/corporate\\_governance.html](https://digi.listedcompany.com/corporate_governance.html)

### Board Meetings

The Board held eight (8) meetings during the year. Members of the Management Team were invited, when appropriate to attend Board meetings. The CEO and Chief Financial Officer attended all Board meetings.

Directors	Board Meetings	
	Attendance	%
Haakon Bruaset Kjoel (Chair of the Board)	8/8 	100.0
Tan Sri Saw Choo Boon	8/8 	100.0
Yasmin Binti Aladad Khan	8/8 	100.0
Vimala V.R. Menon	8/8 	100.0
Lars Erik Tellmann	7/8 	87.5
Wenche Marie Agerup <sup>1</sup>	3/3 	100.0
Randi Wiese Heirung <sup>1</sup>	3/3 	100.0
Anne Karin Kvam <sup>2</sup>	4/5 	80.0
Torstein Pedersen <sup>2</sup>	5/5 	100.0

Notes:

<sup>1</sup> Appointed as Director on 15 October 2020

<sup>2</sup> Resigned as Director on 15 October 2020



## 25.1 hrs

Total hours of the Board meetings



## 98.2%

Overall % of the Board meetings attended by Directors



## 35.6 hrs

Total hours of the Board and Board Committee meetings

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities.

# Corporate Governance Overview Statement

## Board Activities

During the financial year 2020, the Board focused on a number of specific areas in line with Digi's strategic goals and principal risks as outlined below:

### Strategy



- Reviewed and approved Digi's Group Strategy plan, ambition and targets
- Oversaw the implementation of Digi's Group strategic and business plan through quarterly updates with the CEO
- Reviewed and discussed on Group Corporate structure

### Financial Performance



- Approved the Quarterly Digi's Group performance
- Approved the Quarterly Financial Results
- Approved the Quarterly Interim Dividend and solvency position
- Approved the Audited Financial Statements for Financial Year Ended 31 December 2019
- Reviewed and approved Digi's Group ambitions and targets
- Reviewed and approved Digi's Group Capital expenditure

### Risk and Internal Controls



- Digi's risk assessment encompassing financial and non-financial aspects
- Implementation of appropriate internal controls and mitigation measures
- Received the Quarterly Enterprise Risk and Opportunities status update
- Risk oversight on Management's implementation of risk management policies and procedures
- Approved the Internal Audit Plan 2020
- Received the Audit Status Report

### Governance



- Approved the 2019 Integrated Annual Report Statements
- Approved the CG Report to Bursa Securities
- Recommended the draft Circular to shareholders in relation to the Proposed Renewal Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading nature for shareholders' approval
- Approved Board and Board Committee restructuring
- Approved the remuneration package of the CEO and renewal of CEO's contract
- Established and identified the Succession Plans for Management Team
- Analysed the Performance Evaluation for Board and Board Committee members
- Approved Digi's Code and implementation of Governance Work Programme 2020 changes to Digi Policies
- Received Digi's Anti-Corruption and compliance updates
- Approved Digi's Board Calendar and Meeting plans 2021
- Reviewed and approved Digi's CEO Short-Term Incentive 2019 payout and Scorecard
- Reviewed and approved the Board Committees' TOR
- Recommended the payment of Directors' fees and benefits payable to Independent Non-Executive Director for shareholders' approval
- Approved to convene the 23<sup>rd</sup> Virtual Annual General Meeting (AGM)
- Recommended the Directors standing for re-election at the AGM
- Reviewed the tenure of Directors
- Recommended the retention of Sr INED for shareholders' approval



# Corporate Governance Overview Statement

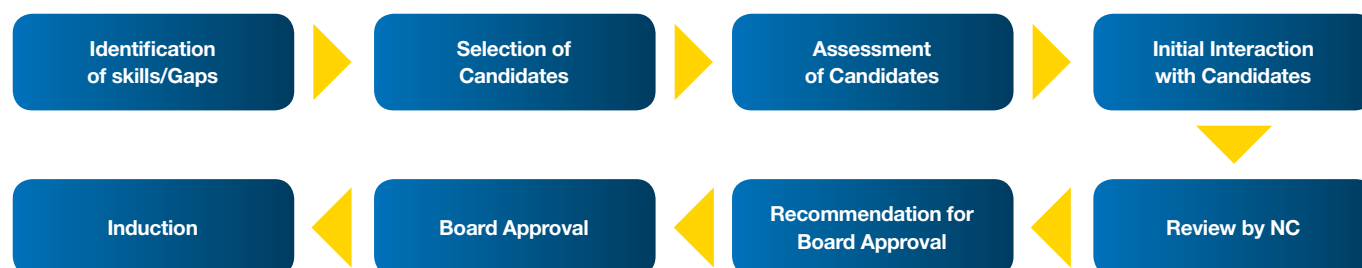
## Board Appointment Process

Digi practices a transparent and rigorous process on the appointment of new Directors. The Board composition is consistently reviewed to identify and bridge any gap in the Board's functional knowledge and competencies by bringing in new directors with the required experience, knowledge and expertise to meet the current and future needs of the Company.

In designing the Board's composition, Board diversity is considered from a number of aspects, including but not limited to gender, age, cultural 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 for the benefits of diversity on the Board.

During the year under review, Digi had engaged a professional recruiting firm and considered recommendations from the Board members to assist in the search for a new Independent Director based on the identified selection criteria approved by the NC. The NC shortlisted several candidates for engagement sessions to review the suitability of the candidate prior to recommending to the Board for approval.

The Board appointment process is summarised in the chart below:



## Board Re-election and Re-appointment

Article 98(A) of the Company's Memorandum and Articles of Association (M&A) provides that one-third (1/3) of the remaining Directors are required to retire by rotation and all Directors must submit themselves for re-election at the AGM at least once in every three (3) years.

Article 98(E) of the Company's Constitution provides that any new Director appointed by the Board during the year is required to stand for re-election at Digi's next AGM.

Upon the Board's endorsement on 12 March 2021, the following Directors to be considered for re-election pursuant to Article 98(A) and 98(E) of the Company's M&A at the Twenty-Fourth (24<sup>th</sup>) AGM and they have given their consent for re-election. The re-election of each Director will be voted as a separate resolution during the 24<sup>th</sup> AGM.

<b>Article 98(A)</b>	Tan Sri Saw Choo Boon   Yasmin Binti Aladad Khan
<b>Article 98(E)</b>	Wenche Marie Agerup   Randi Wiese Heirung

As at the date of this report, none of the Independent Directors has served the Board for more than nine (9) years except for Tan Sri Saw Choo Boon. At the last AGM held on 1 June 2020, the shareholders have approved for Tan Sri Saw Choo Boon, who has reached a cumulative term of nine (9) years as a Senior Independent Non-Executive Director (Sr INED) of the Company, to continue in office until the conclusion of the next AGM. However, Tan Sri Saw Choo Boon had on 10 February 2021 notified of his intention to retire and will not seek for re-election upon the conclusion of the 24<sup>th</sup> AGM scheduled to be held on 18 May 2021.

# Corporate Governance Overview Statement

## Board Performance Evaluation

Every year, under the purview of the Nomination Committee, the Board performance evaluation is undertaken to assess the effectiveness of the following:

The Board as a whole and the Board Committee

Contribution of each Individual Director

Independence of Independent Director

During the year under review, the Board performance evaluation was conducted internally and the process covered the Board, Board Committee, Peer and Self Evaluations of the Board members. The Board performance evaluation 2020 focused on maximising the effectiveness and performance of the Board and its Committees in the best interest of Digi. The Board performance evaluation results were compiled by an independent external secretarial firm to facilitate the Board evaluation via evaluation forms.

Based on the 2020 Board evaluation findings, the Board is satisfied and acknowledged that the Board has continued to carry their duties well and amicably with most areas rated in the range of “4” (Good/Competent) to “5” (Strong/Outstanding). The respective Board Committees had performed their responsibilities diligently and efficiently. The Board evaluation also assesses the effectiveness of the Board Committee, particularly in the elements on function, composition, skills & competencies, meeting administration and conduct.

All Board Committees received positive response with no area of concern indicating that the Committee members have discharged their duties and responsibilities well with professionalism to uphold the interest of Digi and other stakeholders and to meet the needs of Digi Group.

Self and Peer Evaluation are conducted to assess each Director's professional competency, attributes and personality. Directors' Peer Evaluation overall results continued to be high in 2020.

## 2021 Priorities

Based on the 2020 results and moving forward, the Board continues to navigate a complex, unsettling environment following a year of geopolitical turmoil, social unrest, economic volatility and the ongoing Covid-19 pandemic. The Board has identified the following priorities for 2021:

- Strategically prepare for growth amid increased uncertainty
- Evolve Governance, Risk Management and Compliance processes
- Transforming the governance of risk management
- Take a continuous improvement approach to board effectiveness
- Strengthen communication and engagement with stakeholders

The Board evaluation questionnaires towards an effective Board covers the following parameters:

### Responsibility and Conduct

- Business Strategy governance and implementation
- Risk Management and Internal Control
- Company's value creation

### Structure and Composition

- Diversity
- Members competency
- Board and Committee composition

### Process and Administration

- Board focus, agenda and frequency of meetings
- Sufficient information availability on timely basis
- Relationship with Management

(1) Summary of Strengths and Challenges (2) Areas of Improvement (3) Professional Development

Board Discussion

Action Plan initiatives

# Corporate Governance Overview Statement

## Induction and Continuous Professional Development

An induction programme is conducted for newly appointed Directors via a briefing session by the Management Team to provide the necessary information and to assist them in understanding the operations of Digi Group, current issues and corporate strategies. All new Directors have completed the Mandatory Accreditation Programme (MAP).

All Directors are encouraged to attend continuous education programmes, talks, seminars, workshops and conferences to enhance their skills and knowledge and to ensure that they are kept abreast with the new developments in the business environment and corporate governance.

Despite the Covid-19 pandemic, all Directors ensured continuous participation in virtual trainings and development programmes. Details of the trainings and programmes attended by the Directors during the financial year were outlined below:

Name of Director	Training Programme/Conference/Seminar
<b>Haakon Bruaset Kjoel</b>	<ul style="list-style-type: none"> <li>• Digi 3-Year Strategy Workshop (Part 1)</li> <li>• Digi 3-Year Strategy Workshop (Part 2)</li> <li>• Telenor Global Forum 2020</li> </ul>
<b>Tan Sri Saw Choo Boon</b>	<ul style="list-style-type: none"> <li>• Reinventing Cybersecurity with Artificial Intelligence</li> <li>• Outthink the Competition: Excelling in a Post Covid-19 World</li> <li>• Rethinking Workforce Strategy: Changes to safeguard productivity</li> <li>• Force Majeure &amp; Covid-19</li> <li>• Malaysia Economic Monitor – “Surviving the Storm”</li> <li>• Risks: A Fresh Look from the Board’s Perspective</li> <li>• Managing Virtual Banking and Insurance Businesses</li> <li>• Contracting in a Digital-First Economy</li> <li>• Demystifying the Future of Work</li> <li>• Business Foresight Forum 2020</li> <li>• Malaysia REITs: Managing the New Normal</li> <li>• Digi 3-Year Strategy Workshop (Part 1)</li> <li>• Digi 3-Year Strategy Workshop (Part 2)</li> </ul>
<b>Vimala V.R. Menon</b>	<ul style="list-style-type: none"> <li>• Section 17A of the MACC Amendment Act 2018</li> <li>• Future of payments – A workshop with Visa International</li> <li>• Open Enrolment Programs – Tightening the Screws on Corruption Risk Management</li> <li>• Digi 3-Year Strategy Workshop (Part 1)</li> <li>• Digi 3-Year Strategy Workshop (Part 2)</li> </ul>
<b>Yasmin Binti Aladad Khan</b>	<ul style="list-style-type: none"> <li>• Insider Trading Law</li> <li>• Competition Compliance</li> <li>• Anti-Corruption training</li> <li>• Certified Data Protection</li> <li>• Code of Conduct Compliance</li> <li>• Certified GoGreen Specialist Foundation</li> <li>• Compliance Management System Self-Assessment workshop</li> <li>• Digi 3-Year Strategy Workshop (Part 1)</li> <li>• Digi 3-Year Strategy Workshop (Part 2)</li> </ul>
<b>Wenche Marie Agerup</b> (Appointed on 15 October 2020)	<ul style="list-style-type: none"> <li>• Mandatory Accreditation Programme</li> <li>• Digi Induction Programme</li> <li>• Digi 3-Year Strategy Workshop (Part 1)</li> <li>• Digi 3-Year Strategy Workshop (Part 2)</li> </ul>
<b>Randi Wiese Heirung</b> (Appointed on 15 October 2020)	<ul style="list-style-type: none"> <li>• Mandatory Accreditation Programme</li> <li>• Digi Induction Programme</li> <li>• Digi 3-Year Strategy Workshop (Part 1)</li> <li>• Digi 3-Year Strategy Workshop (Part 2)</li> </ul>
<b>Lars Erik Tellmann</b>	<ul style="list-style-type: none"> <li>• Digi 3-Year Strategy Workshop (Part 1)</li> <li>• Digi 3-Year Strategy Workshop (Part 2)</li> <li>• Telenor Global Forum 2020</li> </ul>

# Corporate Governance Overview Statement

## NOMINATION COMMITTEE (NC) REPORT

Committee membership	Meetings attended	Responsibilities
Tan Sri Saw Choo Boon (Chair)	3/3 ■ ■ ■	<ul style="list-style-type: none"> <li>Regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board</li> <li>Review the succession planning for Directors and Management Team</li> <li>Responsible for identifying and nominating for the approval of the Board, candidates to fill Board's vacancies as and when they arise</li> </ul>
Yasmin Binti Aladad Khan	3/3 ■ ■ ■	
Haakon Bruaset Kjoel	3/3 ■ ■ ■	

The NC consists of a majority of Independent Non-Executive Directors in compliance with the requirement of the Main Market Listing Requirements (MMLR) of Bursa Securities, which provides that the NC must comprise exclusively Non-Executive Directors, a majority of whom must be Independent. The composition also observed the MCCG 2017 where the NC is chaired by a Senior Independent Non-Executive Director.

## Main Activities of the NC for 2020



- Annual assessment and review of composition of Board and Board Committees
- Facilitated the 2020 Board evaluation and validated the results thereof
- Reviewed the tenure of Independent Directors
- Reviewed the Directors' training requirements
- Reviewed the Board's Skills and Experience Matrix
- Recommended the appointment of Non-Independent Directors
- Conducted induction programmes for newly appointed Directors assisted by the Company Secretary
- Assessed the independence and time commitment of each Independent Director
- Conducted annual review on the NC Terms of Reference and Board Diversity Policy
- Reviewed Performance Planning and Key Performance Indicators for CEO
- Assessed and recommended to the Board on the re-election.
- Reviewed the NC Report for inclusion in the 2019 Integrated Annual Report

## Key Matters Reported to the Board

The Chair of NC updated the Board on matters of major importance deliberated at the NC meetings and its recommendations. The copies of confirmed minutes of each NC meeting were also circulated to the Board for notation. Among the key matters considered by the NC during 2020 were the following:




Significant matters	Description	Outcome
Proposed Succession Planning for Management Team	Reviewed the proposed succession plan for Management Team, taking into consideration the criteria and skill sets of the successors and their readiness level	<p>The list of successors approved were considered as part of the selection process for the Management Team:</p> <ul style="list-style-type: none"> <li>Praveen Rajan was redesignated as Chief Digital Officer to Chief Marketing Officer w.e.f. 14 September 2020</li> <li>Cheng Weng Hong was appointed as Chief Sales Officer w.e.f. 14 September 2020</li> </ul>

## Priorities for 2021

- To undertake the necessary changes to the composition of the Board and its Committees, following retirements and resignation as the same arises from time to time
- To review Management Team succession planning
- To monitor follow up actions based on the Board performance evaluation findings

# Corporate Governance Overview Statement

## REMUNERATION COMMITTEE (RC) REPORT

Committee membership	Meetings attended	Responsibilities
Haakon Bruaset Kjoel (Chair)	4/4 	<ul style="list-style-type: none"> <li>Ensure the remuneration package of Non-Executive Directors are well-structured and able to attract, retain and motivate Directors</li> <li>Implement remuneration policies and procedures</li> </ul>
Yasmin Binti Aladad Khan	4/4 	
Wenche Marie Agerup (Appointed on 15 October 2020)	0/0	
Torstein Pedersen (Resigned on 15 October 2020)	4/4 	

The RC comprises all Non-Executive Directors who oversee the implementation of the remuneration policy and structure, and reviews and recommends matters relating to the remuneration for Directors and Management to the Board.

## Main Activities of the RC for 2020



- Discussed the proposed fee and benefits payable for the Independent Non-Executive Directors
- Conducted annual review on Terms of Reference and Non-Executive Directors' Remuneration Policy
- Recommended the proposed remuneration package of the CEO
- Recommended the CEO's Short-Term Incentive 2020 payout and scorecard

## Directors' Remuneration

The Board had revised the remuneration structure in 2020, following a benchmarking exercise conducted in 2019 by AON Hewitt on the remuneration packages including benefits payable to the Independent Non-Executive Directors.

Each of the Independent Directors abstains from deliberating and voting on his or her own remuneration. The Non-Independent Non-Executive Directors receive their remuneration from their employing companies within the Telenor Group and do not receive any form of remuneration from Digi.

The breakdown of the Directors' remuneration paid in 2020 is as follows:

	Directors' Fees (RM)		Benefit-in-kind (RM)	TOTAL (RM)
	Company	Subsidiaries		
Independent Non-Executive Directors				
Tan Sri Saw Choo Boon	290,000	31,992	5,300	327,292
Vimala V.R. Menon	275,000	Nil	300	275,300
Yasmin Binti Aladad Khan	300,000	Nil	5,300	305,300
<b>Total</b>	<b>865,000</b>	<b>31,992</b>	<b>10,900</b>	<b>907,892</b>

The remuneration packages for Management Team are set based on industry standards, reflecting the senior management's roles, responsibilities, level of skills and experience, and motivates performance. The reward matrix is assessed based on the Company's performance indicators for all strategic pillars.

## Priorities for 2021

- To review and propose fee and benefits payable for the Independent Non-Executive Directors
- To review and propose the remuneration package of the CEO
- To review and propose the CEO's Short-Term Incentive 2021 payout and scorecard

# Please refer to our website at [https://digi.listedcompany.com/corporate\\_governance.html](https://digi.listedcompany.com/corporate_governance.html) for the Non-Executive Directors' Remuneration Policy, and Remuneration Policy and Procedure for Senior Management



# Corporate Governance Overview Statement

## PRINCIPLE B - ACCOUNTABILITY AND EFFECTIVE AUDIT AND RISK MANAGEMENT

### Audit and Risk Committee Report

#### Composition and Terms of Reference

In line with the requirements of Paragraph 15.09(1)(a) and (b) of the MMLR, the composition of the Audit and Risk Committee (ARC) and attendance of each member at the ARC meetings are as follows:

Name	Meetings attended	Full Profile on page
Vimala V.R. Menon (Chair)	5/5 	74
Tan Sri Saw Choo Boon	5/5 	74
Yasmin Binti Aladad Khan	5/5 	75
Randi Wiese Heirung (Appointed on 15 October 2020)	1/1 	76
Torstein Pedersen (Resigned on 15 October 2020)	4/4 	N/A

The ARC held five (5) meetings during the financial year ended 31 December 2020.

No alternate Directors were appointed as members of the ARC.

Vimala V.R. Menon is a Fellow of the Institute of Chartered Accountants in England and Wales, 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 requires at least one (1) member of the ARC to be a qualified accountant.

The duties and responsibilities of the ARC are set out in its Terms of Reference which is accessible in the Corporate Governance section of Digi's website at [https://digi.listedcompany.com/corporate\\_governance.html](https://digi.listedcompany.com/corporate_governance.html)

The Chief Executive Officer, Chief Financial Officer and Head of Internal Audit attend the ARC meetings as permanent invitees. The Chair of the ARC may also invite other Board members and/or Management to participate in the meetings, when necessary.

The external auditors were invited to the ARC meetings to present their annual audit plan and discuss the quarterly unaudited financial results and annual audited financial statements, as well as other matters deemed relevant. Both the internal and external auditors have unfettered access to members of the ARC including the Chair of ARC, throughout the year.

All deliberations during the ARC meetings, including the issues tabled and rationale adopted for decisions were properly recorded. Minutes of the ARC meetings were tabled for confirmation at the following ARC meeting and subsequently presented to the Board for notation. The Chair of the ARC reported to the Board on the activities and significant matters discussed at each ARC meeting.

#### Summary of Activities of the ARC

The ARC carried out the following major activities during the year:

#### Risk Management and Internal Control

- Reviewed Digi's top risk profiles and deliberated on the significant threats and opportunities on a quarterly basis, including progress and adequacy of mitigation strategies.
- Discussed improvements to the Enterprise Risk Management process to ensure proactive and holistic risk identification and monitoring of mitigation actions to reduce risk impact to an acceptable level.

## Corporate Governance Overview Statement

- (c) Evaluated the overall adequacy and effectiveness of internal controls through review of the work performed by both internal and external auditors, other assurance providers within Digi, and discussions with Management.

### Internal Audit

- (a) Deliberated and provided input to the risk-based Internal Audit Plan to ensure adequate scope and coverage of Digi's activities, prior to recommending to the Board for approval. Monitored the progress of the approved Internal Audit Plan and approved changes to the Internal Audit Plan due to changes in business and/or risk environment.
- (b) Reviewed and deliberated on internal audit reports, audit recommendations and adequacy of Management's response to these recommendations. Significant issues were discussed at length with the presence of relevant Management team members to ensure satisfactory and timely remediation actions have been committed by Management to address identified risks.
- (c) Monitored the implementation of action plans agreed by Management on outstanding audit findings on a quarterly basis to ensure that all actions have been implemented in the related areas based on the committed timelines.
- (d) Provided guidance on ad hoc matters arising from on-going internal audit activities.
- (e) Reviewed the effectiveness of the Internal Audit function through evaluation of its performance and competency, and monitoring the sufficiency of resources and costs, to ensure that it has the required expertise to discharge its duties.
- (f) Reviewed and approved updates to the Internal Audit Charter.
- (g) Reviewed and deliberated on investigation findings and Management recommendations on remedial actions covering disciplinary and/or corrective actions. Extensive discussions were conducted with the Management on the root cause of the incidents and risk exposure before the said remedial actions were endorsed. Periodic updates are furnished to the ARC to ensure adequate and timely closure of remedial actions.
- (h) The ARC reviewed the results of an independent Quality Assurance Review carried out in October 2020 by an external party to benchmark the Internal Audit's activities against International Standards for the Professional Practice of Internal Auditing promulgated by the Institute of Internal Auditors. The Internal Audit achieved a 'Generally Conform' rating, the highest rating possible for the exercise indicating a satisfactory level of compliance with the Standards.

### Compliance Programme

- (a) Monitored Compliance incidents reported by the Management and the recommended remedial actions for implementation by the Management to the ARC.
- (b) Reviewed the annual Compliance Risk Assessment exercise which includes anti-corruption and the recommended mitigation steps and controls to be monitored for implementation in 2021 by the Management.
- (c) Reviewed Company policies under the Governance Work Programme 2020 for implementation by Management.
- (d) Reviewed and endorsed the implementation of the Adequate procedures requirements pursuant to the Guidelines on Adequate Procedures issued by the Prime Minister's Department. This is in line with the enforcement of Corporate Liability in accordance with Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (MACC Act 2009), which took effect on 1 June 2020.
- (e) Reviewed the Compliance awareness plans for Digi employees and business partners.

### Financial Reporting

- (a) Reviewed Digi's unaudited quarterly financial results and audited annual financial statements, and related announcements, before recommending them for the Board's approval, including:
  - (i) Deliberation on significant audit and accounting matters highlighted, comprising Management's judgments, estimates or assessments made and sufficiency of disclosures in the financial statements; and
  - (ii) Discussion of significant financial matters at length to ensure compliance with internal accounting policies and Malaysian Financial Reporting Standards (MFRS), focusing on MFRS 16.

### External Audit

- (a) Reviewed the scope of work of the external auditors confirming their independence and objectivity.
- (b) Reviewed external auditors' Management Letter together with Management's responses, to ensure that appropriate actions have been taken.
- (c) Monitored on a quarterly basis, all non-audit services and fees incurred in which the external auditors were engaged, taking into account external auditors' independence and objectivity. The amount incurred by Digi and on group basis in respect of audit fees and non-audit related fees for services rendered by the external auditors is disclosed in Note 7 to the financial statements and in the Additional Compliance Information in this Integrated Annual Report.

## Corporate Governance Overview Statement

- (d) Met privately with the external auditors at the ARC meetings held on 22 January 2020 and 15 October 2020 to ensure there were no restrictions to the scope of their audit and to discuss significant matters that arose during the course of audit.
- (e) Evaluated the performance of the external auditors and made recommendations to the Board on their re-appointment, subject to the approval of Digi's shareholders at the AGM.

### Related Party Transactions

- (a) Reviewed the annual mandate compiled for recurrent related party transactions.
- (b) Reviewed related party transactions as disclosed in the financial statements and performed quarterly monitoring of the mandate for recurrent related party transactions to ensure compliance with the MMLR and Digi's policies and procedures.
- (c) Reviewed and deliberated on any new related party transactions to ensure that the terms and conditions of the transactions are commercially based and at arm's length.

### Other Activities

- (a) Reviewed and recommended to the Board; the ARC Report, Corporate Governance Overview Statement, Corporate Governance Report, and Statement on Risk Management and Internal Control, for inclusion into the Integrated Annual Report.
- (b) Reviewed the proposed dividend payout on a quarterly basis, taking into consideration the cash flow requirements before recommending for the Board's approval.

### Internal Audit Function

The Internal Audit Department reports functionally to the ARC, to ensure impartiality and independence in executing its role. Its' primary responsibility is to provide risk-based and objective assurance, advice and insight to the Board and Management on Digi's internal control, risk management and governance system.

The Internal Audit Department comprises seven (7) members, led by Serena Chin, who has 14 years of experience in auditing various industries such as property development, capital markets,

banking and insurance; eight (8) years of project management experience and two years in a regulatory role. She holds a Bachelor of Business (Accountancy) degree from RMIT University and is a member of the Malaysian Institute of Accountants. To further preserve the independence of the Internal Audit function, the performance of the Head of Internal Audit is appraised by the Chair of the ARC.

The Internal Audit function is guided by the provisions of its Internal Audit Charter, which is reviewed and approved by the ARC annually. The internal audit function's activities conform to the Institute of Internal Auditors International Standards for the Professional Practice of Internal Auditing, set forth by the Institute of Internal Auditors.

The Head of the Internal Audit, reporting directly to the ARC, is responsible for enhancing the quality assurance and improvement programme of the internal audit function. Its effectiveness is monitored through continuous internal and external quality assessments and the results are presented to the ARC. The internal assessment is performed annually while the external assessment by a certified body is conducted once every 5 years. The last external assessment was conducted in October 2020, and was performed by a qualified, independent assessor.

The Internal Audit Department executed a total of 14 reviews during the year, including advisory services. The reviews covered business priority and key risk areas, focusing on the efficiency and effectiveness of governance and controls within customer service operations, management of site rental and test lines, employee and contract staff claims, telco inventory management, sourcing processes, as well as privacy compliance. The Internal Audit Department had also conducted internal investigations into allegations of misconduct or breach of the Code of Conduct by employees.

Internal Audit staff performed an annual declaration on their adherence to the Code of Ethics, and that they are free from any relationships or conflict of interest, which could impair their objectivity and independence. Any non-conformance and/or conflict of interest will be reported to either the Head of Internal Audit or to the Chair of ARC. The total costs incurred for the Internal Audit Department in respect of the financial year ended 31 December 2020 amounted to RM1.5 million (2019: RM1.8 million).

*# Details of the Risk Management and Internal Control Framework are set out in the Statement on Risk Management and Internal Control of this Integrated Annual Report*

# Corporate Governance Overview Statement

## PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

### Our Approach

As a public listed company, Digi believes in building trust-based relationships to enable growth while fulfilling its obligation to provide credible and timely information to all stakeholder groups. This is supported by Digi's Financial Disclosure Policy and Corporate Communication Policy which outlined a comprehensive approach to deliver open and clear communication in line with Bursa Securities' Market Listing Rules and Regulation.

Digi's strong commitment in delivering effective stakeholder engagement is reinforced by the stakeholder-focused mindset across the organisation as the Company recognises Digi's success and ability to deliver growth depends much on the support of all stakeholders. The details of all efforts can be found in the Key Relationships write-up under Section 3: Strategic Review on pages 29 to 33 of this report.

### Investor Relations

In Digi, the Investor Relations team believes it is a business imperative to address expectations from diverse stakeholder groups with varying views of value creation. They actively engage with Digi's shareholders, analysts, and investors through a wide range of communication channels. They have also developed a dedicated section on Digi's corporate website for Investor Relations: <https://digi.listedcompany.com/> which includes all material information for the investment community.

The Investor Relations team welcome all investors' questions/queries which can be made via mail to the corporate office address as stated at the back cover of this report, or via electronic mail at [invesrel@digi.com.my](mailto:invesrel@digi.com.my)

### Conduct of General Meetings

The AGMs serve as the principal avenue for shareholders to engage the Board and Management Team in a constructive two-way dialogue. Shareholders are encouraged to actively participate during the AGMs by raising questions and providing feedbacks to the Board and Management Team. Feedback gathered during the meeting are evaluated and considered for further action by the Board and Management Team.

The notice of the upcoming AGM, which is scheduled to be held on 18 May 2021, has been made available to shareholders for not less than twenty-eight (28) days prior to the meeting in order to accord shareholders with sufficient time to review the Company's financial and operational performance as well as the resolutions that are to be tabled during the 24<sup>th</sup> AGM.

The extended notice period is also intended to enable shareholders to make the necessary arrangements to attend the 24<sup>th</sup> AGM. Digi will leverage on digital and video conferencing tools to conduct the upcoming 24<sup>th</sup> AGM virtually. These technologies will also be critical to facilitate voting in absentia and remote shareholders' participation given the current circumstances of pandemic Covid-19 pandemic.

### 2020 Investor Calendar

Digi's engagements have become more significant than ever, amid the ongoing health crisis as Digi is dedicated to help manage the uncertainty and discuss the Company's developments in navigating through an unprecedented time. For the year under review, all Investor Relations activities were conducted virtually while enabling the investment community sufficient access to Digi Management Team through virtual events.

With the utilisation of digital and video conferencing tools, the Team successfully organised five (5) investor briefings, three (3) non-deal roadshows, and over forty (40) thematic meetings. Digi has also participated in three (3) regional investor conferences and nine (9) expert forums. The full investor calendar was illustrated below.



## Corporate Governance Overview Statement

<b>14</b> JUL 2020	▶	2Q 2020 Earning Call
<b>06</b> AUG 2020	▶	Virtual Non-Deal Roadshow with JP Morgan
<b>19</b> AUG 2020	▶	Virtual Non-Deal Roadshow with Nomura
<b>26</b> AUG 2020	▶	Virtual Analyst Day - Update on Technology
<b>16</b> OCT 2020	▶	3Q 2020 Earning Call
<b>18</b> NOV 2020	▶	Global TMT Virtual Conference 2020 with JP Morgan

### Summary of Investor Discussion

In the various engagement sessions with the investment community, key topics commonly raised were summarised as follows:

Key topics raised	Our responses
<b>Impact of Covid-19</b>	<ul style="list-style-type: none"> <li>Ensured business continuity through adherence to strict operational Standard of Procedures and facilitated work from home arrangements</li> <li>Demonstrated Digi's ability to shift to online channels</li> <li>Supported society recovery through a range of innovative products and services</li> <li>Discussed Digi's recovery plans and impacts on revenue generation and profitability</li> </ul>

Key topics raised	Our responses
<b>Market competition</b>	<ul style="list-style-type: none"> <li>Launched affordable hourly, daily, weekly and monthly internet passes, enriched with high-speed network connectivity</li> <li>Continued Digi's focus to provide customers with compelling product propositions and differentiated customer experiences</li> </ul>
<b>Strategy to ensure sustained financial growth</b>	<ul style="list-style-type: none"> <li>Strengthened sustainable revenue portfolio mix with increased internet and digital contribution to reduce reliance from traditional revenues</li> <li>Delivered cost savings led by cost optimisation efforts and efficient bad debt risk management</li> </ul>
<b>Our foray into fibre-to-the-home (FTTH) and Business-to-Business (B2B) segments</b>	<ul style="list-style-type: none"> <li>Expanded ultra-fast and unlimited FTTH as part of bundled product proposition for a seamless in and out of home service experience</li> <li>Enlarged B2B customers and organic revenues driven by Digi's flexible and affordable digital bundle plans</li> </ul>
<b>Network quality</b>	<ul style="list-style-type: none"> <li>Ensured high availability of reliable network services at critical and high demand locations</li> <li>Implemented traffic management and dynamic network optimisation to cater for rising traffic demand</li> <li>Rated as the fastest and most consistent network nationwide by Ookla as a testament of Digi's commitment to maximise best internet experience</li> </ul>
<b>Regulatory development with regards to Jendela and 5G</b>	<ul style="list-style-type: none"> <li>Committed to deliver widespread high-speed 4G mobile services, improve in-door coverage for urban and suburban areas</li> <li>Build 5G-ready network and grow 5G ecosystem via a collaborative approach with industry players and vertical partners</li> </ul>



# Corporate Governance Overview Statement

## Integrity in Corporate Reporting

In Digi, we have established formal and rigorous processes to verify and protect the integrity of the corporate reporting. This includes the annual Directors' Report and other reports in the Company's corporate reports portfolio released to the public.

Key topics raised	Our responses
<b>Financial reporting and disclosure</b>	<p>During the reporting period, the Company implemented additional internal controls to ensure the integrity of corporate reporting systems, which included the accuracy of financial reporting</p> <p>Prior to the release to public domain, Quarterly Bursa Securities' reports and Management Discussion and Analysis (MD&amp;A) will be reviewed by the ARC and ultimately approved by the Board</p>
<b>Integrated Annual Report</b>	<p>Sections pertaining to Strategic Review, Financial Review and Governance Reports will go through meticulous process of reviewing and evaluating by our appointed Auditor, alongside the compulsory reviews by Management Team</p> <p>This will subsequently be approved by the Board prior to the publication to the market. The process is crucial in ensuring the highest standards of accuracy and compliant in our annual reporting, thus providing stakeholders with right set of information to make informed decisions</p>

## Statement by the Board

The Board has reviewed, deliberated and approved this Statement on 12 March 2021.

# More information on Digi's principles and practices for corporate governance can be found at the Governance section at <https://digi.listedcompany.com/corporate-governance.html>

# Statement on Risk Management and Internal Control

**Pursuant to Paragraph 15.26 (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Securities), the Board of Directors of listed companies is required to include in their annual report, a statement about the state of risk management and internal control of the listed issuer as a group.**

Digi Board of Directors (Board) is pleased to provide the following statement that has been prepared in accordance with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers endorsed by Bursa Securities. The Statement outlines the nature and scope of risk management and internal control within Digi during the financial year under review.

## RESPONSIBILITIES AND ACCOUNTABILITIES

The Board acknowledges its responsibility for the establishment as well as oversight of Digi's risk management framework and internal control systems. The risk management framework and internal control systems are designed to identify, assess and manage risks that may impede the achievement of business objectives and strategies. The Board also acknowledges that the internal control systems are designed to manage and minimise, rather than eliminate, occurrences of material misstatement, financial losses or fraud.

The Board, through the Audit and Risk Committee (ARC) periodically reviews the effectiveness and adequacy of the risk management framework and internal controls by identifying, assessing, monitoring and reporting key business risks with the objective to safeguard shareholders' investments and Digi's assets.

Management is responsible for implementing Board approved policies and procedures on risk management and internal controls

by identifying and evaluating risks faced and monitoring the achievement of business goals and objectives within the risk appetite parameters.

## RISK MANAGEMENT

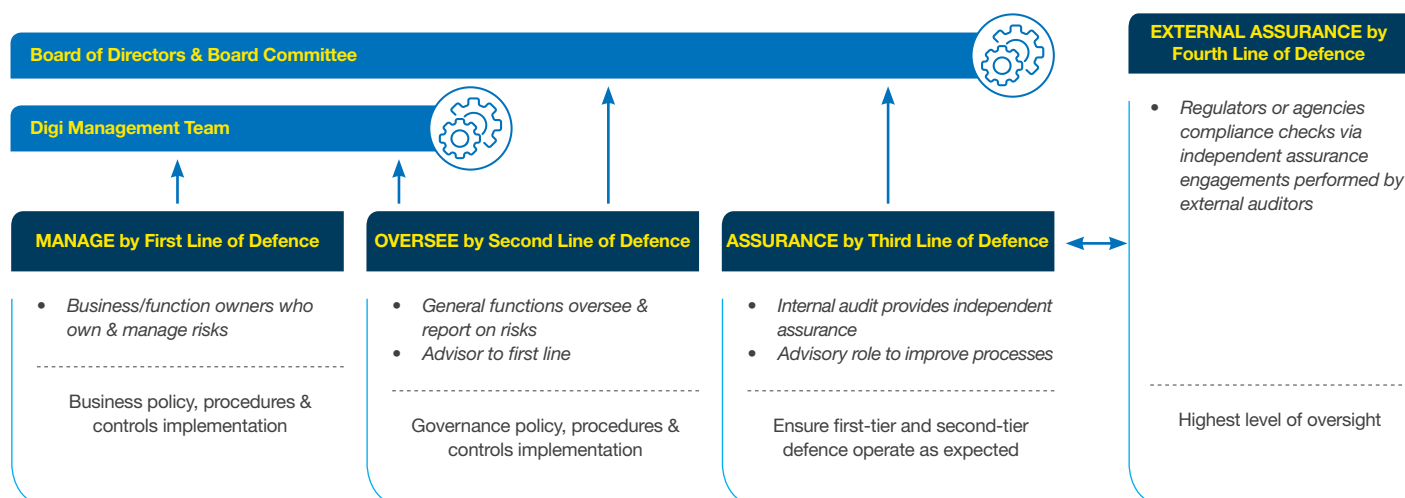
Digi's risk management framework provides the foundation and process on how risks are managed across Digi. Our process is broadly based on ISO 31000:2018.

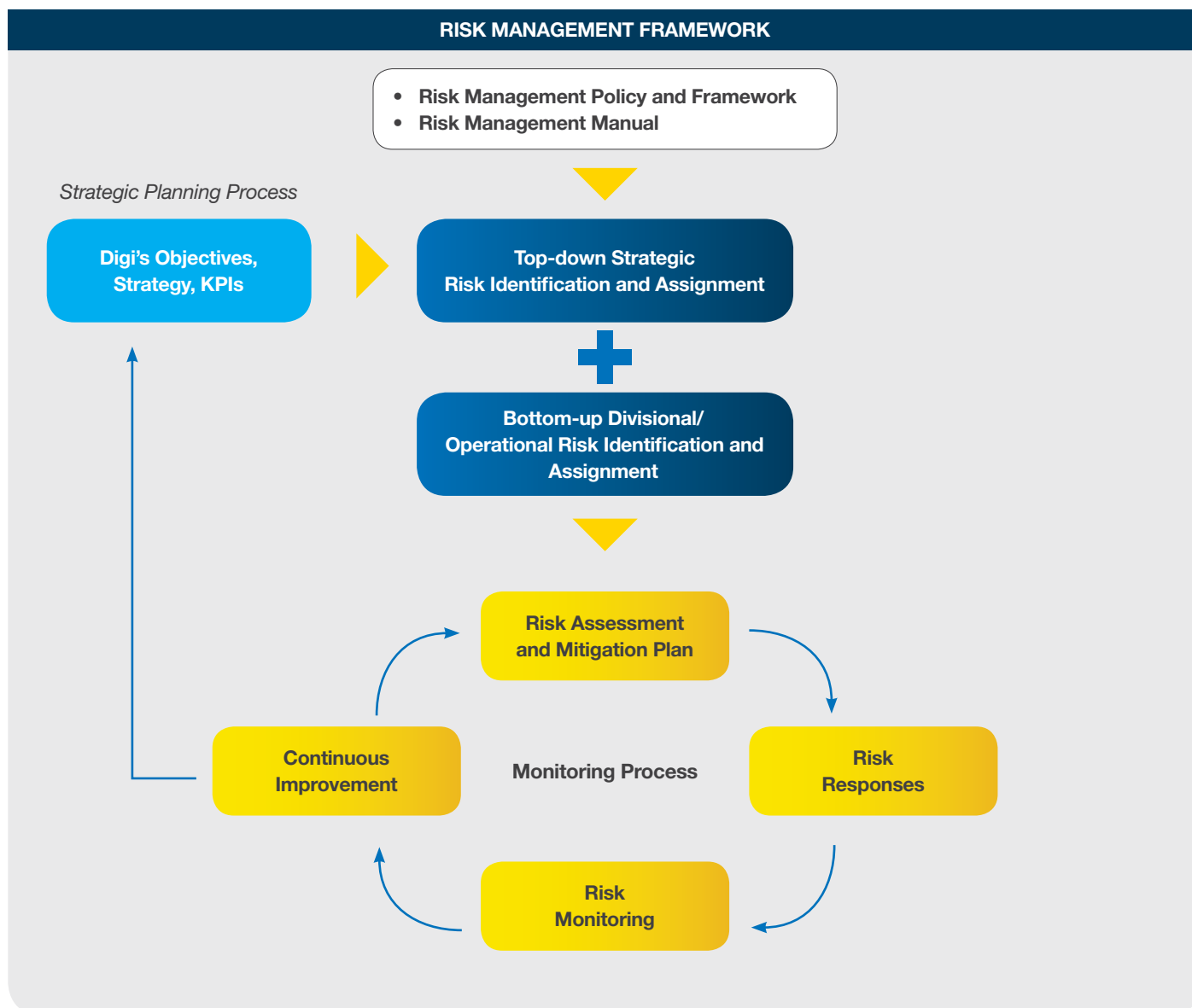
Risk management responsibilities in Digi are defined in the framework where Risk Management function is responsible to implement the enterprise risk management process.

Digi's Management Team (Management)'s key role is to identify significant threats and opportunities, evaluate the risk profile and drive mitigation strategies on a regular basis. All line managers are required to assume responsibility for risk management within their areas of responsibility and ensure that risk management is embedded in the day-to-day business and decision-making processes.

The diagram below illustrates the roles and responsibilities of risk management practices across Digi.

## Roles & Responsibilities of Managing Risks:





# Statement on Risk Management and Internal Control

Risks reported by Management and discussed with ARC and the Board during the financial year are summarised below. As these risks are still relevant, mitigation responses are in place and continuously monitored to mitigate risk exposures.

## Market and Competition



*Risk on heightened competition level coupled with effects of Covid-19 on the economy are challenging industry and revenue growth*

## Business Discontinuity



*Risk of interruptions in Digi's critical service areas during the pandemic outbreak*

## Employee's Health and Safety



*Covid related impact on employees health and safety, including wellbeing and engagement amidst change in way of work*

## Capital Allocation and Operational Efficiency Risk



*Failure to optimise capital allocation and operational efficiencies on digitisation and network modernisation will impede our competitiveness*

## Regulatory, Legal and Compliance Risk



*Risk of non-compliance by Digi and/or our business partners to applicable industry regulations or requirements on spectrum, access licenses, registration, or responsible business ethics*

## Data Protection and Risk Management



*Vast amount of data is subject to numerous compliance, security, and privacy requirements. Effective data governance is critical to fulfil increased expectation in consumer data protection under the new remote way of work*

## Cyber Threats and Security Risk



*Risk of cyber-attacks with presence of threat actors and exploitation activities due to increased digitisation, high internet usage from remote working during Covid*

## Responsible Business Commitment Risk



*Risk of not fulfilling corporate social responsibility to support the community during Covid; and not gaining consumers' trust and expectations in carbon emission, e-waste and climate change threats on network infrastructure expansion and roll out*

## Talent and Succession Management Risk



*Inability to manage succession planning risk, attract new talents to promote diversity and inclusion, and retain top talents*

# Statement on Risk Management and Internal Control

## INTERNAL CONTROL SYSTEMS

The key elements of the internal control systems established by the Board that provide effective governance and oversight of internal controls include:

### Policies and Operating Procedures

Policies and operating procedures are in place to ensure compliance with internal controls and the prescribed laws and regulations. These policies and procedures provide guidance and direction for proper management and governance of operations and business activities. The documents are reviewed annually and published in the Compliance portal which is available to all employees.

### Profitability Assurance

This function minimises revenue leakage by implementing adequate controls and processes through an optimal revenue management framework. It covers the cycle of identification, assessment, mitigation and monitoring. Digi has in place automated controls to ensure that usage and profile integrity between the network, mediation, rating and billing is assured and adequately controlled. Key issues and mitigation actions are reported to Management monthly. The effectiveness and efficiency of processes and controls within the revenue cycle are reviewed regularly. In addition to assuring minimal revenue leakage, the team also works on automation and dashboards for efficient business monitoring.

### Security

Digi is committed to reduce the impact of service disruptions by ensuring infrastructure is protected and services are not interrupted, thereby enabling continuous services to its customers.

The Cyber Security and Physical Security functions are responsible for ensuring confidentiality, integrity and availability of information and information processing facilities, including telecommunication systems and infrastructure and to protect against cyber-attacks, fraudulent activities, information loss and other security risks and threats arising internally and externally.

The Fraud Management function manages and mitigates the risk of relevant fraud and related losses. Some of its key activities involve developing and designing internal fraud controls which are regularly reviewed to ensure relevance and effectiveness. Fraud awareness activities, measures and continuous actions are taken to ensure telecommunication fraud is minimised and the requirement for preventive controls are embedded into business processes.

Security Assurance activities performed to ensure network security protection include conducting security awareness sessions, running vulnerability management and security posture assessments, and continuous security monitoring and governance in security compliance audits and risk management. Digi complies with the ISO 27001:2013 – Information Security Management System, ISO 14001: 2015 – Environmental Management System, ISO 45001:2018 – Occupational Health and Safety Management System and Payment Card Industry/Data Security Standard (PCIDSS) standards.

Periodic meetings are held with the Chief Technology Officer to discuss, direct and approve security initiatives, activities, policies and projects driven by the Security department.

### Business Continuity Management (BCM)

Digi recognises the importance of providing uninterrupted mission critical and time sensitive products and services to its customers. Hence, disruptive incidents are handled and responded to effectively to ensure a structural recovery that safeguards the interests of its stakeholders, as well as to protect the credibility and reputation of Digi.

The BCM practices adopted in Digi are aligned with ISO 22301: Business Continuity Management. The Management continuously leads the drive to enhance Digi's Business Continuity processes which encompass emergency response, crisis management, crisis communication, business continuity and Network and IT disaster recovery. In addition, Digi has an annual BCM programme which includes awareness, training, review and validation on the efficiencies and effectiveness of BCM.

### Controls over Financial Reporting

The Controls over Financial Reporting (CFR) function plays an important role in evaluating and improving effectiveness of key controls surrounding Digi's financial reporting process. Its primary objective is to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements. Reviews on internal controls over financial reporting is performed in accordance with Digi's Internal Control over Financial Reporting Framework, which requires assessment based on materiality of significant accounts, and testing and evaluation of the design and operational effectiveness of key controls.

The function adopts a continuous monitoring routine to follow up on unaddressed risks and non-operating controls, including periodic reporting to Management and the ARC on the status of controls over the financial reporting processes.



# Statement on Risk Management and Internal Control

## Organisation Structure

Digi has established an organisational structure with clearly defined lines of responsibility and accountability, proper segregation of duties and assignment of authority to ensure effective and independent stewardship.

## Board and Management Committees

The Board Committees, namely the Audit and Risk, Nomination and Remuneration Committees have been established to assist the Board in executing its governance responsibilities and oversight function. These Board Committees have been delegated specific responsibilities all of which are governed by clearly defined Terms of Reference. The Terms of Reference of these Committees are accessible in the Corporate Governance section of Digi's website at [https://digi.listedcompany.com/corporate\\_governance.html](https://digi.listedcompany.com/corporate_governance.html).

Various committees comprising key Management members have been established to assist and support the Board Committees to oversee core areas of business operations under their respective documented mandates. These Management Committees are:

### Vendor and Investment Committee (VIC)

- Governs the approval process regarding material capital investments, operating expenditure, vendor evaluation criteria and vendor selection, in accordance with Digi's Delegation Authority Matrix (DAM)
- Occurs bi-weekly or ad hoc sessions where necessary
- Chaired by the Investment Controller with the VIC members as assigned / depicted in the Investment approval manual, in accordance with Digi's DAM to ensure sufficient quorum for all investment approvals

### Regulatory Steering Committee (RSC)

- Provides direction and makes decisions on regulatory matters and/or related topics that have a significant impact to Digi
- Meets monthly
- Chaired by the CEO with key Management as RSC members

### Risk Management Forum

- Forum members consists of Management who meets quarterly
- Reviews and deliberates on significant risks (threats and opportunities) in Digi
- Makes decisions on the coordinated action plans to mitigate risks

### Responsible Business Forum (RBF)

- Chaired by the CEO, the forum includes the Chief Human Resource Officer, Chief Technology Officer, Chief Corporate Affairs Officer, and other key Management members

- Formulates Responsible Business strategies, policies, and goals
- Monitors and facilitates adherence to the related Responsible Business policies and manuals
- Supports Departments to meet Responsible Business goals
- Conducts Responsible Business awareness and engagement activities
- Oversees Environmental, Social and Governance (ESG) and Non-Financial Reporting (NFR) performances
- Responsible Business is presented to the Board quarterly

## Assignment of Authority

The DAM provides a framework of authority and accountability and outlines approval authority for strategic, capital, and operational expenditure. The DAM is reviewed and approved by the Board in line with changes in business needs.

## Code of Conduct & Agreement of Responsible Business Conduct

The Code of Conduct (the Code) and Agreement of Responsible Business Conduct (ABC) are a vital and integral part of Digi's governance regime that defines the core principles and ethical standards in conducting business and engagements with all stakeholders, and compliance with relevant laws and regulations. The Code and ABC apply to members of the Board, employees and those acting on behalf of Digi. All employees and business partners are required to confirm that they have read, understood and will adhere to the Code and ABC, respectively. The Group has established communication channels that allow concerns of non-adherence to the Code and ABC to be anonymously reported.

## Compliance

The Compliance Officer supports the CEO and the Board in ensuring that:

- The Code and ABC reflect good business practices and relevant laws, regulations and widely recognised treaties
- The Code and ABC are implemented consistently and effectively through sharing of knowledge and measures for quality assurance
- Compliance incidents are consistently and effectively managed
- Reports on material breaches of the Code and ABC are made to the Compliance Committee (comprising members of the Management), members of the Board and ARC on a quarterly basis
- Capacity building for Employees, Business Partners, Management and Members of the Board and ARC on the Compliance requirements of the Group on a regular basis
- The effectiveness of the Compliance programme is periodically reviewed and improved

# Statement on Risk Management and Internal Control

- Compliance risk assessment is conducted annually with a view to preventing incidents from occurring through effective remediation and mitigation steps

## Management and Board Meetings

Management meetings are held weekly to identify, discuss, approve and resolve strategic, operational, financial and key management issues pertaining to Digi's day-to-day business. Significant changes in the business and the external environment are reported by the Management to the Board on an on-going basis and/or during Board meetings.

## Internal Audit

The Internal Audit function is established to undertake independent review and assessment on the adequacy, efficiency and effectiveness of risk management, internal control and governance processes implemented by Management. To maintain its impartiality, proficiency and due professional care, the Internal Audit function reports functionally to the ARC and administratively to the CEO.

The annual audit plan, established using a risk-based approach, is reviewed and approved by the Board annually. Audit reports, including the audit recommendations, Management responses and action plans for improvement and/or rectification are presented and tabled to the ARC on a quarterly basis. The status of the implementation is monitored by the ARC to ensure that they are addressed timely. If deemed necessary, management representative will be required to attend ARC meeting(s) to provide explanation and propose action plans on the significant audit findings.

Further information on the Internal Audit department's activities is detailed in the Audit and Risk Committee Report of this Integrated Annual Report.

## REVIEW OF THIS STATEMENT BY EXTERNAL AUDITORS

The external auditors have performed limited assurance procedures on this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide 3 (AAPG 3), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants (MIA) for inclusion in the Annual Report of the Group for the financial year ended 31 December 2020, and reported to the Board that nothing has come to their attention that cause them to believe the statement intended to be included in the Annual Report is not prepared, in all material respects, in

accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines, nor is the Statement factually inaccurate.

AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Directors and Management thereon. The report from the external auditor was made solely for, and directed solely to the Board of Directors in connection with their compliance with the listing requirements of Bursa Securities and for no other purposes. The external auditors do not assume responsibility to any person other than the Board of Directors in respect of any aspect of this report.

## CONCLUSION

The Board has received assurance from the CEO and CFO that Digi's risk management and internal control framework is operating adequately and effectively, in all material aspects, during the financial year under review and up to the date of this Statement. Taking into consideration the assurance from Management and relevant assurance providers, the Board is of the view that the risk management and internal control practices and processes are operating adequately and effectively to safeguard the stakeholders' interests, shareholders' investment, customer's interests, and Digi's assets.

# Additional Compliance Information

## OTHER DISCLOSURES

The following information is provided in accordance with Paragraph 9.25 of the Main Market Listing Requirements of Bursa Securities as set out in Appendix 9C thereto.

### 1. Audit and Non-Audit Fees

During the financial year, the amount incurred by Digi and the Group with respect to audit fees and non-audit related fees paid to external auditors for the financial year ended 31 December 2020 are as follows:-

	Company (RM)	Group (RM)
Audit Services	35,000	638,000
Non-Audit Services	62,000	464,090
Total Fees	97,000	1,102,090

The non-audit services comprised the following assignments: -

- (a) Attestation of non-financial reporting
- (b) Review of regulatory reporting
- (c) Review of quarterly and year end reporting packages
- (d) Review of the Statement on Risk Management and Internal Control
- (e) Performance of agreed upon procedures
- (f) Tax compliance services

### 2. Material Contracts Involving Directors' and Major Shareholders' Interests

There were no material contracts by Digi and/or its subsidiaries involving Directors' and major shareholders' interests either subsisting as at 31 December 2020 or entered into since the end of the previous financial year.

### 3. Recurrent Related Party Transaction of a Revenue or Trading Nature

At the AGM held on 1 June 2020, Digi obtained a shareholders' mandate to allow the Group to enter into recurrent related party transactions of a revenue or trading nature.

The disclosure of the recurrent related party transactions conducted during the financial year ended 31 December 2020 is set out in the Integrated Annual Report on page 187.

### 4. Utilisation of Proceed from Corporate Proposals

There were no proceeds raised from corporate proposals during the financial year ended 31 December 2020.

### 5. Material Public Sanction or Penalty

There were no material public sanctions and/or penalties imposed on the Company, Directors or Management by the relevant regulatory bodies during the financial year ended 31 December 2020.

# Statement of Responsibility by Directors

In respect of the preparation of the annual audited financial statements

The Directors are responsible for ensuring that the financial statements of the Group are drawn up in accordance with the applicable Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016.

The Directors are also responsible for ensuring that the annual audited financial statements of the Group are prepared with reasonable accuracy from the accounting records of the Group so as to give a true and fair view of the financial position of the Group as of 31 December 2020 and of their financial performance and cash flows for the year.

In reviewing the annual audited financial statements, the Directors have relied upon the Group's system of internal controls to provide reasonable grounds for the Directors to be certain of the Group's accounting records, as well as other relevant records, have been maintained by the Group in a manner that enables them to sufficiently conclude on the following:

- a. Selected and applied the appropriate and relevant accounting policies on a consistent basis;
- b. Made judgements and estimates that are reasonable and prudent; and
- c. Prepared the annual audited financial statements on a going concern basis

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Group to prevent and detect fraud and other irregularities.

# **SECTION 6: AUDITED FINANCIAL STATEMENTS**

- 106** Directors' Report
- 110** Statement by Directors
- 110** Statutory Declaration
- 111** Independent Auditors' Report
- 115** Statements of Comprehensive Income
- 116** Statements of Financial Position
- 117** Statements of Changes in Equity
- 118** Statements of Cash Flows
- 120** Notes to the Financial Statements



# Directors' Report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2020.

## PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities and other information relating to subsidiaries are disclosed in Note 15 to the financial statements.

## RESULTS

	Group RM'000	Company RM'000
Profit for the financial year, attributable to owners of the parent	1,220,969	1,275,791

There were no material transfers to or from reserves or provisions during the financial year, other than as disclosed in the financial statements.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

## DIVIDENDS

The dividends paid by the Company since the end of the previous financial year were as follows:

	RM'000
In respect of the financial year ended 31 December 2019:	
Fourth interim single-tier dividend of 4.4 sen per ordinary share, declared on 22 January 2020 and paid on 27 March 2020	342,100
In respect of the financial year ended 31 December 2020:	
First interim single-tier dividend of 4.2 sen per ordinary share, declared on 23 April 2020 and paid on 26 June 2020	326,550
Second interim single-tier dividend of 3.7 sen per ordinary share, declared on 14 July 2020 and paid on 25 September 2020	287,675
Third interim single-tier dividend of 4.1 sen per ordinary share, declared on 16 October 2020 and paid on 17 December 2020	318,775

The board of directors had on 27 January 2021, declared a fourth interim single-tier dividend of 3.6 sen per ordinary share in respect of the financial year ended 31 December 2020 amounting to RM279.9 million. The financial statements for the current financial year do not reflect this fourth interim dividend. Such dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2021.

# Directors' Report

## DIRECTORS

The names of the directors of the Company in office since the beginning of the financial year to the date of this report are:

Haakon Bruaset Kjoel	
Tan Sri Saw Choo Boon	
Yasmin Binti Aladad Khan	
Vimala A/P V.R. Menon	
Lars Erik Tellmann	
Randi Wiese Heirung	(Appointed on 15 October 2020)
Wenche Marie Agerup	(Appointed on 15 October 2020)
Torstein Pedersen	(Resigned on 15 October 2020)
Anne Karin Kvam	(Resigned on 15 October 2020)

The names of the directors of the subsidiaries of the Company since the beginning of the financial year to the date of this report, not including those directors listed above are:

Albern A/L Murty	
Inger Gloeersen Folkesson	
Praveen Rajan A/L Nadarajan	
Kesavan A/L Sivabalan	(Appointed on 4 January 2021)
Eugene Teh Yee	(Resigned on 1 September 2020)
Loh Keh Jiat	(Resigned on 9 September 2020)

## DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that financial year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown below) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

The directors' benefits are as follows:

	Group RM'000	Company RM'000
<b>Non-executive:</b>		
Fees	897	90
Benefits-in-kind	11	-
	908	90

# Directors' Report

## INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

The Group maintains a directors' and officers' liability insurance for any legal liability incurred by the directors and officers in discharging their duties while holding office for the Group and the Company. In respect of the above, the total amount of insurance premium paid for the financial year ended 31 December 2020 was RM11,372 (2019: RM10,312). The directors and officers shall not be indemnified by such insurance for any deliberate negligence, fraud, intentional breach of law or breach of trust proven against them.

## HOLDING COMPANIES

The immediate and ultimate holding companies are Telenor Asia Pte Ltd and Telenor ASA, incorporated in Singapore and Norway respectively. The ultimate holding company is listed on the Oslo Stock Exchange, Norway.

## DIRECTORS' INTEREST

According to the register of directors' shareholdings, the interest of directors in office at the end of the financial year in the shares of the Company or its related corporations during the financial year were as follows:

	← Number of ordinary shares of NOK6 each →			
	1 January 2020/date of appointment	Acquired	Sold	31 December 2020
<b>Ultimate holding company</b>				
<b>Telenor ASA</b>				
Direct interest:				
Haakon Bruaset Kjoel	17,022	1,662	-	18,684
Lars Erik Tellmann	24,992	8,777	-	33,769
Randi Wiese Heirung	1,448	-	-	1,448
Wenche Marie Agerup	18,156	-	-	18,156

None of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

## OTHER STATUTORY INFORMATION

- (a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:
  - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

## Directors' Report

### OTHER STATUTORY INFORMATION (CONT'D.)

- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the amount of the allowance for doubtful debts, in the financial statements of the Group and of the Company, inadequate to any substantial extent; and
  - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any material contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due; and
  - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

### SIGNIFICANT EVENT

Details of significant event are disclosed in Note 34 to the financial statements.

### AUDITORS

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

The auditors' remuneration for the statutory audit for the financial year ended 31 December 2020 for the Group and the Company are RM638,000 and RM35,000 respectively.

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young PLT for the financial year ended 31 December 2020.

Signed on behalf of the board in accordance with a resolution of the directors dated 16 March 2021.

**Tan Sri Saw Choo Boon**  
Director

**Vimala A/P V.R. Menon**  
Director

# Statement by Directors

Pursuant to Section 251(2) of the Companies Act 2016

We, Tan Sri Saw Choo Boon and Vimala A/P V.R. Menon, being two of the directors of Digi.Com Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on 115 to 180 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the board in accordance with a resolution of the directors dated 16 March 2021.

**Tan Sri Saw Choo Boon**  
Director

**Vimala A/P V.R. Menon**  
Director

# Statutory Declaration

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Ng Kim Chuan, being the officer primarily responsible for the financial management of Digi.Com Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on 115 to 180 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by  
the above-named Ng Kim Chuan at  
Kuala Lumpur in Wilayah Persekutuan  
on 16 March 2021

**Ng Kim Chuan**  
(MIA 23311)

Before me,



# Independent Auditors' Report

to the members of Digi.Com Berhad (Incorporated in Malaysia)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of Digi.Com Berhad, which comprise the statements of financial position as at 31 December 2020 of the Group and of the Company, and statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on 115 to 180.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

### Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. We have determined that there are no key audit matters to communicate in our report on the financial statements of the Company. The key audit matter for the audit of the financial statements of the Group is described below. This matter was addressed in the context of our audit of the financial statements of the Group as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial statements.

#### Accuracy of revenue recognition

Refer to Note 2.19.1(a) – Revenue Recognition (Telecommunication Revenue) and Note 5 – Revenue.

The Group relies on complex information technology system (including the rating module within the billing system) in accounting for its telecommunication revenue. Such information system processes large volumes of data with a combination of different products, which consist of individually low value transactions.

In addition, estimates and judgements were involved in allocating the transaction price between the multiple products and services sold in bundled transactions.

# Independent Auditors' Report

to the members of Digi.Com Berhad (Incorporated in Malaysia)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

### Key audit matters (cont'd.)

#### Accuracy of revenue recognition (cont'd.)

The above factors gave rise to higher risk of material misstatement in the timing and amount of telecommunication revenue recognised. Accordingly, we identified revenue recognition to be an area of focus.

Our audit sought to place a high level of reliance on the Group's information technology systems and key controls which management relies on in recording telecommunication revenue. Our audit procedures included involving our information technology specialists to test the operating effectiveness of automated controls over the billing system, including the rating module. We also tested the accuracy of the data interface between the billing system and the general ledger and tested the non-automated controls in place to ensure accuracy of revenue recognised, including timely updating of approved rate changes in the billing system.

We also performed substantive audit procedures which included amongst others, the testing of the reconciliation between the billing system and the general ledger, including validating material manual journals processed and testing the unbilled revenue by comparing such amount to the billings raised subsequent to the reporting period.

In respect of the allocation of transaction price between multiple products and services sold in bundled transactions, we obtained an understanding of management's basis of allocation in accordance with the identified performance obligations, evaluated management's estimate of standalone selling prices used in allocating the transaction price and tested the computation of revenue to be recognised in respect of each product and service sold in bundled transactions.

### Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the directors' report and annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which we obtained prior to the date of this auditors' report.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

## Independent Auditors' Report

to the members of Digi.Com Berhad (Incorporated in Malaysia)

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

#### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- (d) Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

# Independent Auditors' Report

to the members of Digi.Com Berhad (Incorporated in Malaysia)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

### Auditor's responsibilities for the audit of the financial statements (cont'd.)

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

#### Ernst & Young PLT

202006000003 (LLP0022760-LCA) & AF 0039  
Chartered Accountants

Kuala Lumpur, Malaysia  
16 March 2021

#### Tseu Tet Khong @ Tsau Tet Khong

03374/06/2022 J  
Chartered Accountant

# Statements of Comprehensive Income

For the financial year ended 31 December 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Revenue</b>	5	6,152,747	6,297,358	1,275,000	1,446,000
Other income		19,048	16,304	907	1,235
Cost of materials and traffic expenses		(1,538,639)	(1,434,390)	-	-
Sales and marketing expenses		(404,581)	(453,961)	-	-
Operations and maintenance expenses		(169,645)	(112,623)	-	-
Rental expenses		(21,485)	(57,475)	-	-
Staff expenses	7(b)	(242,099)	(224,628)	-	-
Depreciation expenses		(1,154,114)	(1,124,874)	-	-
Amortisation expenses	12	(67,689)	(72,425)	-	-
Other expenses		(768,869)	(727,224)	(194)	(1,488)
Finance costs	6	(212,547)	(231,076)	-	-
Interest income		29,919	25,694	102	202
Operating model transition costs	7(d)	-	(8,359)	-	-
<b>Profit before tax</b>	7	1,622,046	1,892,321	1,275,815	1,445,949
Taxation	8	(401,077)	(459,372)	(24)	(48)
<b>Profit for the financial year, representing total comprehensive income for the financial year</b>		1,220,969	1,432,949	1,275,791	1,445,901
Attributable to:					
Owners of the parent		1,220,969	1,432,949	1,275,791	1,445,901

		Group	
		2020	2019
Earnings per share attributable to owners of the parent (sen per share)	9	15.7	18.4

The accompanying accounting policies and explanatory information form an integral part of the financial statements.



# Statements of Financial Position

As at 31 December 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Non-current assets</b>					
Property, plant and equipment	11	2,883,143	2,852,110	-	-
Intangible assets	12	248,036	305,986	-	-
Right of use assets	13	3,031,878	2,595,088	-	-
Investments in subsidiaries	15	-	-	773,361	772,751
Other investment	16	78	78	-	-
Trade and other receivables	18	344,538	427,565	-	-
Contract costs	14	57,887	66,170	-	-
Contract assets	5	28,886	26,661	-	-
Derivative financial assets	19	61,728	18,605	-	-
		6,656,174	6,292,263	773,361	772,751
<b>Current assets</b>					
Inventories	17	137,207	90,501	-	-
Trade and other receivables	18	972,387	1,220,923	4	4
Contract assets	5	66,437	79,590	-	-
Income tax recoverable		51,676	8,448	-	-
Cash and short-term deposits	20	302,853	457,716	250	828
		1,530,560	1,857,178	254	832
<b>Total assets</b>		8,186,734	8,149,441	773,615	773,583
<b>Non-current liabilities</b>					
Loans and borrowings	21	4,677,523	4,461,043	-	-
Deferred tax liabilities	22	268,927	217,628	-	-
Other liabilities	23	120,255	53,295	-	-
		5,066,705	4,731,966	-	-
<b>Current liabilities</b>					
Trade and other payables	24	1,432,986	1,784,308	729	1,380
Contract liabilities	5	306,283	283,572	-	-
Derivative financial liabilities	19	394	419	-	-
Other liabilities	23	-	420	-	-
Loans and borrowings	21	774,510	688,756	-	-
Income tax payable		-	13	5	13
		2,514,173	2,757,488	734	1,393
<b>Total liabilities</b>		7,580,878	7,489,454	734	1,393
<b>Equity</b>					
Share capital	25	769,655	769,655	769,655	769,655
(Accumulated losses)/retained earnings	27	(163,799)	(109,668)	3,226	2,535
Total equity		605,856	659,987	772,881	772,190
<b>Total equity and liabilities</b>		8,186,734	8,149,441	773,615	773,583

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

# Statements of Changes in Equity

For the financial year ended 31 December 2020

← Attributable to owners of the parent →				
		Share capital RM'000	Accumulated losses/ distributable retained earnings RM'000 (Note 27)	Total RM'000
	Note			
<b>Group</b>				
<b>At 1 January 2019</b>		769,655	(96,467)	673,188
Total comprehensive income		-	1,432,949	1,432,949
Transaction with owners:				
Dividends on ordinary shares	10	-	(1,446,150)	(1,446,150)
<b>At 31 December 2019</b>		769,655	(109,668) <sup>1</sup>	659,987
Total comprehensive income		-	1,220,969	1,220,969
Transaction with owners:				
Dividends on ordinary shares	10	-	(1,275,100)	(1,275,100)
<b>At 31 December 2020</b>		769,655	(163,799) <sup>1</sup>	605,856
<b>Company</b>				
<b>At 1 January 2019</b>		769,655	2,784	772,439
Total comprehensive income		-	1,445,901	1,445,901
Transaction with owners:				
Dividends on ordinary shares	10	-	(1,446,150)	(1,446,150)
<b>At 31 December 2019</b>		769,655	2,535	772,190
Total comprehensive income		-	1,275,791	1,275,791
Transaction with owners:				
Dividends on ordinary shares	10	-	(1,275,100)	(1,275,100)
<b>At 31 December 2020</b>		769,655	3,226	772,881

Note: <sup>1</sup> In the previous financial years, as part of the Group's capital management initiatives, the Company received dividends in specie from its subsidiary, Digi Telecommunications Sdn. Bhd. ("DTSB"), in the form of bonus issue of redeemable preference shares and capital repayment by DTSB amounting to RM509.0 million and RM495.0 million respectively. The Company has declared part of these as special dividend to its shareholders. The deficit arose from the elimination of these intra-group dividends at Group level.

# Statements of Cash Flows

For the financial year ended 31 December 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Cash flows from operating activities</b>					
Profit before tax		1,622,046	1,892,321	1,275,815	1,445,949
Adjustments for:					
Amortisation of intangible assets	12	67,689	72,425	-	-
Depreciation					
- property, plant and equipment	11	678,447	693,643	-	-
- right of use assets	13	475,667	431,231	-	-
Allowance for expected credit loss on trade receivables and contract assets	31.2	81,588	77,660	-	-
Amortisation of contract cost	14	87,199	103,020	-	-
Inventories written down		212	3,104	-	-
Dividend income		-	-	(1,275,000)	(1,446,000)
Finance costs	6	212,547	231,076	-	-
Loss on disposal of property, plant and equipment		2,604	15	-	-
Gain on termination of lease		(72)	(57)	-	-
Write-off of property, plant and equipment		50,708	625	-	-
Write-off of intangible assets		120	53	-	-
Interest income		(29,919)	(25,694)	(102)	(202)
Reversal of provision for employee leave entitlements	23.1	(161)	(4,953)	-	-
Waiver of debt		-	-	(907)	(1,235)
Employee benefits					
- share-based payment		1,871	367	-	-
- defined benefit plan	26	93	70	-	-
Fair value (gain)/loss on foreign currency forward contracts		(25)	118	-	-
Unrealised foreign exchange gain		(259)	(1,722)	-	-
Operating cash flows before changes in working capital		3,250,355	3,473,302	(194)	(1,488)
Changes in working capital:					
Inventories		(46,918)	(32,470)	-	-
Trade and other receivables		126,184	(358,565)	-	-
Contract asset		8,786	71,764	-	-
Contract costs		(78,916)	(98,060)	-	-
Trade and other payables		(353,193)	(373,903)	256	1,544
Contract liabilities		22,711	(31,814)	-	-
Cash flows from operations		2,929,009	2,650,254	62	56
Advance payment for bandwidth		(10,872)	(57,881)	-	-
Interest paid		(246,989)	(234,311)	-	-
Proceeds from government grants		154,263	278,572	-	-
Payments for provisions	23.1	(334)	(93)	-	-
Taxes paid		(393,019)	(574,899)	(32)	(56)
Net cash flows from operating activities		2,432,058	2,061,642	30	-

# Statements of Cash Flows

For the financial year ended 31 December 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment		(617,980)	(696,708)	-	-
Purchase of intangible assets		(102,249)	(54,004)	-	-
Additional investment in a subsidiary		-	-	(610)	-
Dividends received from a subsidiary	5	-	-	1,275,000	1,446,000
Interest received		11,617	24,781	102	202
Proceeds from disposal of property, plant and equipment		110	612	-	-
Net cash flows (used in)/from investing activities		(708,502)	(725,319)	1,274,492	1,446,202
<b>Cash flows from financing activities</b>					
Repayment of loans and borrowings		(375,000)	(587,500)	-	-
Drawdown of loans and borrowings		150,000	-	-	-
Proceeds from issuance of Sukuk Programme		-	1,000,000	-	-
Payment of lease liabilities		(379,422)	(278,427)	-	-
Dividends paid	10	(1,275,100)	(1,446,150)	(1,275,100)	(1,446,150)
Net cash flows used in financing activities		(1,879,522)	(1,312,077)	(1,275,100)	(1,446,150)
<b>Net (decrease)/increase in cash and cash equivalents</b>		(155,966)	24,246	(578)	52
Effect of exchange rate changes on cash and cash equivalents		1,103	352	-	-
<b>Cash and cash equivalents at beginning of financial year</b>		457,716	433,118	828	776
<b>Cash and cash equivalents at end of financial year</b>	20	302,853	457,716	250	828

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

# Notes to the Financial Statements

- 31 December 2020

## 1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). The principal place of business is located at Lot 10, Jalan Delima 1/1, Subang Hi-Tech Industrial Park, 40000 Subang Jaya, Selangor Darul Ehsan. The registered office of the Company is located at 12<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Professor Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor.

The immediate and ultimate holding companies are Telenor Asia Pte Ltd and Telenor ASA, incorporated in Singapore and Norway respectively. The ultimate holding company is listed on the Oslo Stock Exchange, Norway.

The principal activity of the Company is investment holding, whilst the principal activities of the subsidiaries are stated in Note 15. There has been no significant change in the nature of the principal activities during the financial year.

Related companies refer to companies within the Telenor Asia Pte Ltd and Telenor ASA group of companies.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The financial statements of the Group and of the Company have been prepared on the historical cost convention unless indicated otherwise in the accounting policies below.

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ("RM'000") except when otherwise indicated.

### 2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

The Company controls an investee if, and only if, the Company has all the following:

- (i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its investment with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.



# Notes to the Financial Statements

- 31 December 2020

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.2 Basis of consolidation (cont'd.)

#### Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with MFRS 9. Other contingent consideration that is not within the scope of MFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with MFRS 9. Other contingent consideration that is not within the scope of MFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

### 2.3 Investment in subsidiaries

In the Company's separate financial statements, investment in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

### 2.4 Property, plant and equipment, and depreciation

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

# Notes to the Financial Statements

- 31 December 2020

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.4 Property, plant and equipment, and depreciation (cont'd.)

Subsequent to recognition, property, plant and equipment, except for freehold land and capital work-in-progress, are measured at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of an item includes expenditure that is attributable to the acquisition of the item. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of the replaced part is then derecognised. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the asset as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit and loss as incurred.

Freehold land has an unlimited useful life and is therefore not depreciated. Capital work-in-progress representing assets under construction, is also not depreciated as these assets are not yet available for its intended use. Depreciation of other property, plant and equipment is computed on a straight-line basis to write down the cost of each asset to its residual value over the estimated useful life, at the following annual rates or periods:

Buildings	2.0%
Motor vehicles	20.0%
Computer systems	20.0% - 33.3%
Furniture and fittings	20.0%
Telecommunications network	3.3% - 33.3%

The residual values, useful lives and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate, to ensure that the amount, method and period of depreciation are consistent with the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from the difference between the net disposal proceeds, if any, and the net carrying amount is recognised in profit and loss in the financial year the asset is derecognised.

### 2.5 Intangible assets

Intangible assets acquired separately are initially measured at cost. Following initial recognition, intangible assets are measured at cost less accumulated amortisation and accumulated impairment losses, if any. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least during each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated prospectively as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit and loss.

Intangible assets not yet available for use are tested for impairment annually, or more frequently if events and circumstances indicate that the carrying value may be impaired either individually or at the cash generating unit ("CGU") level. Such intangible assets are not amortised.

# Notes to the Financial Statements

- 31 December 2020

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.5 Intangible assets (cont'd.)

Any gain or loss arising from derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the asset, and is recognised in profit and loss when the asset is derecognised.

#### Computer software

Costs incurred to acquire computer software, that are not an integral part of the related hardware, are capitalised as intangible assets and amortised on a straight-line basis over the estimated useful life of 5 years.

### 2.6 Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying amounts of the assets with their recoverable amounts.

For intangible assets not yet available for use, the recoverable amount is estimated at the end of each reporting period, or more frequently if events and circumstances indicate that the carrying value may be impaired either individually or at the cash generating unit ("CGU") level.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows, namely a CGU.

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units, if any and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment is recognised whenever the carrying amount of an asset or CGU exceeds its recoverable amount, and the impairment loss is recognised as an expense in profit and loss in the period in which it arises.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed if, and only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

### 2.7 Inventories

Inventories are stated at lower of cost and net realisable value. Cost is determined using the weighted average basis. The cost of trading merchandise comprises costs of purchases and other incidental costs incurred in bringing these merchandise to their present condition and location.

# Notes to the Financial Statements

- 31 December 2020

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.7 Inventories (cont'd.)

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

### 2.8 Financial assets

#### 2.8.1 Initial recognition and measurement

Financial assets are classified, at initial recognition as, subsequently measured at amortised cost, fair value through other comprehensive income ("OCI"), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and Company's business model for managing them. The Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs except for trade receivables that do not contain a significant financing component. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under MFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's and the Company's business model for managing financial assets refer to how the financial assets are managed in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

#### 2.8.2 Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

# Notes to the Financial Statements

- 31 December 2020

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.8 Financial assets (cont'd.)

#### 2.8.2 Subsequent measurement (cont'd.)

The Group and the Company do not have any debt instruments at fair value through OCI with recycling of cumulative gains and losses.

##### (a) Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group and the Company. The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's and the Company's financial assets at amortised cost includes trade and other receivables and cash and short-term deposits.

##### (b) Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under MFRS 132 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its non-listed equity investments under this category.

##### (c) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives are classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.



# Notes to the Financial Statements

- 31 December 2020

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.8 Financial assets (cont'd.)

#### 2.8.2 Subsequent measurement (cont'd.)

##### (c) Financial assets at fair value through profit or loss (cont'd.)

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the profit or loss.

This category includes derivative instruments such as foreign currency forward contracts and interest rate swaps. Derivative instruments are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

#### 2.8.3 Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's and Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

When the Group and the Company have transferred their rights to receive cash flows from an asset or have entered into a pass-through arrangement, the Group and the Company evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

### 2.9 Impairment of financial assets and contract assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss and contract assets. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

# Notes to the Financial Statements

- 31 December 2020

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.9 Impairment of financial assets and contract assets (cont'd.)

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the category of debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are overdue for more than 60 days. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

### 2.10 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at banks and deposits with licensed banks with a maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts, if any, that form an integral part of the Group's cash management.

Interest income is recognised in profit or loss by applying the effective interest rate to the gross carrying amount of the financial assets.

### 2.11 Provision for liabilities

Provisions for liabilities are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability to the present value of the expenditure expected to be required to settle the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### (a) Employee leave entitlements

Employees' entitlement to annual leave are recognised when the associated services performed by employees increase their entitlements to annual leave. A provision is made for the estimated liability for the annual leave as a result of services rendered by employees up to the end of the reporting period netted off against annual leave utilised to date.

#### (b) Site decommissioning and restoration costs

Provision for site decommissioning and restoration costs is in respect of management's best estimate on the costs necessary to be incurred to decommission the Group's telecommunications network infrastructure and restore the previously occupied sites.

The estimated amount is determined after taking into consideration the time value of money, and the initial estimated sum is capitalised as part of the cost of property, plant and equipment. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

# Notes to the Financial Statements

- 31 December 2020

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.11 Provision for liabilities (cont'd.)

#### (c) Defined benefit plan

Provision for defined benefit plan for eligible employees is as disclosed in Note 2.16(c).

### 2.12 Financial liabilities

#### 2.12.1 Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's and the Company's financial liabilities include derivative financial instruments and other financial liabilities.

#### 2.12.2 Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

##### (a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as financial liabilities at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by MFRS 9.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied. This category includes derivative instruments such as foreign currency forward contracts and interest rate swaps.

##### (b) Other financial liabilities

The Group's and the Company's other financial liabilities include trade and other payables, and loans and borrowings.

After initial recognition, trade and other payables and interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the profit or loss.

This category generally applies to interest-bearing loans and borrowings and trade and other payables. For more information, refer to Note 21 and Note 24.

# Notes to the Financial Statements

- 31 December 2020

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.12 Financial liabilities (cont'd.)

#### 2.12.3 Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

#### 2.12.4 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### 2.13 Borrowing costs

Borrowing costs are recognised in profit and loss as an expense in the period in which they are incurred.

Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

### 2.14 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of their liabilities. Ordinary shares are equity instruments.

The attributable incremental transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

### 2.15 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### *Group as a lessee*

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right of use ("ROU") assets representing the right to use the underlying assets.

#### (a) ROU assets

The Group recognises ROU assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). ROU assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of ROU assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

The Group elected to apply the practical expedient not to separate out non-lease components from lease components and instead account for the lease and non-lease component as a single component.

# Notes to the Financial Statements

- 31 December 2020

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.15 Leases (cont'd.)

*Group as a lessee (cont'd.)*

#### (a) ROU assets (cont'd.)

ROU assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Leasehold land and buildings	1% - 3%
Telecommunication network sites	10% - 33%
Transmission facilities	10% - 20%
Spectrum bandwidths	6.3% - 66.7%
Stores, office buildings and kiosks	33.3%

The ROU assets are also subject to impairment. Refer to Note 2.6 for accounting policy on impairment of non-financial assets.

#### (b) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate and are dependant on a future activity are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification or a change in the lease term.

The Group's lease liabilities are included in loans and borrowings. Please refer to Note 21.

#### (c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of telecommunication network sites, equipment and billboard spaces (i.e., those leases that have a lease term of 12 months or less from the commencement date). It also applies the lease of low-value assets recognition exemption to leases of office equipment and storage spaces that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as an expense on a straight-line basis over the lease term.

*Group as a lessor*

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.



# Notes to the Financial Statements

- 31 December 2020

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.16 Employee benefits

#### (a) Short-term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the period in which the associated services are rendered by employees. Short-term accumulated compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences netted off against annual leave utilised to date, and short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

#### (b) Defined contribution plan

As required by law, companies in Malaysia make contributions to the state-defined contribution pension scheme known as the Employee Provident Fund, and will have no legal or constructive obligation to make further contributions in the future, over-and-above what is existingly legally required. The contributions are recognised as an expense in profit and loss in the period which the related services are rendered by employees.

#### (c) Defined benefit plan

The Group operates an unfunded defined benefit plan for its eligible employees. The benefits are calculated based on the length of service and the agreed percentages of eligible employees' salaries over the period of their employment and are payable upon resignation after completion of the minimum employment period of ten years or upon retirement age of sixty years. The Group's obligations under the retirement benefit scheme, calculated using the Projected Unit Credit Method, is determined based on actuarial computations by independent actuaries, through which the amount of benefit that employees have earned in return for their service in the current and prior years is estimated. That benefit is discounted in order to determine its present value.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income in the period in which they occur and recorded in defined benefit reserve. Remeasurements are not reclassified to profit and loss in subsequent periods.

Past service costs are recognised in profit and loss on the earlier of:

- The date of the plan amendment or curtailment; or
- The date that the Group recognises restructuring related costs.

Net interest and other expenses relating to defined benefit plans are calculated by applying the discount rate to the net defined benefit liability or asset and recognised in profit and loss.

The Group amended the defined benefit plan effective 1 January 2006 to restrict new entrants into the plan, and the benefits payable to be calculated based on the employees' length of service up to 31 December 2005.

# Notes to the Financial Statements

- 31 December 2020

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.17 Income taxes

#### (a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

#### (b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, and deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

#### (c) Sales and Services Tax ("SST")

SST is recognised as part of the expense or cost of acquisition of the asset as SST is not recoverable.

Revenue is recognised net of the amount of SST billed as it is payable to the taxation authority. SST payable to the taxation authority is included as part of payables in the statements of financial position.

### 2.18 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the financial statements.

# Notes to the Financial Statements

- 31 December 2020

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.19 Revenue recognition

#### 2.19.1 Revenue from contracts with customers

The Group is in the business of providing telecommunication and related services.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, net of indirect taxes.

The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

##### (a) Telecommunication revenue

Telecommunication revenue from postpaid and prepaid services provided by the Group are recognised over time, as the benefits of telecommunication services are simultaneously received and consumed by the customer.

Revenue from prepaid services (i.e. preloaded talk time, prepaid top-up vouchers, etc.) are recognised when services are rendered. Consideration from the sale of prepaid sim cards and reload vouchers to customers where services have not been rendered at the reporting date is deferred as contract liability until actual usage or when the cards, vouchers or reloaded amounts are expired or forfeited.

Postpaid services are provided in postpaid packages which consists of various services (i.e. call minutes, internet data, sms, etc.). These postpaid packages have been assessed to meet the definition of a series of distinct services that are substantially the same and have the same pattern of transfer and as such the Group treats these packages as a single performance obligation.

Postpaid packages are either sold separately or bundled together with the sale of a mobile device to a customer. Mobile devices can also be obtained separately from other mobile device retailers and can be used together with the postpaid packages provided by the Group. Postpaid packages and mobile devices are capable of being distinct and separately identifiable, therefore, there are two performance obligations within a bundled transaction. Accordingly, the Group allocates the transaction price based on the relative stand-alone selling prices of the postpaid packages and device.

Stand-alone selling price are based on observable sales prices; however, where stand-alone selling prices are not directly observable, estimates will be made maximising the use of observable inputs.

##### (b) Sale of device

Revenue from sale of device is recognised at the point in time when control of the asset is transferred to the customer, usually on delivery and acceptance of the device.

# Notes to the Financial Statements

- 31 December 2020

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.19 Revenue recognition (cont'd.)

#### 2.19.1 Revenue from contracts with customers (cont'd.)

##### (b) Sale of device (cont'd.)

Payment for the transaction price of the mobile device is typically collected at the point the customer signs up for the bundled contract, except for bundled packages that have a payment structure allowing customers to pay for the mobile device over a period of time. For these arrangements the Group discounts the transaction price using the rate that would be reflected in a separate financing transaction between the Group and its customers at contract inception, to take into consideration the significant financing component.

Certain bundled contracts provide the customer with a right to return the mobile devices during a specified time frame. The Group uses the expected value method to estimate the mobile devices that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in MFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For mobile devices that are expected to be returned, the Group adjusts revenue and recognises a refund liability instead. Correspondingly, costs of sales is also adjusted and a right of return asset is recognised as the right to recover the mobile device from the customer.

##### (c) Contract balances

###### (i) Contract assets

A contract asset is the right to consideration in exchange for goods or services (i.e. mobile devices or telecommunication services) transferred to the customer. If the Group transfers goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Contract assets are subject to impairment assessment based on the ECL model.

###### (ii) Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in Note 2.8.

###### (iii) Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

For prepaid services, a contract liability is recognised when consideration is received from a customer, but services are yet to be performed.

# Notes to the Financial Statements

- 31 December 2020

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.19 Revenue recognition (cont'd.)

#### 2.19.1 Revenue from contracts with customers (cont'd.)

##### (d) Cost to obtain a contract

The Group pays sales commissions to external sales channels and employees as an incentive for each new customer registration to the Group's telecommunication services. Sales commissions have been determined to be an incremental cost of obtaining a contract and are capitalised as contract costs when the Group expects these costs to be recovered over a period of more than one year.

Contract costs are amortised on a straight-line basis over the expected customer life cycle, which is consistent with the pattern of the related revenue. For contract costs with an amortisation period of less than one year, the Group has elected to apply the practical expedient to recognise as an expense when incurred.

Amortisation of contract costs are included as part of operating expenses in the profit or loss, based on the nature of commission costs, and not under amortisation expenses.

The Group recognises an impairment loss in profit or loss to the extent that the carrying amount of the contract costs recognised exceeds the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the contract costs relate, less the remaining costs that relate directly to providing those goods or services (that have not been recognised as an expense).

When there are indications of impairment, relating to the CGU to which the contract costs belong, the Group will include the resulting carrying amount of contract costs after performing the impairment test above, in the carrying amount of the CGU for the purpose of applying MFRS 136.

When impairment conditions no longer exist or have improved, the Group will recognise a reversal of some or all of the impairment losses previously recognised on the contract costs. The increased carrying amount of the contract costs should not exceed the amount that would have been determined (net of amortisation) had no impairment loss been recognised previously.

#### 2.19.2 Dividend income

Dividend income is recognised when the Company's right to receive payment is established, and is presented as revenue in profit or loss, aligned with the principal activity of the Company as an investment holding entity.

#### 2.19.3 Lease income

Lease income is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.



# Notes to the Financial Statements

- 31 December 2020

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.20 Government grants

As a universal service provider ("USP"), the Group is entitled to claim certain qualified expenses from the Malaysian Communications and Multimedia Commission ("MCMC") in relation to USP projects. These claims are treated as government grants and recognised at their fair values where there is reasonable assurance that the grants will be received and the Group complies with all the attached conditions.

A grant relating to the asset is recognised as income over the life of the depreciable asset by way of a reduced depreciation charge. Grant relating to income is recognised in profit and loss by crediting directly against the related expense.

### 2.21 Foreign currency transactions

#### (a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements of the Group are presented in RM, which is also the functional currency of all entities in the Group.

Transactions in foreign currencies are initially converted into RM at exchange rates prevailing at the date of transaction. At each reporting date, foreign currency monetary items are translated into RM at exchange rates prevailing at that date. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition.

#### (b) Foreign currency transactions

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss. Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised directly in other comprehensive income.

### 2.22 Fair value measurement

The Group measures financial instruments such as derivatives at fair value at each reporting date. The fair values of financial instruments measured at amortised cost are disclosed in Note 31.6.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (i) In the principal market for the asset or liability; or
- (ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

# Notes to the Financial Statements

- 31 December 2020

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.22 Fair value measurement (cont'd.)

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- (i) Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- (ii) Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- (iii) Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

### 2.23 Current versus non-current classification

The Group presents assets and liabilities in statements of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

# Notes to the Financial Statements

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## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.24 Segment reporting

The Group provides telecommunication and related services to customers across the country and its services and products essentially have a similar risk profile. Business activities of the Group are not organised by product or geographical components and its operating result is reviewed as a whole by its management. Accordingly, there is no separate segment, as disclosed in Note 33.

## 3. CHANGES IN ACCOUNTING POLICIES

### 3.1 Adoption of new and amended MFRSs and interpretation

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2020, the Group and the Company adopted the following amended MFRSs mandatory for annual financial periods beginning on or after 1 January 2020.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 101 and MFRS 108: Definition of Material	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 16: Covid-19-related rent concessions	1 June 2020

The adoption of the above standards did not have any significant effect on the financial statements of the Group and the Company.

# Notes to the Financial Statements

- 31 December 2020

## 3. CHANGES IN ACCOUNTING POLICIES (CONT'D.)

### 3.2 Standards issued but not yet effective

The standards that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform - Phase 2	1 January 2021
Amendments to MFRS 1, MFRS 9 and MFRS 141: Annual Improvements to MFRS Standards 2018-2020	1 January 2022
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116: Property, Plant and Equipment-Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The directors expect that the adoption of the above standards will not have a material impact on the financial statements in the period of initial application.

## 4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

There were no significant judgements made in applying the accounting policies of the Group which may have significant effects on the amounts recognised in the financial statements.

Management makes key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

The following represents a summary of the critical accounting estimates and the associated key sources of estimation uncertainty.

### 4.1 Useful lives of property, plant and equipment and intangible assets

Depreciation and amortisation are based on management's estimates of the future estimated useful lives and residual values of property, plant and equipment and intangible assets. Estimates may change due to technological developments, modernisation initiatives, expected level of usage, competition, market conditions and other factors, which could potentially impact the average useful lives and the residual values of these assets. This may result in future changes in the estimated useful lives and in the depreciation or amortisation expenses. A 5.0% difference in the expected useful lives of these assets from management's estimates would result in approximately 1.6% (2019: 2.7%) variance in the Group's profit for the year. The carrying amounts of property, plant and equipment and intangible assets at the reporting date are disclosed in Note 11 and Note 12, respectively.

# Notes to the Financial Statements

- 31 December 2020

## 4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D.)

### 4.2 Provision for expected credit losses of trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e. customer type and rating).

The provision matrix is initially based on the Group's historical observed default rates. The Group then adjusts the historical credit loss experience taking into consideration the forward-looking information. For example, if the Group's view of the forecasted economic conditions (i.e. inflation rate, unemployment rate, interest rate and economic outlook for Malaysia) are expected to significantly deteriorate over the next financial year which may lead to an increase in the unrecoverable rate of the receivables and contract assets. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The Group estimates the relationship between historical observed default rates, forecast economic conditions and ECL which may not be representative of customer's actual default in the future. The information about the provision matrix on the Group's trade receivables and contract assets is disclosed in Note 31.2.

If the historical observed default rates varies by 5.0% from management's estimates, the Group's allowance for expected credit loss on trade receivables and contract assets will cause either a 0.2% (2019: 0.2%) increase or 0.2% (2019: 0.2%) decrease respectively in the Group's profit for the financial year.

### 4.3 Deferred tax

Deferred tax implications arising from the changes in corporate income tax rates are measured with reference to the estimated realisation and settlement of temporary differences in the future periods in which the tax rates are expected to apply, based on the tax rates enacted or substantively enacted at the reporting date. While management's estimates on the realisation and settlement of temporary differences are based on the available information at the reporting date, changes in business strategy, future operating performance and other factors could potentially impact the actual timing and amount of temporary differences realised and settled. Any difference between the actual amount and the estimated amount would be recognised in profit and loss in the period in which actual realisation and settlement occurs. The carrying amount of deferred tax liabilities is disclosed in Note 22.

### 4.4 Income taxes

Significant estimation is involved in determining the Group's provision for income taxes as there are certain transactions and computations for which the final tax treatment is uncertain at the reporting date.

Where the final tax treatment of these matters are different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which determination of final tax treatment is made.

### 4.5 Provisions for liabilities

Provision for site decommissioning and restoration costs are provided based on the present value of the estimated future expenditure to be incurred for dismantling the inactive sites. Significant management assumption and estimation are required in determining the discount rate and the expenditure to be incurred for dismantling each network infrastructure site. Where expectations differ from the original estimates, the differences will impact the carrying amount of provision for site decommissioning and restoration costs. The carrying amount of provision for site decommissioning and restoration costs at the reporting date is disclosed in Note 23.



# Notes to the Financial Statements

- 31 December 2020

## 4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D.)

### 4.6 Revenue recognition - determining stand-alone selling price ("SSP")

The Group has assessed that there are two performance obligations for bundled contracts where the Group needs to allocate the transaction price between the postpaid service and mobile device based on their relative SSP.

SSP for postpaid packages and mobile devices are based on observable sales prices; however, where certain SSP are not directly observable, estimates will be made maximising the use of observable inputs.

The estimation of SSP is a significant estimate as it will directly determine the amount of revenue to be recognised upfront (sale of device) and amount of revenue to be recognised over time (telecommunication revenue). For example, a lower SSP for mobile device will result in a lower amount of revenue recognised upfront and higher amount of revenue recognised over the contract period.

The revenue recognised in the current financial year in relation to sale of device and telecommunication revenue is detailed in Note 5.

### 4.7 Estimating the lease term – Group as a lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to exercise the option, or any periods covered by an option to terminate the lease, if it is reasonably certain not to exercise the option, within the period for which the contract is enforceable.

In determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. For example, for leases of certain telecommunication network sites, if the Group expects to use significant non-removable leasehold improvements beyond the date on which the lease can be terminated, the existence of those leasehold improvements may indicate that the Group might incur a more than insignificant penalty if it terminates the lease.

For leases of telecommunication network sites, other factors to consider in assessing the lease term include the technology development and potential changes in business models.

The Group reassesses the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group and affects whether the Group is reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities.

Based on the assessment of these factors, the lease term for the Group's leases relating to telecommunication network sites will normally be within a range of 3 to 10 years.

### 4.8 Estimating the incremental borrowing rate for leases

In measuring its lease liabilities, the Group has used its incremental borrowing rate ("IBR") to present value the future lease payments, as the interest rate implicit in the lease cannot be readily determined.

The IBR is the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

To determine the incremental borrowing rate for its leases, the Group makes adjustments to the existing rates received from financial institutions, taking into consideration the lease term and leased assets. The Group also considers changes in the financing condition since the last offered rates from the financing institutions.

The carrying amount of lease liabilities is disclosed in Note 13.

# Notes to the Financial Statements

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## 5. REVENUE

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue from contracts with customers (Note 5.1)	6,068,991	6,210,845	-	-
Lease income (Note 5.4)	83,756	86,513	-	-
Dividend income from a subsidiary	-	-	1,275,000	1,446,000
	6,152,747	6,297,358	1,275,000	1,446,000

### 5.1 Disaggregation of revenue from contracts with customers

In the following table, revenue is disaggregated by major products or service lines (which also represents the Group's defined performance obligations).

Group	Note	2020 RM'000	2019 RM'000
<b>Major products/service lines</b>			
Telecommunication revenue	(a)	5,427,787	5,644,111
Sales of devices	(b)	641,204	566,734
Total revenue from contracts with customers		6,068,991	6,210,845

The timing of revenue recognition for respective major products or service lines are as follows:

- (a) Services transferred over time
- (b) Products transferred at a point in time

### 5.2 Contract balances

		Group	
	Note	2020 RM'000	2019 RM'000
<b>Non-current assets</b>			
Trade receivables	18	129,767	101,098
Contract assets		28,886	26,661
<b>Current assets/(liabilities)</b>			
Trade receivables	18	389,000	440,797
Contract assets		66,437	79,590
Contract liabilities		(306,283)	(283,572)

# Notes to the Financial Statements

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## 5. REVENUE (CONT'D.)

### 5.2 Contract balances (cont'd.)

Contract assets primarily relate to rights to consideration for mobile devices transferred to subscribers but not billed at the reporting date. Contract assets are transferred to receivables when the rights become unconditional. As at 31 December 2020, the Group has contract assets of RM95.3 million (2019: RM106.3 million) which is net of an allowance for expected credit losses of RM4.5 million (2019: RM2.4 million).

Contract liabilities mainly relate to advance consideration received from subscribers at inception of contracts, for which revenue is only recognised upon rendering of telecommunication service.

All contract liabilities at the beginning of the financial year have been recognised as revenue in the current financial year.

### 5.3 Right of return asset and refund liabilities

	Group	
	2020	2019
	RM'000	RM'000
Right of return assets	36,740	22,189
Refund liabilities	(36,740)	(22,189)

### 5.4 Group as a lessor

The Group has entered into operating leases on certain network telecommunication sites. These leases have lease terms between one to six years. Lease income recognised by the Group during the financial year is RM83.8 million (2019: RM86.5 million).

The future minimum rentals receivable under non-cancellable operating leases are as follows:

	2020	2019
	RM'000	RM'000
Within one financial year	79,962	76,547
After one financial year but not more than five financial years	224,029	153,819
More than five financial years	21,439	2,534
	325,430	232,900

# Notes to the Financial Statements

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## 6. FINANCE COSTS

		Group	
	Note	2020 RM'000	2019 RM'000
Interest expense on:			
- Loans and borrowings		104,200	129,647
- Others		7,820	3,406
Unwinding of discount:			
- Lease liabilities	13	126,796	110,506
- Site decommissioning and restoration costs	23.1	14,410	2,195
Net change in fair value of derivative financial instruments:			
- Interest rate swaps		(40,679)	(14,678)
		212,547	231,076

## 7. PROFIT BEFORE TAX

Profit before tax is derived after deducting/(crediting):

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Allowance for expected credit losses on trade receivables and contract assets	31.2	81,588	77,660	-	-
Depreciation					
- property, plant and equipment	11	678,447	693,643	-	-
- ROU asset	13	475,667	431,231	-	-
Amortisation of contract cost	14	87,199	103,020	-	-
Auditors' remuneration:					
- statutory audit		638	503	35	35
- other services	7(a)	464	464	9	9
Staff expenses	7(b)	242,099	224,628	-	-
Non-executive directors' remuneration excluding benefits-in-kind	7(c)	897	882	90	88

## Notes to the Financial Statements

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## 7. PROFIT BEFORE TAX (CONT'D.)

Profit before tax is derived after deducting/(crediting): (cont'd.)

Note	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Transmission facilities services	165,974	140,439	-	-
Inventories written down	212	3,104	-	-
Rental of land and buildings	2,883	43,504	-	-
Rental of equipment and others	22,579	21,373	-	-
Realised foreign exchange gain	(2,083)	(843)	-	-
Unrealised foreign exchange gain	(259)	(1,722)	-	-
Fair value (gain)/loss on foreign currency forward contracts	(25)	118	-	-
Loss on disposal of property, plant and equipment	2,604	15	-	-
Gain on termination of lease	(72)	(57)	-	-
Write-off of property, plant and equipment	50,708	625	-	-
Write-off of intangible asset	120	53	-	-
Bad debts recovered	(16,149)	(15,708)	-	-
Waiver of debt	-	-	(907)	(1,235)
Interest income from deposits with licensed banks	(11,291)	(18,320)	(102)	(202)
Unwinding of significant financing component of revenue contracts with deferred payment scheme	(18,628)	(7,374)	-	-

- (a) Fees for other services were incurred in connection with performance of agreed upon procedures and regulatory compliance reporting.



# Notes to the Financial Statements

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## 7. PROFIT BEFORE TAX (CONT'D.)

- (b) Staff expenses incurred by the Group net of capitalisation of employee benefits expense in property, plant and equipment during the financial year comprise:

		<b>Group</b>	
	<b>Note</b>	<b>2020 RM'000</b>	<b>2019 RM'000</b>
Salaries and bonuses		195,223	178,360
Defined contribution plan		25,056	23,418
Defined benefit plan	26	93	70
Share-based payment		1,871	367
Reversal of provision for employee leave entitlements	23.1	(161)	(4,953)
Other staff related expenses		20,017	27,366
		<b>242,099</b>	<b>224,628</b>

- (c) Non-executive directors' remuneration during the financial year comprises:

	<b>Group</b>		<b>Company</b>	
	<b>2020 RM'000</b>	<b>2019 RM'000</b>	<b>2020 RM'000</b>	<b>2019 RM'000</b>
<b>Non-executive:</b>				
Fees	897	882	90	88
Benefits-in-kind	11	6	-	-
<b>Total</b>	<b>908</b>	<b>888</b>	<b>90</b>	<b>88</b>

The number of non-executive directors of the Company whose total remuneration during the financial year falls within the following band is analysed below:

	<b>Number of directors</b>	
<b>Non-executive directors:</b>	<b>2020</b>	<b>2019</b>
Nil	6	5
RM200,001 - RM300,000	3	3

# Notes to the Financial Statements

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## 7. PROFIT BEFORE TAX (CONT'D.)

- (d) In 2019, the Group collaborated with a managed services provider in establishing a Common Delivery Centre that takes over certain parts of the Group's Information Technology operations, and the Group incurred operating model transition costs of RM8.4 million for this exercise.

## 8. TAXATION

### Major components of income tax expense

The major components of income tax expense for the financial years ended 31 December 2020 and 2019 are:

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
<b>Statements of comprehensive income:</b>				
Current income tax:				
- Malaysian income tax	355,202	522,096	24	48
- Over provision in prior financial years	(5,424)	(4,289)	-	-
Total income tax	349,778	517,807	24	48
Deferred taxation (Note 22):				
- Relating to origination and reversal of temporary differences	44,959	(46,891)	-	-
- Under/(over) provision in prior financial years	6,340	(11,544)	-	-
Total deferred tax	51,299	(58,435)	-	-
Income tax expense recognised in profit or loss	401,077	459,372	24	48

# Notes to the Financial Statements

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## 8. TAXATION (CONT'D.)

Reconciliations of income tax expense/rate applicable to profit before tax at the statutory income tax rate to income tax expense/rate at the effective income tax rate of the Group and of the Company are as follows:

	2020		2019	
	%	RM'000	%	RM'000
<b>Group</b>				
Profit before tax		1,622,046		1,892,321
Taxation at Malaysian statutory tax rate	24.0	389,291	24.0	454,157
Effect of expenses not deductible for tax purposes	1.3	20,639	1.3	24,571
Effect of income not subject to tax	(0.6)	(9,769)	(0.2)	(3,523)
Over provision of income tax expense in prior financial years	(0.3)	(5,424)	(0.2)	(4,289)
Under/(over) provision of deferred tax expense in prior financial years	0.4	6,340	(0.6)	(11,544)
Effective tax rate/income tax expense recognised in profit or loss	24.8	401,077	24.3	459,372
<b>Company</b>				
Profit before tax		1,275,815		1,445,949
Taxation at Malaysian statutory tax rate	24.0	306,196	24.0	347,028
Income not subject to tax	(24.0)	(306,172)	(24.0)	(346,980)
Effective tax rate/income tax expense recognised in profit or loss	0.0	24	0.0	48

Domestic current income tax is calculated at the Malaysian statutory tax rate of 24% (2019: 24%) of the estimated taxable profit for the financial year.

## 9. EARNINGS PER ORDINARY SHARE

Earnings per ordinary share is calculated by dividing profit for the financial year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2020	2019
Profit attributable to owners of the parent (RM'000)	1,220,969	1,432,949
Weighted average number of ordinary shares in issue ('000)	7,775,000	7,775,000
Basic earnings per share (sen)	15.7	18.4

No diluted earnings per ordinary share was presented as the Group does not have any convertible instrument, options, warrants and their equivalents.

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## 10. DIVIDENDS

	Group/Company	
	2020	2019
	RM'000	RM'000
<b>Recognised during the financial year:</b>		
Dividends on ordinary shares:		
Fourth interim single-tier dividend (2019: 4.4 sen; 2018: 4.8 sen)	342,100	373,200
First interim single-tier dividend (2020: 4.2 sen; 2019: 4.3 sen)	326,550	334,325
Second interim single-tier dividend (2020: 3.7 sen; 2019: 5.0 sen)	287,675	388,750
Third interim single-tier dividend (2020: 4.1 sen; 2019: 4.5 sen)	318,775	349,875
	1,275,100	1,446,150
<b>Interim dividend declared subsequent to the reporting date (not recognised as a liability as at 31 December):</b>		
Dividends on ordinary shares:		
Fourth interim single-tier dividend (2020: 3.6 sen; 2019: 4.4 sen)	279,900	342,100

The board of directors had on 27 January 2021, declared a fourth interim single-tier dividend of 3.6 sen per ordinary share in respect of the financial year ended 31 December 2020 amounting to RM279.9 million. The financial statements for the current financial year do not reflect this fourth interim dividend. Such dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2021.

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## 11. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Freehold buildings RM'000	Motor vehicles RM'000	Computer systems RM'000	Furniture and fittings RM'000	Tele- communi- cations network RM'000	Capital work-in- progress RM'000	Total RM'000
<b>Cost</b>								
At 1 January 2020	29,638	143,332	23,982	232,079	263,839	6,530,499	230,820	7,454,189
Additions	-	-	52	(56)	(1,735)	79,048	593,203	670,512
Disposals	-	-	-	(9,124)	(44,623)	(68,845)	(2,479)	(125,071)
Write offs	-	-	-	(76)	(224)	(675,319)	(2)	(675,621)
Transfers	-	-	-	38,943	4,211	608,498	(651,652)	-
Reclassifications (Note 11(c))	(571)	571	(27)	(33,435)	(26,583)	97,910	377	38,242
Reclassification from intangible assets (Note 12)	-	-	-	-	-	92,390	-	92,390
At 31 December 2020	29,067	143,903	24,007	228,331	194,885	6,664,181	170,267	7,454,641
<b>Accumulated depreciation</b>								
At 1 January 2020	-	29,845	20,764	187,170	209,849	4,154,451	-	4,602,079
Depreciation expenses for the financial year	-	2,821	1,351	6,717	27,051	640,507	-	678,447
Disposals	-	-	-	(9,121)	(44,568)	(68,668)	-	(122,357)
Write offs	-	-	-	(76)	(183)	(624,654)	-	(624,913)
Reclassifications (Note 11(c))	-	184	61	(8,960)	(35,096)	82,053	-	38,242
At 31 December 2020	-	32,850	22,176	175,730	157,053	4,183,689	-	4,571,498
<b>Net carrying amount</b>								
At 31 December 2020	29,067	111,053	1,831	52,601	37,832	2,480,492	170,267	2,883,143



## Notes to the Financial Statements

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## 11. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

	Freehold land RM'000	Long-term leasehold land RM'000	Short-term leasehold land RM'000	Freehold buildings RM'000	Long-term leasehold buildings RM'000	Short-term leasehold buildings RM'000	Motor vehicles RM'000	Computer systems RM'000	Furniture and fittings RM'000	Tele- communi- cations network RM'000	Capital work-in- progress RM'000	Total RM'000
<b>Group (cont'd.)</b>												
<b>Cost</b>												
At 1 January 2019	29,638	7,312	7,565	143,295	7,146	6,866	23,216	319,549	254,432	6,220,762	103,512	7,123,293
Reclassification to right of use assets (Note 13)	-	(7,312)	(7,565)	-	(7,146)	(6,866)	-	-	-	(80,188)	-	(109,077)
At 1 January 2019 (restated)	29,638	-	-	143,295	-	-	23,216	319,549	254,432	6,140,574	103,512	7,014,216
Additions	-	-	-	-	-	-	-	-	-	21,542	677,325	698,867
Disposals	-	-	-	-	-	-	(790)	(1,477)	(1,192)	(3,372)	-	(6,831)
Write offs	-	-	-	-	-	-	-	(100,093)	(1,351)	(150,183)	(436)	(252,063)
Transfers	-	-	-	37	-	-	1,556	14,100	11,950	521,938	(549,581)	-
At 31 December 2019	29,638	-	-	143,332	-	-	23,982	232,079	263,839	6,530,499	230,820	7,454,189
<b>Accumulated depreciation</b>												
At 1 January 2019	-	1,561	3,211	27,024	814	3,266	19,087	271,883	185,792	3,729,483	-	4,242,121
Reclassification to right of use assets (Note 13)	-	(1,561)	(3,211)	-	(814)	(3,266)	-	-	-	(67,191)	-	(76,043)
At 1 January 2019 (restated)	-	-	-	27,024	-	-	19,087	271,883	185,792	3,662,292	-	4,166,078
Depreciation expenses for the financial year	-	-	-	2,821	-	-	2,451	16,831	26,368	645,172	-	693,643
Disposals	-	-	-	-	-	-	(774)	(1,477)	(960)	(2,993)	-	(6,204)
Write offs	-	-	-	-	-	-	-	(100,067)	(1,351)	(150,020)	-	(251,438)
At 31 December 2019	-	-	-	29,845	-	-	20,764	187,170	209,849	4,154,451	-	4,602,079
<b>Net carrying amount</b>												
At 31 December 2019	29,638	-	-	113,487	-	-	3,218	44,909	53,990	2,376,048	230,820	2,852,110

# Notes to the Financial Statements

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## 11. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

- (a) The Group acquired property, plant and equipment with an aggregate cost of RM670.5 million (2019: RM698.9 million) of which RM52.5 million (2019: RM2.2 million) relates to the provision for site decommissioning and restoration costs, as disclosed in Note 23.1.
- (b) Government grants of RM34.6 million (2019: RM147.4 million) relating to additions of qualifying property, plant and equipment, were deducted before arriving at the cost of property, plant and equipment during the financial year ended 31 December 2020.
- (c) The cost and accumulated depreciation for certain categories of property, plant and equipment were adjusted during the financial year to be consistent with the category in the asset register.

## 12. INTANGIBLE ASSETS

	Computer software RM'000
<b>Group</b>	
<b>Cost</b>	
At 1 January 2020	736,969
Additions	102,249
Write offs	(577)
Reclassification to property, plant and equipment (Note 11)	(92,390)
At 31 December 2020	746,251
<b>Accumulated amortisation</b>	
At 1 January 2020	430,983
Amortisation expenses for the financial year	67,689
Write offs	(457)
At 31 December 2020	498,215
<b>Net carrying amount</b>	
At 31 December 2020	248,036

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## 12. INTANGIBLE ASSETS (CONT'D.)

	Spectrum bandwidths RM'000	Computer software RM'000	Licenses RM'000	Total RM'000
<b>Group</b>				
<b>Cost</b>				
At 1 January 2019	1,430,011	683,075	1,300	2,114,386
Reclassification to right of use assets (Note 13)	(1,430,011)	-	-	(1,430,011)
At 1 January 2019 (restated)	-	683,075	1,300	684,375
Additions	-	54,004	-	54,004
Write offs	-	(110)	(1,300)	(1,410)
At 31 December 2019	-	736,969	-	736,969
<b>Accumulated amortisation</b>				
At 1 January 2019	772,788	358,615	1,300	1,132,703
Reclassification to right of use assets (Note 13)	(772,788)	-	-	(772,788)
At 1 January 2019 (restated)	-	358,615	1,300	359,915
Amortisation expenses for the financial year	-	72,425	-	72,425
Write offs	-	(57)	(1,300)	(1,357)
At 31 December 2019	-	430,983	-	430,983
<b>Net carrying amount</b>				
At 31 December 2019	-	305,986	-	305,986

Included in the cost of computer software are computer software not yet available for use of RM73.2 million as at 31 December 2020 (2019: RM58.6 million).

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## 13. RIGHT OF USE ASSETS

### Group as a lessee

	Leasehold land and buildings RM'000	Tele- communi- cations network sites RM'000	Trans- mission facilities RM'000	Spectrum band- widths RM'000	Stores, office buildings and kiosks RM'000	Total RM'000
<b>Carrying amount</b>						
At 1 January 2020	19,636	1,042,737	3,857	1,516,891	11,967	2,595,088
Additions	-	561,118	5,303	14,250	10,489	591,160
Revision of lease term	-	324,412	-	-	-	324,412
Depreciation expense for the financial year	(361)	(336,794)	(2,703)	(124,111)	(11,698)	(475,667)
Termination	-	(3,047)	(68)	-	-	(3,115)
At 31 December 2020	19,275	1,588,426	6,389	1,407,030	10,758	3,031,878
At 1 January 2019	-	-	-	-	-	-
Adjustments upon adoption of MFRS 16:						
MFRS 16 adjustments	-	1,156,270	6,735	987,848	16,210	2,167,063
Reclassification from property, plant and equipment (Note 11)	20,037	12,997	-	-	-	33,034
Reclassification from intangible asset (Note 12)	-	-	-	657,223	-	657,223
At 1 January 2019 (restated)	20,037	1,169,267	6,735	1,645,071	16,210	2,857,320
Additions	-	165,993	108	-	8,011	174,112
Depreciation expense for the financial year	(401)	(287,882)	(2,633)	(128,180)	(12,135)	(431,231)
Termination	-	(4,641)	(353)	-	(119)	(5,113)
At 31 December 2019	19,636	1,042,737	3,857	1,516,891	11,967	2,595,088

The Group's lease arrangements are mainly in relation to telecommunication network sites, transmission facilities and spectrum bandwidths which are used to support the Group's telecommunication operations. The lease arrangements generally do not allow for subleasing of the leased asset, unless there is a contractual right for the Group to sublet the lease asset to another party.

The Group also has certain leases with lease terms of 12 months or less and leases that have been determined to be low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemption for these leases.

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## 13. RIGHT OF USE ASSETS (CONT'D.)

**Group as a lessee (cont'd.)**

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the financial year:

		Group	
	Note	2020 RM'000	2019 RM'000
At 1 January		2,047,932	8,452
Adjustments upon adoption of MFRS 16		-	2,205,960
At 1 January (restated)		2,047,932	2,214,412
Additions		591,160	174,112
Revision of lease term		324,412	-
Unwinding of discount	6	126,796	110,506
Payments		(506,218)	(445,928)
Termination		(3,187)	(5,170)
At 31 December		2,580,895	2,047,932
<b>Analysed as:</b>			
Current	21	399,510	313,756
Non-current	21	2,181,385	1,734,176
		2,580,895	2,047,932

The maturity analysis of lease liabilities are disclosed in Note 31.4

**The following are amounts recognised in profit or loss:**

	Group	
	2020 RM'000	2019 RM'000
Depreciation expense of right of use assets	475,667	431,231
Interest expense on lease liabilities	126,796	110,506
Expenses included in sales and marketing expenses:		
- short-term leases	3,977	7,402
Rental expenses presented separately on statement of comprehensive income:		
- short-term leases	21,337	55,849
- leases of low value assets	148	1,626
	627,925	606,614

The Group has total cash outflow for leases amounting to RM473.6 million (2019: RM453.7 million).

# Notes to the Financial Statements

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## 14. CONTRACT COSTS

	Group	
	2020 RM'000	2019 RM'000
Capitalised sales commissions, net of amortisation	57,887	66,170

During the financial year, amortisation amounting to RM87.2 million (2019: RM103.0 million) was recognised as an expense in operating expenses of the Group.

## 15. INVESTMENTS IN SUBSIDIARIES

	Company	
	2020 RM'000	2019 RM'000
Unquoted shares at cost	773,361	772,751

During the financial year, the Company has injected RM0.6 million into InfraNation Sdn. Bhd. (formerly known as Y3llownation Sdn. Bhd.) for working capital purposes.

Details of the subsidiaries, which are incorporated in Malaysia, are as follows:

Name of company	Percentage of ownership interest held by the Group		Principal activities
	2020 (%)	2019 (%)	
Digi Telecommunications Sdn Bhd ("DTSB")	100	100	Establishment, maintenance and provision of telecommunications and related services
InfraNation Sdn. Bhd. (formerly known as Y3llownation Sdn. Bhd.)	100	100	Provision of telecommunication infrastructure services
<b>Subsidiaries held through DTSB</b>			
Digi Services Sdn. Bhd.	100	100	Dormant
Y3llowLabs Sdn. Bhd.	100	100	Provision of e-commerce, digital services and solutions



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## 16. OTHER INVESTMENT

	Group 2020 RM'000	2019 RM'000
<b>Non-current</b>		
<b>Financial asset at fair value through OCI</b>		
Unquoted shares	78	78

The investment was previously made in relation to a programme initiated by the Group to fund new digital start-ups in Malaysia.

## 17. INVENTORIES

	Group 2020 RM'000	2019 RM'000
Merchandise:		
At cost	111,196	69,234
At net realisable value	26,011	21,267
	137,207	90,501

During the financial year, the amount of inventories recognised as an expense in cost of materials of the Group was RM708.7 million (2019: RM679.2 million).

## 18. TRADE AND OTHER RECEIVABLES

	Group 2020 RM'000	2019 RM'000	Company 2020 RM'000	2019 RM'000
<b>Non-current</b>				
Trade receivables (Note 18.1)	129,767	101,098	-	-
Other receivables	-	77,900	-	-
Deposits and prepayments (Note 18.2)	214,771	248,567	-	-
	344,538	427,565	-	-
<b>Current</b>				
Trade receivables (Note 18.1)	427,293	471,813	-	-
Other receivables	361,503	529,534	-	-
Deposits and prepayments (Note 18.2)	221,884	250,592	4	4
	1,010,680	1,251,939	4	4
Allowance for expected credit loss on trade receivables (Note 31.2)	(38,293)	(31,016)	-	-
	972,387	1,220,923	4	4
Total trade and other receivables	1,316,925	1,648,488	4	4

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## 18. TRADE AND OTHER RECEIVABLES (CONT'D.)

### 18.1 Trade receivables

The Group's trade receivables include receivables on deferred payment schemes amounting to RM222.2 million (2019: RM171.2 million), which allows eligible customers on bundled packages to make payment for mobile devices over a 24 month period.

Apart from the deferred payment scheme receivables, the Group's trade receivables are non-interest bearing, and are subject to normal trade credit terms ranging from 30 to 45 days (2019: 30 to 45 days). They are recognised at their original invoice amounts which represent their fair value on initial recognition.

### 18.2 Deposits and prepayments

Included in deposits and prepayments are non-current and current prepayments which are advances to a network facility provider ("NFP") of RM147.5 million (2019: RM167.9 million) for provision of connectivity services for a period of 10 years and non-current and current deposits given to local city councils of RM97.4 million (2019: RM124.3 million) for public infrastructure works which are refundable upon completion.

### 18.3 Foreign currency exposures

As at 31 December 2020, the Group's trade receivables balances included exposure to foreign currency denominated in United States Dollar ("USD") and Special Drawing Rights ("SDR") amounting to RM6.9 million (2019: RM12.5 million) and RM16.5 million (2019: RM25.6 million) respectively.

## 19. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

		Group	
		2020	2019
		RM'000	RM'000
<b>Non-hedging derivative financial assets/(liabilities)</b>			
<b>Non-current</b>			
- Interest rate swaps	19.1	61,728	18,605
<b>Current</b>			
- Foreign currency forward contracts	19.2	(394)	(419)

# Notes to the Financial Statements

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## 19. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES) (CONT'D.)

### 19.1 Interest rate swaps

	Notional value RM'000	Fair value RM'000	Assets RM'000
Interest rate swaps:			
- 2020	1,075,000	1,136,728	61,728
- 2019	1,075,000	1,093,605	18,605

Interest rate swaps are used to manage appropriate fair value change exposure within the Group. The Group entered into interest rate swaps to hedge the fair value risk in relation to the fixed interest rates of the Islamic Medium Term Note ("IMTN"), as disclosed in Note 21 with notional principal amounts of RM1,075.0 million (2019: RM750.0 million).

The interest rate swaps entitle the Group to receive interest semi-annually at fixed rates ranging from 4% to 5% per annum, and in return, pays interest quarterly at Kuala Lumpur Interbank Offer Rate ("KLIBOR") plus a spread with a weighted average rate of 3% (2019: 4%). The swaps mature at varying dates based on the maturity of different tranches of the IMTN.

### 19.2 Foreign currency forward contracts

	Contract value in foreign currency USD'000	Notional value RM'000	Fair value RM'000	Liabilities RM'000
Foreign currency forward contracts:				
- 2020	9,500	38,639	38,245	(394)
- 2019	7,600	31,578	31,159	(419)

The Group uses foreign currency forward contracts to minimise its exposure to foreign currency risks as a result of transactions denominated in currencies other than its functional currency, arising from the normal business activities. Foreign currency forward contracts are used to hedge certain payables denominated in USD for which firm commitments existed at the reporting date, extending to January, February and March 2021.

The foreign currency forward contracts and interest rate swap are not designated as cash flow hedges and are entered into for periods consistent with foreign currency exposure and fair value changes exposure. Any gains or losses arising from changes in the fair value of derivatives are recognised directly in profit or loss.

The method and assumptions applied in determining the fair values of the derivatives above are disclosed in Note 31.6(b).

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## 20. CASH AND SHORT-TERM DEPOSITS

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash and bank balances	87,253	72,816	250	828
Deposits with licensed banks	215,600	384,900	-	-
Cash and cash equivalents	302,853	457,716	250	828

Cash and cash equivalents include cash on hand and at banks and deposits with financial institutions. For the purpose of the statements of cash flows, cash and cash equivalents are net of outstanding bank overdrafts, if any.

The Group's cash and cash equivalents included amounts of foreign currency denominated in USD totalling RM4.3 million (2019: RM8.5 million) at the reporting date.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The weighted average effective interest rates of deposits at the reporting date are as follows:

	Group	
	2020 %	2019 %
Deposits with licensed banks	2	3

The deposits with licensed banks of the Group will mature within one month (2019: one month) from the end of the reporting date.

## 21. LOANS AND BORROWINGS

		Group	
	Note	2020 RM'000	2019 RM'000
<b>Non-current (unsecured)</b>			
Floating-rate term loans		329,859	555,162
Floating-rate term financing-i		367,776	373,486
Islamic medium term notes	21.1	1,798,503	1,798,219
Lease liabilities	13	2,181,385	1,734,176
		4,677,523	4,461,043
<b>Current (unsecured)</b>			
Floating-rate term loans		225,000	225,000
Floating-rate term financing-i		150,000	150,000
Lease liabilities	13	399,510	313,756
		774,510	688,756
Total loans and borrowings		5,452,033	5,149,799

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**21. LOANS AND BORROWINGS (CONT'D.)**

The weighted average effective interest/profit rates at the reporting date for borrowings and debt securities are as follows:

	<b>Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>%</b>	<b>%</b>
Floating-rate term loans and term financing-i	3	4
Islamic medium term notes	4	4
Lease liabilities	5	5

The above borrowings and debt securities are denominated in RM.

**21.1 Islamic medium term notes**

The Group through its wholly-owned subsidiary, DTSB, has established an Islamic medium term note programme of up to RM5.0 billion in nominal value ("IMTN Programme"); and an Islamic commercial papers programme of up to RM1.0 billion in nominal value ("ICP Programme"), which have a combined limit of up to RM5.0 billion in nominal value (collectively referred to as "Sukuk Programme") based on the Islamic principle of Murabahah (via a Tawarruq arrangement).

The tenures of the IMTN and ICP Programme are for 15 and 7 years, respectively from the date of the first issuance.

As at 31 December 2020, the series of IMTN that the Group has in issue consists of:

<b>Tranche</b>	<b>Tenure</b>	<b>Rate</b>	<b>Maturity date</b>	<b>Nominal value</b>
		<b>%</b>		<b>RM'000</b>
001	5 years	4	14 April 2022	300,000
002	7 years	5	12 April 2024	300,000
003	10 years	5	14 April 2027	300,000
004	7 years	4	18 September 2026	450,000
005	10 years	4	20 September 2029	450,000
<b>Total</b>				<b>1,800,000</b>

The proceeds from IMTN have been partially hedged against interest rate risk using interest rate swaps as disclosed in Note 19.

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## 21. LOANS AND BORROWINGS (CONT'D.)

The maturities of the Group's loans and borrowings at the reporting date are as follows:

	Group	
	2020 RM'000	2019 RM'000
Less than one financial year	774,510	688,756
Between one and two financial years	1,022,236	693,237
Between two and five financial years	1,420,845	1,825,655
More than five financial years	2,234,442	1,942,151
	5,452,033	5,149,799

### Reconciliation of liabilities arising from financing activities

	Interest bearing loans and borrowings RM'000	Lease liabilities RM'000	Total RM'000
<b>Group</b>			
<b>At 1 January 2020</b>	3,101,867	2,047,932	5,149,799
Drawdown of floating-rate term financing-i	150,000	-	150,000
Payment	(375,000)	(379,422)	(754,422)
Non-cash changes:			
Other changes	(5,729)	912,385	906,656
<b>At 31 December 2020</b>	2,871,138	2,580,895	5,452,033
<b>At 1 January 2019</b>	2,694,054	-	2,694,054
Adjustments upon adoption of MFRS 16	(8,452)	2,214,412	2,205,960
<b>At 1 January 2019 (restated)</b>	2,685,602	2,214,412	4,900,014
Issuance of Sukuk Programme	1,000,000	-	1,000,000
Payment	(587,500)	(278,427)	(865,927)
Non-cash changes:			
Other changes	3,765	111,947	115,712
<b>At 31 December 2019</b>	3,101,867	2,047,932	5,149,799

Included in the other changes are transaction costs deducted against carrying amount of loans and borrowings amortised under effective interest rate method, and accrued but not yet paid interest on interest-bearing loans and borrowings. The Group classifies interest paid as cash flows from operating activities.



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## 22. DEFERRED TAX LIABILITIES

	Group	
	2020	2019
	RM'000	RM'000
At 1 January	217,628	276,063
Recognised in profit and loss (Note 8)	51,299	(58,435)
At 31 December	268,927	217,628

The components and movements of recognised deferred tax liabilities and assets of the Group during the financial year prior to offsetting are as follows:

## Deferred tax liabilities:

	Contract costs RM'000	Contract assets RM'000	Property, plant and equipment and intangible assets RM'000	Right of use assets RM'000	Total RM'000
At 1 January 2020	15,881	29,342	462,964	470,843	979,030
Recognised in profit and loss	(1,988)	(6,464)	23,780	117,332	132,660
At 31 December 2020	13,893	22,878	486,744	588,175	1,111,690
At 1 January 2019	17,071	42,168	509,641	-	568,880
Impact arising from adoption of MFRS 16	-	-	-	517,537	517,537
At 1 January 2019 (restated)	17,071	42,168	509,641	517,537	1,086,417
Recognised in profit and loss	(1,190)	(12,826)	(46,677)	(46,694)	(107,387)
At 31 December 2019	15,881	29,342	462,964	470,843	979,030

## Deferred tax assets:

	Contract liabilities RM'000	Lease liabilities RM'000	Others RM'000	Total RM'000
At 1 January 2020	(77,243)	(489,506)	(194,653)	(761,402)
Recognised in profit and loss	3,746	(129,744)	44,637	(81,361)
At 31 December 2020	(73,497)	(619,250)	(150,016)	(842,763)
At 1 January 2019	(75,693)	-	(217,124)	(292,817)
Impact arising from adoption of MFRS 16	-	(517,537)	-	(517,537)
At 1 January 2019 (restated)	(75,693)	(517,537)	(217,124)	(810,354)
Recognised in profit and loss	(1,550)	28,031	22,471	48,952
At 31 December 2019	(77,243)	(489,506)	(194,653)	(761,402)

Others relate to deferred tax assets mainly arising from deductible temporary differences on provisions.

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## 23. OTHER LIABILITIES

	Group	
	2020 RM'000	2019 RM'000
<b>Non-current</b>		
Provisions (Note 23.1)	120,255	53,295
<b>Current</b>		
Provisions (Note 23.1)	-	420
Total other liabilities	120,255	53,715

### 23.1 Provisions

	Note	Site decommissioning and restoration costs RM'000	Defined benefit plan RM'000 (Note 26)	Total RM'000
<b>Group</b>				
<b>Non-current</b>				
At 1 January 2020		53,284	11	53,295
Capitalised as property, plant and equipment	11(a)	52,532	-	52,532
Unwinding of discount	6	14,410	-	14,410
Additional provision	7	-	93	93
Paid during the financial year		-	(75)	(75)
At 31 December 2020		120,226	29	120,255
<b>Non-current</b>				
At 1 January 2019		48,930	34	48,964
Capitalised as property, plant and equipment	11(a)	2,159	-	2,159
Unwinding of discount	6	2,195	-	2,195
Additional provision	7	-	70	70
Paid during the financial year		-	(93)	(93)
At 31 December 2019		53,284	11	53,295

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## 23. OTHER LIABILITIES (CONT'D.)

## 23.1 Provisions (cont'd.)

	Note	Employee leave entitlements RM'000
<b>Group</b>		
<b>Current</b>		
At 1 January 2020		420
Reversal of provision during the financial year	7(b)	(161)
Paid during the financial year		(259)
At 31 December 2020		-
At 1 January 2019		5,373
Reversal of provision during the financial year	7(b)	(4,953)
At 31 December 2019		420

Further details on the provisions are disclosed in Note 2.16(c).

## 24. TRADE AND OTHER PAYABLES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Trade payables	194,071	247,686	-	-
Other payables	357,072	778,114	-	-
Accruals and provisions	866,809	742,658	729	1,380
Customer deposits	15,034	15,850	-	-
	1,432,986	1,784,308	729	1,380

The Group's trade and other payables are non-interest bearing, and are subject to normal credit terms ranging from 30 to 60 days (2019: 30 to 60 days).

At 31 December 2020, the Group's trade and other payables balances included exposure to foreign currency denominated in USD, SDR and Norwegian Krone ("NOK") amounting to RM22.0 million (2019: RM51.1 million), RM14.6 million (2019: RM32.0 million) and RM26.5 million (2019: RM22.3 million) respectively.

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## 25. SHARE CAPITAL

	Group/Company			
	Number of ordinary shares		Amount	
	2020	2019	2020	2019
	Units ('000)	Units ('000)	RM'000	RM'000
<b>Issued and fully paid</b>				
As at 1 January and 31 December	7,775,000	7,775,000	769,655	769,655

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

## 26. DEFINED BENEFIT PLAN

The Group operates an unfunded defined benefit plan for its eligible employees. The estimated obligations under the retirement benefit scheme are determined based on actuarial valuation by a qualified independent actuary.

The amount recognised in the consolidated statement of financial position is determined as follows:

	Note	Group	
		2020	2019
		RM'000	RM'000
Present value of unfunded obligations	23.1	29	11

The amount recognised in profit and loss, included under staff expenses, is as follows:

	Note	Group	
		2020	2019
		RM'000	RM'000
Interest on obligations, representing increase in provision for defined benefit plan	7(b)	93	70

The principal actuarial assumption used in determining the retirement benefit obligation for the defined benefit plan, is as follows:

		Group	
		2020	2019
		%	%
Rate per annum:			
- Discount rate		5	5

Assumption regarding future mortality are based on published statistics and mortality table.

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## 27. RETAINED EARNINGS

The Company may distribute dividends out of its entire retained earnings as at 31 December 2020 and 2019 respectively, under the single-tier system.

## 28. COMMITMENTS

### Capital commitments

	Group	
	2020	2019
	RM'000	RM'000
Capital expenditure in respect of property, plant and equipment and intangible assets:		
Approved and contracted for	461,000	227,000
Approved but not contracted for	466,000	530,000

## 29. PERFORMANCE GUARANTEES

	Group	
	2020	2019
	RM'000	RM'000
<b>Unsecured</b>		
Guarantees given to city councils for public infrastructure works	19,811	39,819
Guarantee given to MCMC on project tender	10,556	10,556
	30,367	50,375

# Notes to the Financial Statements

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## 30. SIGNIFICANT RELATED PARTY DISCLOSURES

### 30.1 Sales and purchases of services

Related party relationships are as follows:

- (i) The immediate and ultimate holding company are as disclosed in Note 1; and
- (ii) The Company's subsidiaries are as disclosed in Note 15.

Significant transactions and balances with related parties of the Group during the financial year are as follows:

Group	Transactions		Balance due (to)/from at	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
With the ultimate holding company and fellow subsidiaries				
- <i>Telenor ASA</i>			(8,027)	(3,697)
Consultancy services received	35,186	47,166		
Fees payable for licenses and trademarks	9,294	9,491		
- <i>Telenor GO Pte Ltd</i>			(367)	(824)
Personnel services received	3,468	5,289		
- <i>Telenor Global Services AS</i>			(1,773)	(3,067)
Sales of interconnection services on international traffic	(11,338)	(9,982)		
Purchases of inter-connection services on international traffic	8,670	8,254		
Purchases of global connectivity	3,449	2,678		
Clearing house services received for international roaming arrangements	389	507		
- <i>Total Access Communication Public Company Limited</i>			(116)	(433)
Sales of international roaming services	(151)	(680)		
Purchases of international roaming services	-	119		
- <i>dtac TriNet Co. Ltd</i>			626	(2,099)
Sales of international roaming services	(23)	(1,824)		
Purchases of international roaming services	255	957		
Sales of interconnection services on international traffic	(1,466)	(245)		
Purchases of inter-connection services on international traffic	648	2,086		



## Notes to the Financial Statements

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## 30. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D.)

## 30.1 Sales and purchases of services (cont'd.)

Group	Transactions		Balance due (to)/from at	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
With the ultimate holding company and fellow subsidiaries (cont'd.)				
- <i>Telenor Norge AS</i>			(4,398)	(2,249)
Sales of international roaming services	(82)	(70)		
Purchases of international roaming services	33	22		
Business security strategy execution received	10,411	7,154		
- <i>Telenor Digital Services AS</i>			(1,506)	(543)
Consultancy fees rendered	(87)	(955)		
Services received on digital marketing and distribution platform	6,147	156		
Purchases of cloud based software infrastructure services	-	6,112		
Technical services received	-	4,637		
- <i>Telenor Global Shared Services AS</i>			(7,338)	(7,742)
Services received on application operations and basic operation for data centre	10,897	7,504		
- <i>Telenor IT Asia Sdn Bhd</i>			-	(63)
- <i>Telenor Myanmar Ltd</i>			(443)	117
Sales of international roaming services	(10)	(149)		
Purchases of international roaming services	16	85		
Purchases of interconnection services on international traffic	-	49		
Consultancy fees rendered	(384)	(236)		
- <i>Telenor Procurement Company</i>			(5,732)	(8,018)
Managed services received	21,780	19,383		
- <i>Telenor Global Services Singapore Pte Ltd</i>			(547)	391
Lease income from bandwidth leasing	(6,935)	(5,569)		
Lease expenses of bandwidth leasing	3,054	3,977		
Purchases of IP transit	402	388		
- <i>Tapad Inc. US</i>			-	(1,403)
Services received on digital marketing and distribution platform	755	2,066		

# Notes to the Financial Statements

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## 30. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D.)

### 30.1 Sales and purchases of services (cont'd.)

Amounts due (to)/from related companies which are trade in nature are unsecured, non-interest bearing and are subject to the normal credit terms for trade receivables and trade payables, respectively.

The directors are of the opinion that the above transactions are entered into in the normal course of business and at standard commercial terms mutually agreed between both parties.

### 30.2 Compensation of key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company, directly and indirectly, including directors of the Group and of the Company.

The remuneration of key management personnel during the financial year was as follows:

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Short-term employee benefits	12,650	16,421	90	88
Post-employment benefits	1,335	1,580	-	-
Other employment benefits	1,587	1,267	-	-
	15,572	19,268	90	88

Included in remuneration of key management personnel above are non-executive directors' remuneration as disclosed in Note 7(c).

## 31. FINANCIAL INSTRUMENTS

### 31.1 Financial risk management objectives and policies

In the normal course of conducting its business activities, the Group is exposed to a variety of financial risks, which include credit, foreign currency, liquidity and interest rate risks. The Group's overall risk management programme seeks to minimise potential adverse effects of these risks on the financial performance of the Group.

### 31.2 Credit risk

Credit risk is the risk of loss that may arise if a counterparty default on its obligations under a financial instrument or customer contract, leading to a financial loss. The Group's credit risk arises in the normal course of operations (primarily from trade and other receivables, and contract assets) and from its financing activities, including deposits with approved financial institutions. The maximum credit risk exposure is limited to the carrying amount of each financial asset and contract assets less allowance for impairment.

# Notes to the Financial Statements

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## 31. FINANCIAL INSTRUMENTS (CONT'D.)

### 31.2 Credit risk (cont'd.)

#### Trade receivables and contract assets

The credit risk is managed through formalised policies on credit assessment and approvals, credit limits and monitoring procedures. Credit quality of each new customer is assessed based on an internally developed credit scoring model using information such as external ratings and credit agency information. Individual risk limits are set in accordance to the risk profile established for each customer, and are reviewed periodically.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., customer type and rating). The calculation reflects the probability-weighted outcome, and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The Group evaluates the concentration of risk with respect to trade receivables and contract assets as low, as its customers base is large and diverse.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery, and are not subject to enforcement activity. They are not secured by any collateral or credit enhancements.

Set out below is the information about the credit risk exposure on the Group's trade receivables and contract assets using a provision matrix:

	Gross carrying amount RM'000	Expected credit losses RM'000	Net carrying amount RM'000
<b>As at 31 December 2020</b>			
<u>Trade receivables</u>			
- Not past due	513,021	(21,960)	491,061
- 1 to 30 days past due	11,558	(2,733)	8,825
- 31 to 60 days past due	2,164	(1,230)	934
- 61 to 90 days past due	5,688	(1,464)	4,224
- 91 to 180 days past due	9,955	(2,996)	6,959
- More than 181 days past due	14,674	(7,910)	6,764
Total trade receivables	557,060	(38,293)	518,767
Contract assets	99,851	(4,528)	95,323
Total trade receivables and contract assets	656,911	(42,821)	614,090

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## 31. FINANCIAL INSTRUMENTS (CONT'D.)

### 31.2 Credit risk (cont'd.)

#### Trade receivables and contract assets (cont'd.)

	Gross carrying amount RM'000	Expected credit losses RM'000	Net carrying amount RM'000
<b>As at 31 December 2019</b>			
<u>Trade receivables</u>			
- Not past due	440,461	(6,936)	433,525
- 1 to 30 days past due	22,361	(4,256)	18,105
- 31 to 60 days past due	13,981	(3,379)	10,602
- 61 to 90 days past due	12,949	(2,542)	10,407
- 91 to 180 days past due	25,105	(3,750)	21,355
- More than 181 days past due	58,054	(10,153)	47,901
Total trade receivables	572,911	(31,016)	541,895
Contract assets	108,637	(2,386)	106,251
Total trade receivables and contract assets	681,548	(33,402)	648,146

Set out below is the movement in allowance for expected credit losses for trade receivables and contract assets:

	Note	Trade receivables RM'000	Contract assets RM'000	Total RM'000
At 1 January 2020		31,016	2,386	33,402
Charge for the financial year	7	79,446	2,142	81,588
Write offs		(72,169)	-	(72,169)
At 31 December 2020		38,293	4,528	42,821
At 1 January 2019		11,574	3,659	15,233
Charge/(reversal) for the financial year	7	78,933	(1,273)	77,660
Write offs		(59,491)	-	(59,491)
At 31 December 2019		31,016	2,386	33,402

#### Other receivables and cash and short-term deposits

The Group's credit risk also arises from cash and short-term deposits and other receivables. The credit risk is managed through monitoring procedures.

Cash and short-term deposits are placed only with reputable licensed banks and other receivables mainly consists of amounts due from a government regulatory body and various city councils. The Group has assessed that the credit risk from these financial instruments are low.

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## 31. FINANCIAL INSTRUMENTS (CONT'D.)

### 31.2 Credit risk (cont'd.)

#### Other receivables and cash and short-term deposits (cont'd.)

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets (net of impairment) disclosed in Note 31.7.

### 31.3 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group is exposed to foreign currency risk as a result of transactions denominated in currencies other than its functional currency, arising from the normal business activities. The currencies giving rise to this risk are primarily the USD, SDR and NOK. Although approximately 4% (2019: 9%) of the Group's total expenses are denominated in the above-mentioned foreign currencies, the settlements of these payables are on a net basis through clearing house services, together with revenues earned from the same operators and partners. The Group also holds cash and cash equivalents denominated in USD for working capital purposes. The Group's foreign-denominated cash and cash equivalents at the reporting date is disclosed in Note 20.

Exposure to foreign currency risk is monitored on an on-going basis and when considered necessary, the Group will consider using effective financial instruments to hedge its foreign currency risk in accordance with its foreign currency hedging policy. In line with the Group's foreign currency hedging policy, hedging is only considered for firm commitments and highly probable transactions of which hedging shall not exceed 100% of the net exposure value. Speculative activities are strictly prohibited. The Group adopts a layered approach to hedging, where a higher percentage of hedging will be executed for closer-dated exposures and with time, increase the hedge as the probability of the underlying exposure increases. These derivatives and their underlying exposures will be monitored on an on-going basis. However, these contracts are not designated as cash flow or fair value hedge.

The Group's foreign currency forward contracts are executed only with creditworthy financial institutions in Malaysia which are governed by appropriate policies and procedures.

Details of the Group's outstanding foreign currency forward contracts for the purpose of hedging certain payables denominated in USD for which firm commitments existed at the reporting date, extends to January, February and March 2021, are disclosed in Note 19. The effects of changes in the fair values of these derivative financial instruments have already been included in the financial statements during the financial year.

Management believes that there is no reasonably possible fluctuation in the foreign exchange rate which would cause any material effect to the Group's profit for the financial year.

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## 31. FINANCIAL INSTRUMENTS (CONT'D.)

### 31.4 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group monitors and maintains a level of cash and cash equivalents deemed adequate by management, for working capital purposes and to mitigate the effects of fluctuations in cash flows. The Group invests only in highly liquid cash management funds, if any.

The Group's and the Company's trade and other payables and non-hedging derivative liabilities at the reporting date, are short-term in nature, and are payable either on-demand or within one financial year. Details of maturities for the Group's loans and borrowings are as disclosed in Note 21.

#### Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and of the Company's financial liabilities at the reporting date based on contractual undiscounted repayment obligations.

	On demand or within one year RM'000	One to two years RM'000	Two to five years RM'000	More than five years RM'000	Total RM'000
<b>Group</b>					
<b>2020</b>					
<b>Financial liabilities</b>					
Trade and other payables	1,106,057	-	-	-	1,106,057
Loans and borrowings	394,962	706,539	628,433	1,598,072	3,328,006
Lease liabilities	573,622	520,530	1,191,928	1,170,257	3,456,337
Derivative financial liabilities:					
- Foreign currency forward contracts	394	-	-	-	394
Total undiscounted financial liabilities	2,075,035	1,227,069	1,820,361	2,768,329	7,890,794



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## 31. FINANCIAL INSTRUMENTS (CONT'D.)

### 31.4 Liquidity risk (cont'd.)

Analysis of financial instruments by remaining contractual maturities (cont'd.)

The table below summarises the maturity profile of the Group's and of the Company's financial liabilities at the reporting date based on contractual undiscounted repayment obligations. (cont'd.)

	On demand or within one year RM'000	One to two years RM'000	Two to five years RM'000	More than five years RM'000	Total RM'000
<b>2019</b>					
<b>Financial liabilities</b>					
Trade and other payables	1,456,976	-	-	-	1,456,976
Loans and borrowings	501,993	483,759	1,364,796	1,347,356	3,697,904
Lease liabilities	411,557	758,225	711,989	1,280,158	3,161,929
Derivative financial liabilities:					
- Foreign currency forward contracts	419	-	-	-	419
Total undiscounted financial liabilities	2,370,945	1,241,984	2,076,785	2,627,514	8,317,228

### 31.5 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group is exposed to interest rate risk primarily from floating rate financial liabilities.

The Group manages its interest rate risk by having a mixed portfolio of fixed and floating rate financial liabilities that is consistent with the interest rates profiles acceptable to the Group. To manage this, the Group enters into interest rate swaps, in which the Group agrees to exchange, at specified intervals, a fixed interest rate for floating rates.

The notional principal amounts of the outstanding interest rate swaps and its fair value are disclosed in Note 19.1.

The Group's policy in dealing with interest-bearing financial liabilities is to minimise the interest expense by obtaining the most favourable interest rates available. A difference of 20 (2019: 20) basis points in interest rates applicable for the Group's entire loans and borrowings (excluding lease liabilities) would result in approximately 0.34% (2019: 0.25%) variance in the Group's profit for the financial year.

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## 31. FINANCIAL INSTRUMENTS (CONT'D.)

### 31.6 Fair values

The management assessed that the fair values of cash and short-term deposits, trade and other receivables and trade and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments and the insignificant impact of discounting.

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

#### (a) Loans and borrowings

The carrying amounts of the current portion of loans and borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

The carrying amounts of floating-rate term loan and term financing-i are reasonable approximations of fair values as they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The fair values of non-current portion of borrowings and debt securities are estimated by discounting expected future cash flows at market incremental lending rate for similar types of borrowing, debt instruments or leasing arrangements at the reporting date.

#### (b) Derivative financial instruments

The fair value of foreign currency forward contracts is determined using quoted forward exchange rates at the balance sheet date.

The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.

#### (c) Other investment

Investment in equity instrument represents ordinary shares not quoted on any market and does not have any comparable industry peers that is listed. The investment in unquoted equity instrument is not held for trading.

The initial acquisition cost of the unquoted equity investment is an approximate estimate of its fair value as the investee's entity is in the start-up stage.

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## 31. FINANCIAL INSTRUMENTS (CONT'D.)

## 31.7 Classification

The carrying amounts of financial instruments under each category, are as follows:

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Financial assets</b>					
Financial assets at fair value through OCI:					
- Other investments	16	78	78	-	-
Financial assets at amortised cost:					
- Trade receivables	18	518,767	541,895	-	-
- Other receivables	18	361,503	607,434	-	-
- Deposits and prepayments	18	436,655	499,159	4	4
- Cash and short-term deposits	20	302,853	457,716	250	828
		1,619,778	2,106,204	254	832
Less: Prepayments		(252,657)	(283,403)	-	-
		1,367,121	1,822,801	254	832
Financial assets at fair value through profit or loss:					
Derivative financial assets					
- Interest rate swaps	19	61,728	18,605	-	-

# Notes to the Financial Statements

- 31 December 2020

## 31. FINANCIAL INSTRUMENTS (CONT'D.)

### 31.7 Classification (cont'd.)

The carrying amounts of financial instruments under each category, are as follows: (cont'd.)

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Financial liabilities</b>					
Financial liabilities at fair value through profit or loss:					
Derivative financial liabilities					
- Foreign currency forward contracts	19	394	419	-	-
Other financial liabilities:					
- Floating-rate term loans	21	554,859	780,162	-	-
- Islamic medium term notes	21	1,798,503	1,798,219	-	-
- Floating-rate term financing-i	21	517,776	523,486	-	-
- Lease liabilities	21	2,580,895	2,047,932	-	-
- Trade payables	24	194,071	247,686	-	-
- Other payables	24	357,072	778,114	-	-
- Accruals		539,880	415,326	644	1,355
- Customer deposits	24	15,034	15,850	-	-
		6,558,090	6,606,775	644	1,355

## Notes to the Financial Statements

- 31 December 2020

## 31. FINANCIAL INSTRUMENTS (CONT'D.)

## 31.8 Fair value measurement

The following table provides the fair value measurement hierarchy of the Group's financial assets and liabilities.

**Quantitative disclosures fair value measurement hierarchy for financial assets/(liabilities) as at 31 December 2020:**

	Note	Date of valuation	Total RM'000	Fair value measurement using		
				Quoted prices in active markets (Level 1) RM'000	Significant observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000
<b>Financial assets/(liabilities) measured at fair value:</b>						
Unquoted equity investments:						
- Other investment	16	31 December 2020	78	-	-	78
Derivative financial assets:						
- Interest rate swaps	19	31 December 2020	61,728	-	61,728	-
Derivative financial liabilities:						
- Foreign currency forward contracts	19	31 December 2020	(394)	-	(394)	-

**Quantitative disclosures fair value measurement hierarchy for financial assets/(liabilities) as at 31 December 2019:**

	Note	Date of valuation	Total RM'000	Fair value measurement using		
				Quoted prices in active markets (Level 1) RM'000	Significant observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000
<b>Financial assets/(liabilities) measured at fair value:</b>						
Unquoted equity investments:						
- Other investment	16	31 December 2019	78	-	-	78
Derivative financial assets:						
- Interest rate swaps	19	31 December 2019	18,605	-	18,605	-
Derivative financial liabilities:						
- Foreign currency forward contracts	19	31 December 2019	(419)	-	(419)	-

# Notes to the Financial Statements

- 31 December 2020

## 31. FINANCIAL INSTRUMENTS (CONT'D.)

### 31.8 Fair value measurement (cont'd.)

There have been no transfers between Level 2 and Level 3 in the current financial year and prior financial year.

The fair value of unquoted equity investment is categorised as Level 3 as cost was estimated to be an appropriate measure of fair value. There was no indicators that cost might not be representative of fair value.

## 32. CAPITAL MANAGEMENT

The essence of the Group's capital management strategy is to support its long-term strategic ambitions including:

- (i) its commitment to long-term sustainable dividend policy;
- (ii) its financial obligations while maintaining its financial flexibility; and
- (iii) its ability to support its business requirements and enable future growth.

Going-forward, the Group will continue to actively manage its capital structure to enhance shareholders' value and make adjustments to address changes in the economic environment and its business risk characteristics. The Group had during the financial year ended 31 December 2009, revised its minimum dividend pay-out policy to at least 80% of the Company's profit for the financial year, and dividend payment frequency. The dividend policy will be maintained subject to on-going assessment, and based on the availability of distributable reserves as well as the Group's future cash flow requirements and market conditions. These revisions and any other revision to its allocation of capital resources are subject to the approval of the board of directors. No changes were made in the objectives, policies or processes during the financial year ended 31 December 2020.

## 33. SEGMENTAL INFORMATION

Segmental information is not presented as the Group is primarily engaged in the provision of mobile communication services and its related products in Malaysia.

## 34. SIGNIFICANT EVENT

Outbreak of Coronavirus ("Covid-19")

On 11 March 2020, the World Health Organisation assessed the COVID-19 outbreak as a pandemic due to rapid escalation of COVID-19 cases across the globe. The COVID-19 pandemic also resulted in travel restriction and other precautionary measures implemented by the Government of Malaysia.

The directors have assessed the overall impact of this situation towards the Group's and the Company's operations, financial performance and cash flows and concluded there is no material adverse effect on the Group's and the Company's financial statements for the financial year ended 31 December 2020.

Nevertheless, the directors will closely monitor the current developments of COVID-19 pandemic and at the present the facilities and site works activities of the Group and the Company are in normal and stable operation.

## 35. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial year ended 31 December 2020 were authorised for issue in accordance with a resolution of the directors on 16 March 2021.



# Independent Assurance Report



We have been engaged by Digi Telecommunications Sdn Bhd ("Digi") to perform an independent limited assurance engagement on selected Sustainability Information (hereon after referred to as "Selected Information" comprising the information set out in the Subject Matter) as reported by Digi in its Integrated Annual Report for the financial year ended 31 December 2020 ("Digi Integrated Annual Report 2020").

## MANAGEMENT'S RESPONSIBILITY

Management of Digi is responsible for the preparation of the Selected Information included in the Digi Integrated Annual Report 2020 in accordance with Digi's internal sustainability reporting guidelines and procedures.

This responsibility includes the selection and application of appropriate methods to prepare the Selected Information reported in the Digi Integrated Annual Report 2020 as well as the design, implementation and maintenance of processes relevant for the preparation. Furthermore, the responsibility includes the use of assumptions and estimates for disclosures made by Digi which are reasonable in the circumstances.

## OUR RESPONSIBILITY

Our responsibility is to provide a conclusion on the Subject Matter based on our limited assurance engagement performed in accordance with the approved standard for assurance engagements in Malaysia, International Standard on Assurance Engagements ("ISAE") 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information". This standard requires that we comply with ethical requirements, and plan and perform the assurance engagement under consideration of materiality to express our conclusion with limited assurance.

The accuracy of the Selected Information is subject to inherent limitations given their nature and methods for determining, calculating and estimating such data.

Our limited assurance report should therefore be read in connection with Digi's sustainability reporting guidelines and procedures on the reporting of its sustainability performance.

In a limited assurance engagement, the evidence gathering procedures are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement.

## SUBJECT MATTER

The following information collectively known as Selected Information on which we provide limited assurance consists of the management and reporting processes with respect to the preparation of the following Selected Information reported and marked with asterisks (\*) in the Digi Integrated Annual Report 2020:

1. Lost Time Injury Frequency Rate ("LTIFR") for Digi's permanent and contract employees for the financial year ended 31 December 2020;
2. Percentage of customer satisfaction scores for the financial year ended 31 December 2020;
3. Employee online learning rate for the financial year ended 31 December 2020;
4. Number of suppliers signing Agreement of Business Conduct ("ABC") for the financial year ended 31 December 2020;
5. Number of enrolments into Future Skills Programme for the financial year ended 31 December 2020.

## CRITERIA

The selected subject matter needs to be read and understood together with the reporting criteria, which Digi is solely responsible for selecting and applying. The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time.

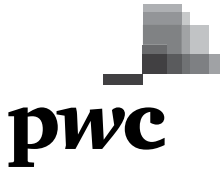
The reporting criteria used for the reporting of the Selected Information is Digi's internal sustainability reporting guidelines and procedures by which the Selected Information is gathered, collated and aggregated internally.

## MAIN ASSURANCE PROCEDURES

Our work, which involved no independent examination of any of the underlying financial information, included the following procedures:

- Inquiries of personnel responsible for the Selected Information reported in Digi Integrated Annual Report 2020 regarding the processes to prepare the said report and the underlying controls over those processes;
- Inquiries of personnel responsible for data collection at the corporate, division and operation unit level for the Selected Information;

# Independent Assurance Report



- Inspection on a sample basis of internal documents, contracts, reports, data capture forms and invoices to support the Selected Information for accuracy including observation of management's controls over the processes;
- Inquiries of personnel on the collation and reporting of the Selected Information at the corporate and operation unit level; and
- Checking the formulas, proxies and default values used in the Selected Information against Digi's sustainability reporting guidelines and procedures.

## INDEPENDENCE AND QUALITY CONTROL

We have complied with the independence and other ethical requirements of the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("MIA") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

We apply International Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements", and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## CONCLUSION

Based on our limited assurance engagement, in all material aspects, nothing has come to our attention that causes us to believe that the Selected Information in the Subject Matter has not been fairly stated in accordance with Digi's internal sustainability reporting guidelines.

## RESTRICTION ON USE

This report, including our conclusions, has been prepared solely for the Board of Directors of Digi in accordance with the agreement between us, in connection with the performance of an independent limited assurance on the Selected Information in the Subject Matter as reported by Digi in its Integrated Annual Report 2020. Accordingly, this report should not be used or relied upon for any other purposes. We consent to the inclusion of this report in the Digi Integrated Annual Report 2020 and to be disclosed online at [www.digi.com.my](http://www.digi.com.my), in respect of the financial year ended 31 December 2020, to assist the Directors in responding to their governance responsibilities by obtaining an independent assurance report in connection with the Selected Information. As a result, we will not accept any liability or assume responsibility to any other party to whom our report is shown or into whose hands it may come. Any reliance on this report by any third party is entirely at its own risk.

## PRICEWATERHOUSECOOPERS PLT

LLP0014401-LCA & AF 1146

Chartered Accountants

Kuala Lumpur

24 March 2021

# Corporate Information

## BOARD OF DIRECTORS

**HAAKON BRUASET KJOEL**

*Chair, Non-Independent Non-Executive Director*

**TAN SRI SAW CHOO BOON**

*Senior Independent Non-Executive Director*

**YASMIN BINTI ALADAD KHAN**

*Independent Non-Executive Director*

**VIMALA V.R. MENON**

*Independent Non-Executive Director*

**LARS ERIK TELLMANN**

*Non-Independent Non-Executive Director*

**RANDI WIESE HEIRUNG**

*Non-Independent Non-Executive Director  
(Appointed on 15 October 2020)*

**WENCHE MARIE AGERUP**

*Non-Independent Non-Executive Director  
(Appointed on 15 October 2020)*

## AUDIT AND RISK COMMITTEE

Vimala V.R. Menon

*Chair, Independent Non-Executive Director*

Tan Sri Saw Choo Boon

*Senior Independent Non-Executive Director*

Yasmin Binti Aladad Khan

*Independent Non-Executive Director*

Randi Wiese Heirung

*Non-Independent Non-Executive Director*

## NOMINATION COMMITTEE

Tan Sri Saw Choo Boon

*Chair, Senior Independent Non-Executive Director*

Yasmin Binti Aladad Khan

*Independent Non-Executive Director*

Haakon Bruaset Kjoel

*Non-Independent Non-Executive Director*

## REMUNERATION COMMITTEE

Haakon Bruaset Kjoel

*Chair, Non-Independent Non-Executive Director*

Yasmin Binti Aladad Khan

*Independent Non-Executive Director*

Wenche Marie Agerup

*Non-Independent Non-Executive Director*

## SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

Tan Sri Saw Choo Boon

Email: [cbsaw@digi.com.my](mailto:cbsaw@digi.com.my)

## SECRETARIES

Choo Mun Lai (MAICSA No. 7039980)  
(SSM PC No. 201908001003)

Tai Yit Chan (MAICSA No. 7009143)  
(SSM PC No. 202008001023)

## DOMICILE AND COUNTRY OF INCORPORATION

Malaysia

## REGISTERED OFFICE

12<sup>th</sup> Floor, Menara Symphony  
No. 5, Jalan Professor Khoo Kay Kim  
Seksyen 13, 46200 Petaling Jaya  
Selangor Darul Ehsan  
Malaysia

Tel : 03-7890 4800

Fax : 03-7890 4650

E-mail : [Boardroom-KL@boardroomlimited.com](mailto:Boardroom-KL@boardroomlimited.com)

Web : [www.boardroomlimited.com](http://www.boardroomlimited.com)

## SHARE REGISTRARS

### Tricor Investor & Issuing House Services Sdn Bhd

Unit 32-01, Level 32, Tower A  
Vertical Business Suite, Avenue 3  
Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Malaysia

Tel : 03-2783 9299

Fax : 03-2783 9222

E-mail : [is.enquiry@my.tricorglobal.com](mailto:is.enquiry@my.tricorglobal.com)

Web : [www.tricorglobal.com](http://www.tricorglobal.com)

## Tricor's Customer Service Centre

Unit G-3, Ground Floor  
Vertical Podium, Avenue 3  
Bangsar South, No. 8 Jalan Kerinchi  
59200 Kuala Lumpur  
Malaysia

## AUDITORS

Messrs Ernst & Young PLT  
Chartered Accountants  
Level 23A, Menara Milenium  
Jalan Damanlela, Pusat Bandar Damansara  
50490 Kuala Lumpur  
Malaysia  
Tel : 03-7495 8000  
Fax : 03-2095 5332

## STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad  
Listed on : 18 December 1997  
Stock Name : DIGI  
Stock Code : 6947

## PRINCIPAL BANKERS

CIMB Islamic Bank Berhad  
Sumitomo Mitsui Banking Corporation  
Malaysia Berhad  
MUFG Bank (Malaysia) Berhad  
RHB Bank Berhad  
Standard Chartered Bank Malaysia Berhad  
OCBC Bank (Malaysia) Berhad

# Corporate Directory

## PRINCIPAL PLACE OF BUSINESS

### HEAD OFFICE

D'House, Lot 10, Jalan Delima 1/1,  
Subang Hi-Tech Industrial Park,  
40000 Subang Jaya, Selangor  
Tel : 03-5721 1800  
Fax: 03-5721 1857

### CENTRAL OPERATING OFFICE

Lot 43, Jalan Delima 1/1,  
Subang Hi-Tech Industrial Park,  
40000 Subang Jaya, Selangor  
Tel : 03-5721 1800  
Fax: 03-5721 1857

### REGIONAL OPERATING OFFICES

#### Northern Region

1-03-18, E-Gate Commercial  
Centre,  
Lebuh Tunku Kudin 2,  
11700 Gelugor, Penang

Ipoh Sales Office  
C-G-02, Persiaran Greentown 3,  
Greentown Business Centre,  
30450 Ipoh, Perak

#### Southern Region

6 & 8, Jalan Molek 1/12,  
Taman Molek,  
81100 Johor Bahru, Johor

Melaka Sales Office  
No 2-1 Jalan Plaza Merdeka,  
Plaza Merdeka, Bandar Hilir Melaka,  
75000 Melaka

#### Eastern Region

Lot 112 & 113,  
Lorong Industri Semambu 7,  
Semambu Industrial Estate,  
25350 Kuantan, Pahang  
Fax: 09-508 0016

#### Sabah Region

Digi Telecommunications Sdn Bhd  
Lot 36, Sedco Light Industrial Estate,  
Jln Kilang Kolombong,  
88450 Kota Kinabalu, Sabah  
Tel : 088-438 800  
Fax: 088-436 633

#### Sarawak Region

No. 9, Level 21, Gateway Kuching,  
Jalan Bukit Mata,  
93100 Kuching, Sarawak  
Tel : 082-421 800  
Fax: 082-427 597

## DIGI STORES

### Kuala Lumpur

**Bukit Bintang**  
Lot 106 & 108,  
Jalan Bukit Bintang,  
55100 Kuala Lumpur

### **Bangsar**

Lot F122, 1<sup>st</sup> Floor,  
Bangsar Shopping Centre,  
285, Jalan Maarof,  
Bukit Bandaraya,  
59000 Kuala Lumpur

### **Gardens**

S-233, 2<sup>nd</sup> Floor, Gardens Mall,  
Mid Valley City, Lingkaran Syed  
Putra,  
59200 Kuala Lumpur

### **Setapak Central Mall**

G49, 67, Jalan Taman Ibu Kota,  
Taman Danau Kota, Setapak,  
53300 Kuala Lumpur

### Selangor

#### **Alamanda**

Lot LG-70, 71 & 72, Ground Floor,  
Alamanda Putrajaya Shopping  
Centre,  
Jalan Alamanda, Precinct 1,  
62000 Putrajaya

### **Ampang**

86G, Lorong Mamanda 1,  
Ampang Point,  
68000 Selangor

### **Cheras**

3-G, Jalan C180/1,  
Dataran C180,  
43200 Cheras, Selangor

### **D'House**

Lot 10, Jalan Delima 1/1,  
Subang Hi-Tech Industrial Park,  
40000 Shah Alam, Selangor

### **Klang**

Lot B-G-8, BBT One Tower,  
Lebuh Batu Nilam 2,  
Bandar Bukit Tinggi,  
41200 Klang, Selangor

### **SS2**

24, Jalan SS2/66,  
47300 Petaling Jaya, Selangor

## Sunway Pyramid

Lot LG2.69, Lower Ground 2,  
Sunway Pyramid Shopping Mall,  
3, Jalan PJS 11/15,  
Bandar Sunway,  
46150 Petaling Jaya, Selangor

### Melaka

#### **Melaka**

2, Plaza Merdeka,  
Jalan Plaza Merdeka,  
75000 Melaka

### Negeri Sembilan

#### **Seremban**

62A, Jalan Tuanku Munawir,  
70000 Seremban, N.Sembilan

### Johor

#### **Batu Pahat**

1-1D, Jalan Zabadah,  
83000 Batu Pahat, Johor

### **Danga Bay**

Block 6-G-35, Danga Walk,  
Batu 41/2, Jalan Skudai,  
80200 Johor Bahru, Johor

### **Taman Molek**

6 & 8, Jalan Molek 1/12,  
Taman Molek,  
81100 Johor Bahru, Johor

### Penang

#### **Bayan Baru**

1B-G-08 & 1B-G-09, Ground Floor,  
One Precinct, Lengkok Mayang  
Pasir,  
11950 Bayan Baru, Penang

### **Pulau Tikus**

368-1-05 & 06, Bellisa Row,  
Jalan Burmah,  
10350 Pulau Tikus, Penang

### **Seberang Jaya**

8, Ground Floor, Jalan Todak Dua,  
Pusat Bandar, Seberang Jaya,  
13700 Prai, Penang

### Kedah

#### **Alor Setar**

2 & 3, Kompleks Perniagaan Pintu  
10,  
Jalan Pintu Sepuluh,  
05100 Alor Setar, Kedah

### Perak

#### **De Gardens**

DGR-1A, Ground Floor,  
3, Persiaran Medan Ipoh,  
Medan Ipoh,  
31400 Ipoh, Perak

## Ipoh

C-G-02, Persiaran Greentown 3,  
Greentown Business Centre,  
30450 Ipoh, Perak

### Pahang

#### **Kuantan**

91, Jalan Tun Ismail,  
25000 Kuantan, Pahang

### Kelantan

#### **Kota Bharu**

S/16, PT 232,  
Lot 1A, Jalan Hamzah,  
15050 Kota Bharu, Kelantan

### Terengganu

#### **Kuala Terengganu**

Lot PT 3937, Jalan Sultan Sulaiman,  
20000 Kuala Terengganu,  
Terengganu

### Sabah

#### **1-Borneo**

Lot G612, Ground Floor 1 Borneo  
Hypermall,  
Jalan Sulaman,  
88450 Kota Kinabalu, Sabah

### **Api-Api**

Lot 5/G3, Ground & 1<sup>st</sup> Floor,  
Api-Api Centre,  
88000 Kota Kinabalu, Sabah

### Sarawak

#### **Kuching**

Lot 506-507, Section 6 KTLD,  
Jalan Kulas Tengah,  
93400 Kuching, Sarawak

### **Miri**

Lot 2037, Jalan Datuk Temenggong  
Oyong Lawai,  
Marina Square Phase 1,  
98000 Miri, Sarawak

### **Sibu**

17 & 19, Ground Floor,  
Jalan Tong Sang,  
Off Jalan Wong King Huo,  
96000 Sibu

# List of Properties

As at 31 December 2020

No.	Location	Tenure	Description / Existing Use	Date of Acquisition	Area	Age of Building (Years)	Net Book Value as at 31.12.2020 RM'000
1	H.S. (D) No 92086 & 92087 P.T. No 9 & No.10 Pekan Seremban Jaya Daerah Seremban, Negeri Sembilan	Freehold	Land with a building / Telecommunications Centre	29.12.1997	22,529 sq ft	21	521
2	Unit No 202-4-11 Sri Bandar Besi Jalan Sungai Besi Sungai Besi, Kuala Lumpur	Freehold	Apartment / Housing base transceiver equipment	26.01.1995	802 sq ft	23	66
3	Unit No C16-2 Indera Subang UEP Jalan UEP 6/2L UEP Subang Jaya, Petaling Jaya Selangor	Freehold	Apartment / Housing base transceiver equipment	04.02.1995	2,249 sq ft	25	350
4	No 1-16.2, 16 <sup>th</sup> Floor Union Height, Taman Yan Jalan Klang Lama, Kuala Lumpur	Freehold	Apartment / Housing base transceiver equipment	25.01.1995	1,249 sq ft	24	131
5	3 <sup>rd</sup> Floor Unit Pt 4888/4786 C Block TC-14 Taman Sri Gombak Jalan Batu Caves, Selangor	Freehold	Apartment / Housing base transceiver equipment	29.03.1995	1,319 sq ft	23	50
6	4572, 7 <sup>th</sup> Floor Sri Jelatek Condominiums Section 10, Wangsa Maju Kuala Lumpur	Freehold	Apartment / Housing base transceiver equipment	07.02.1995	1,115 sq ft	23	102
7	32, PLO 151 Jln Angkasa Mas Utama Kawasan Perindustrian Tebrau II 81100 Johor Bahru, Johor	Leasehold 30 years lease (expiring in 2023)	Land with a building / Telecommunications Centre	12.05.1995	1.58 acres	24	1,029
8	HS (D) 77, No. P.T. PTBM/A/081 Mukim 1, Kawasan Perusahaan Perai, District Seberang Perai Tengah, Pulau Pinang	Leasehold 60 years (expiring in 2033)	Land with a building / Telecommunications Centre	23.03.1995	1 acre	44	1,244
9	Lot 36, Sedco Light Industrial Estate, Jalan Kelombong Kota Kinabalu, Sabah	Leasehold 60 years (expiring in 2034)	Land with a building / Telecommunications Centre	12.06.1995	0.938 acre	38	1,402
10	Lot 1220, Section 66 Kuching Town Land District, Sarawak	Leasehold 60 years (expiring in 2036)	Land with a building / Telecommunications Centre	15.08.1995	4,124 sq ft	23	1,202
11	No 112, Semambu Industrial Estate Kuantan, Pahang	Leasehold 66 years (expiring in 2041)	Land with a building / Telecommunications Centre	07.07.1995	4 acres	36	1,364
12	Unit No M803 8 <sup>th</sup> Floor, Sunrise Park Ampang, Kuala Lumpur	Leasehold 99 years (expiring in 2088)	Apartment / Housing base transceiver equipment	22.03.1995	1,100 sq ft	27	81
13	H.S.(D) 12776, P.T. No. 15866 Mukim Bentong District of Bentong, Pahang	Leasehold 99 years (expiring in 2091)	Land with a building / Earth Station Complex	07.08.1996	7.5 acres	25	4,898
14	Plot D-38 Taman Industri Prima Kota Fasa 1 Sector 3, Bandar Indera Mahkota Kuantan, Pahang	Leasehold 99 years (expiring in 2097)	Land with Fixed Line switch and base transceiver station	14.11.1997	25,521 sq ft	21	331

## List of Properties

As at 31 December 2020

No.	Location	Tenure	Description / Existing Use	Date of Acquisition	Area	Age of Building (Years)	Net Book Value as at 31.12.2020 RM'000
15	Ptd 1490, Mukim Of Jemaluang District Of Mersing Johor	Leasehold 99 years (expiring in 2098)	Land with trunk station	17.08.1999	40,000 sq ft	19	97
16	PN 89926, Lot 191363 Mukim Hulu Kinta Daerah Kinta, Perak	Leasehold 90 years (expiring in 2081)	Land with a building / Telecommunications Centre	15.07.1999	5,942 sq ft	19	179
17	Lot No 54, Jalan 6/2 Kawasan Perindustrian Seri Kembangan 43000 Seri Kembangan, Selangor	Leasehold 99 years (expiring in 2091)	Land with a building / Telecommunications Centre	23.05.2000	18,050 sq ft	29	1,571
18	Lot 2728 Miri Concession Land District Lopeng, Miri, Sarawak	Leasehold 60 years (expiring in 2027)	Land with cabin container / Telecommunications Centre	29.09.2000	4,937 sq m	N/A	718
19	Lot 10, Jalan Delima 1/1 Subang Hi-Tech Industrial Park 40000 Shah Alam, Selangor	Freehold	Land with a building	19.07.2001	284,485 sq ft	13	65,860
20	No. 24, Jalan KIP 7 Taman Perindustrian KIP 52200 Kuala Lumpur	Freehold	Land with a building / Telecommunications Centre	21.08.2002	17,847 sq ft	22	2,779
21	Lot 42, Jalan Delima 1/1 Subang Hi-Tech Industrial Park 40000 Shah Alam, Selangor	Freehold	Parking Lot	28.04.2008 (Title transferred date)	91,676 sq ft	N/A	8,234
22	Lot 43, Jalan Delima 1/1 Subang Hi-Tech Industrial Park 40000 Shah Alam, Selangor	Freehold	Land with a building / Telecommunications Centre	06.04.2008 (Title transferred date)	92,142 sq ft	9	61,803
23	13-1 <sup>st</sup> Floor Gemilang Indah Condominium Geran Mukim 2227/M1/2/7 Lot 295, Sek 98, Bandar KL Wilayah Persekutuan	Freehold	Apartment unit	26.10.2009	935 sq ft	28	108
24	H.S.(M) 26928 PT 180 Pekan Serdang Tempat Seri Kembangan Daerah Petaling, Selangor	Leasehold 90 years (expiring in 2099)	Land with a building / Telecommunications Centre	03.03.2009	1803 sq m	23	3,801
25	Title No. PN 89925, Lot 191362 No.4, Hala Perusahaan Kledang U5 Kawasan Perusahaan Menglembu Daerah Kinta, Perak	Leasehold 90 years (expiring in 2099)	Land with a building / Telecommunications Centre	21.09.2009	358 sq m	18	636
							158,555

### Notes:

The Group does not adapt a revaluation policy on landed properties.

N/A denotes "Not Applicable"

### Telecommunications Centre Under Rented Properties

- |   |   |
|---|---|
| 1 Site No. 10341 - MSH Lot 30 SHT<br>Landlord : Ng Lee Lin        | 2 Site No. 40521 - MMG Menglembu<br>Landlord : Jubli Raya Sdn Bhd |
| 3 Site No. 10251 - MKL KL Plaza<br>Landlord : Sinar Merdu Sdn Bhd | 4 Site No. 90142 - MSB Sibul<br>Landlord : Lee Yau Poh            |



# Disclosure of Recurrent Related Party Transactions

At the AGM held on 1 June 2020, the Company obtained a shareholders' mandate to allow the Group to enter into recurrent related party transactions of revenue or trading nature.

In accordance with Practice Note 12 of MMLR of Bursa Securities, the details of recurrent related party transactions conducted during the financial year ended 31 December 2020 pursuant to the shareholders' mandate are disclosed as follows:-

Digi Group with the following related parties	Digi and/or its subsidiary companies	Nature of transaction undertaken by/ provided to Digi and/or its subsidiaries	Sales of goods and services during the financial year RM'000	Purchase of goods and services during the financial year RM'000
<b>Telenor Group of Companies</b>				
Telenor Group	DTSB	Business service costs, which include consultancy, training programmes and advisory fees ("Business Service Costs")		36,094
Telenor Group	DTSB	Personnel services payable and professional fees ("Professional Service")	2,466	3,917
Telenor Group	DTSB	International Accounting Settlement. This refers to an arrangement for interconnection services on international traffic between foreign carriers	12,804	9,319
Telenor Group	DTSB	International Roaming	224	(428)
Telenor Group	DTSB	IP Transit (Internet Upstream)		402
Telenor Group	DTSB	Global connectivity services Telenor Business Units (BUs) in Asia and to data centers for common services		3,449
Telenor Group	DTSB	Services rendered on Enterprise Resource Planning ("ERP") and enterprise applications		10,926
Telenor Group	DTSB	License and trademarks		9,294
Telenor Group	DTSB	Managed Services		21,250
Telenor Group	DTSB	Cloud based software infrastructure services		6,147
Telenor Group	DTSB	Digital marketing and distribution platform		755
Telenor Group	DTSB	Business Security cost		10,411
Telenor Group	DTSB	Bandwidth leasing	7,760	3,054
<b>TOTAL</b>			<b>23,254</b>	<b>114,590</b>

## Notes:

1. Telenor Group refers to Telenor ASA and its subsidiary and related companies (including the associated companies). Telenor ASA is the ultimate holding company of Digi.Com Berhad (Digi).
2. Digi Telecommunications Sdn Bhd ("DTSB") is a wholly-owned subsidiary of Digi.

# Share Price Development



High	RM4.49
Low	RM4.10
Average	RM4.33
Volume (mil)	426.5



High	RM4.61
Low	RM4.24
Average	RM4.42
Volume (mil)	290.3



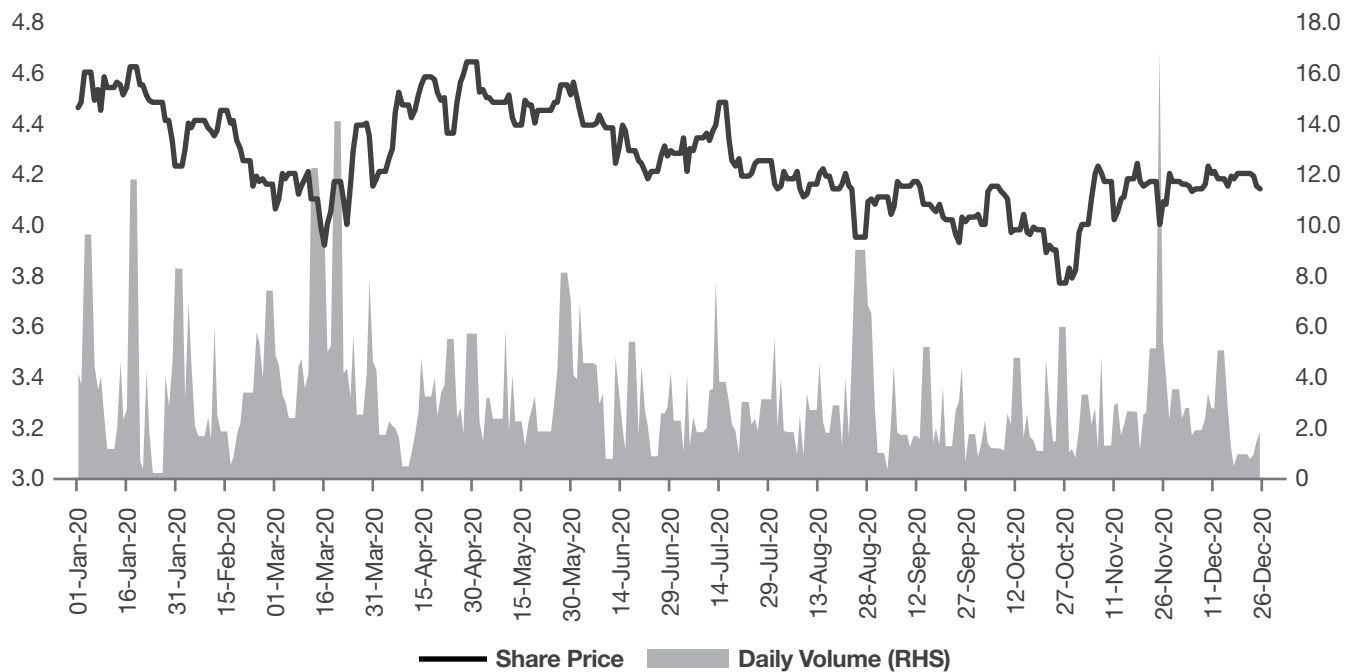
High	RM4.30
Low	RM4.02
Average	RM4.18
Volume (mil)	270.0



High	RM4.21
Low	RM3.87
Average	RM4.08
Volume (mil)	240.9

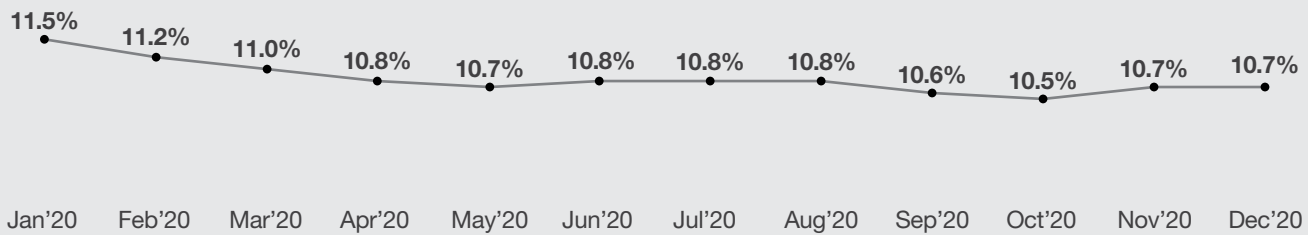
Share Price  
(RM)

Volume  
(Mil)



## Historical Monthly Foreign Shareholdings

Our declining foreign shareholdings in 2020 was in line with Bursa Malaysia's Kuala Lumpur Composite Index (KLCI) as foreign investors re-balanced their country portfolios amid Covid-19 outbreak, slower-than-expected macroeconomic recovery and prevailing political risks in Malaysia.



# Statistics on Shareholdings

As at 16 March 2021

**Total number of Issued Shares** : 7,775,000,000  
**Class of Shares** : Ordinary shares  
**Voting Rights** : One vote per share

## ANALYSIS BY SIZE OF HOLDINGS AS AT 16 MARCH 2021

Size of Holdings	No. of Holders	%	No. of Shares	%
1-99	1,080	3.365	11,681	0.000
100-1,000	13,851	43.157	8,207,817	0.105
1,001-10,000	13,884	43.260	54,884,145	0.705
10,001-100,000	2,558	7.970	71,372,276	0.917
100,001-388,749,999 (*)	718	2.237	2,116,128,081	27.217
388,750,000 AND ABOVE (**)	3	0.009	5,524,396,000	71.053
<b>Total</b>	<b>32,094</b>	<b>100.000</b>	<b>7,775,000,000</b>	<b>100.000</b>

### Remark:

\* Less than 5% of issued shares

\*\* 5% And above of issued shares

## SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 16 MARCH 2021

Name	Number of Shares			
	Direct Interest	%	Deemed Interest	%
1. Telenor Asia Pte Ltd	3,809,750,300	49.00	-	-
2. Telenor Mobile Communications AS	-	-	3,809,750,300 <sup>(a)</sup>	49.00
3. Telenor Mobile Holding AS	-	-	3,809,750,300 <sup>(b)</sup>	49.00
4. Telenor ASA	-	-	3,809,750,300 <sup>(c)</sup>	49.00
5. Employees Provident Fund Board	1,113,848,100	14.33	-	-
6. AmanahRaya Trustees Berhad - Amanah Saham Bumiputera	600,797,600	7.73	-	-

### Notes:

<sup>(a)</sup> Deemed interested by virtue of its 100% interest in Telenor Asia Pte Ltd.

<sup>(b)</sup> Deemed interested by virtue of its 100% interest in Telenor Mobile Communications AS.

<sup>(c)</sup> Deemed interested by virtue of its 100% interest in Telenor Mobile Holding AS.

# Statement of Directors' Shareholdings

As at 16 March 2021

The Company Digi.Com Berhad	Number of Ordinary Shares			
	Direct Interest	%	Deemed Interest	%
Haakon Bruaset Kjoel	-	-	-	-
Tan Sri Saw Choo Boon	-	-	-	-
Yasmin Binti Aladad Khan	-	-	-	-
Vimala V.R.Menon	-	-	-	-
Wenche Marie Agerup	-	-	-	-
Lars Erik Tellmann	-	-	-	-
Randi Wiese Heirung	-	-	-	-

Ultimate Holding Company Telenor ASA	Number of Ordinary Shares of NOK6 each			
	Direct Interest	%	Deemed Interest	%
Haakon Bruaset Kjoel	18,684	0.0013	-	-
Wenche Marie Agerup	18,156	0.0013	-	-
Lars Erik Tellmann	34,982	0.0025	-	-
Randi Wiese Heirung	1,448	0	-	-

Ultimate Holding Company Telenor ASA	Number of Options over Ordinary Shares of NOK6 each			
	Direct Interest	%	Deemed Interest	%
Haakon Bruaset Kjoel	-	-	-	-
Wenche Marie Agerup	-	-	-	-
Lars Erik Tellmann	-	-	-	-
Randi Wiese Heirung	-	-	-	-

# List of Thirty (30) Largest Shareholders

As at 16 March 2021

	Name of Shareholders	No. of Shares	%
1	CITIGROUP NOMINEES (ASING) SDN BHD TELENOR ASIA PTE LTD (DIGI)	3,809,750,300	49.000
2	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	1,113,848,100	14.326
3	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM BUMIPUTERA	600,797,600	7.727
4	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	285,260,700	3.669
5	CITIGROUP NOMINEES (TEMPATAN) SDN BHD URUSHARTA JAMAAH SDN. BHD. (1)	97,071,700	1.249
6	LEMBAGA TABUNG HAJI	71,413,050	0.918
7	CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR STATE STREET BANK & TRUST COMPANY (WEST CLT OD67)	68,340,500	0.879
8	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM BUMIPUTERA 2	63,974,300	0.823
9	CARTABAN NOMINEES (TEMPATAN) SDN BHD PAMB FOR PRULINK EQUITY FUND	63,679,300	0.819
10	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM MALAYSIA 2 - WAWASAN	62,600,000	0.805
11	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM MALAYSIA 3	56,765,800	0.730
12	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD EMERGING MARKETS STOCK INDEX FUND	51,323,533	0.660
13	AHMAD SEBI BIN BAKAR	50,923,830	0.655
14	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR PUBLIC ITTIKAL FUND (N14011970240)	48,500,000	0.624
15	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	47,466,380	0.611
16	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR PUBLIC REGULAR SAVINGS FUND (N14011940100)	43,653,700	0.561

## List of Thirty (30) Largest Shareholders

As at 16 March 2021

	Name of Shareholders	No. of Shares	%
17	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR AIA BHD.	34,912,062	0.449
18	AMANAHRAYA TRUSTEES BERHAD PUBLIC ITTIKAL SEQUEL FUND	31,655,000	0.407
19	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 1)	23,182,900	0.298
20	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 3)	23,161,600	0.298
21	AMANAHRAYA TRUSTEES BERHAD AMANA SAHAM BUMIPUTERA 3 - DIDIK	21,664,200	0.279
22	DB (MALAYSIA) NOMINEE (ASING) SDN BHD BNYM SA/NV FOR PEOPLE'S BANK OF CHINA (SICL ASIA EM)	20,553,100	0.264
23	PERMODALAN NASIONAL BERHAD	18,561,900	0.239
24	MAYBANK NOMINEES (TEMPATAN) SDN BHD MTRUSTEE BERHAD FOR PRINCIPAL DALI EQUITY GROWTH FUND (UT-CIMB-DALI) (419455)	17,009,700	0.219
25	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD FIDUCIARY TRUST COMPANY INSTITUTIONAL TOTAL INTERNATIONAL STOCK MARKET INDEX TRUST II	15,149,600	0.195
26	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR BLACKROCK INSTITUTIONAL TRUST COMPANY, N.A. INVESTMENT FUNDS FOR EMPLOYEE BENEFIT TRUSTS	14,561,700	0.187
27	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR NORGE BANK (FI 17)	13,624,675	0.175
28	HSBC NOMINEES (ASING) SDN BHD J.P. MORGAN SECURITIES PLC	13,429,899	0.173
29	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC SELECT ENTERPRISES FUND	13,127,900	0.169
30	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC DIVIDEND FUND	12,637,000	0.163
	TOTAL	6,808,600,029	87.570



# Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN THAT** the Twenty-Fourth Annual General Meeting ("24<sup>th</sup> AGM") of Digi.Com Berhad ("the Company") will be conducted on a fully virtual basis through live streaming and online voting via the Remote Participation and Electronic Voting ("RPEV") Facilities, for the purpose of considering and if thought fit, passing the following resolutions set out in this notice:

Meeting Platform	: <a href="https://web.lumiagm.com">https://web.lumiagm.com</a>
Day and Date	: Tuesday, 18 May 2021 or any adjournment thereof
Time	: 10.00 a.m.
Broadcast Venue	: Studio, Digi Telecommunications Sdn Bhd Lot 10, Jalan Delima 1/1 Subang Hi-Tech Industrial Park 40000 Subang Jaya Selangor Darul Ehsan, Malaysia
Mode of Communication	: 1) Typed text in the Meeting Platform during the 24 <sup>th</sup> AGM. The messaging window facility will be opened concurrently with the Meeting Platform, i.e. one (1) hour before the AGM, which is from 9.00 a.m. on Tuesday, 18 May 2021. 2) E-mail questions to <a href="mailto:invesrel@digicom.my">invesrel@digicom.my</a> or via Boardroom's website at <a href="https://boardroomlimited.my">https://boardroomlimited.my</a> prior to the 24 <sup>th</sup> AGM.

## AGENDA

### As Ordinary Business

- To receive the Audited Financial Statements for the financial year ended 31 December 2020 and the Reports of the Directors and Auditors thereon. (Please refer to Note 1 of the Explanatory Notes)
- To re-elect Ms Yasmin Binti Aladad Khan who retires by rotation pursuant to Article 98(A) of the Company's Articles of Association and being eligible, has offered herself for re-election. **Resolution 1**  
(Please refer to Note 2 of the Explanatory Notes)  
  
Tan Sri Saw Choo Boon who also retires by rotation in accordance with Article 98(A) of the Company's Articles of Association, has expressed his intention not to seek for re-election. Hence, he will retain his office as Director until the conclusion of the 24<sup>th</sup> AGM.  
  
Consequently, Tan Sri Saw Choo Boon who has served the Board as a Senior Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years since 9 December 2010 has also expressed his intention not to seek for re-election. Hence, he will retain his office as a Senior Independent Non-Executive Director of the Company until the conclusion of the 24<sup>th</sup> AGM.
- To re-elect the following Directors who are to retire pursuant to Article 98(E) of the Company's Articles of Association and being eligible, have offered themselves for re-election:
  - Ms Randi Wiese Heirung **Resolution 2**
  - Ms Wenche Marie Agerup **Resolution 3**
- To approve the payment of Directors' fees of up to RM900,000.00 for the Independent Non-Executive Directors and benefits payable to the Directors up to an aggregate amount of RM16,000.00 from the date of the forthcoming 24<sup>th</sup> AGM until the next AGM of the Company. **Resolution 4**
- To re-appoint Messrs. Ernst & Young PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 5**

# Notice of Annual General Meeting

## As Special Business

To consider and, if deemed fit, to pass the following resolutions:-

### 6. Ordinary Resolution

- **Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature, to be entered with Telenor ASA ("Telenor") and Persons Connected with Telenor ("Proposed Shareholders' Mandate")**

### Resolution 6

(Please refer to Note 3 of the Explanatory Notes)

That, subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with Telenor and persons connected with Telenor as specified in Section 2.3 of the Circular to Shareholders dated 15 April 2021, which are necessary for the day-to-day operations and/or in the ordinary course of business of the Company and its subsidiaries on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company and that such approval shall continue to be in force until:

- (i) the conclusion of the next AGM of the Company following the forthcoming AGM at which the Proposed Shareholders' Mandate shall be passed, at which time it will lapse, unless by a resolution passed at a general meeting, the authority conferred by this resolution is renewed;
- (ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or
- (iii) revoked or varied by resolution passed by the shareholders at a general meeting,

whichever is earlier.

And that the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Shareholders' Mandate."

### 7. Special Resolution

- **Proposed Amendments to the Articles of Association of the Company**

### Special Resolution

(Please refer to Note 4 of the Explanatory Notes)

THAT the Proposed Amendments to the existing Articles of Association of the Company, as annexed as Appendix III in the Circular to Shareholders dated 15 April 2021, be and are hereby approved and adopted, with immediate effect.

AND THAT the Directors of the Company be and are hereby authorised to do all acts, deeds and things as are necessary and/or expedient in order to give full effect to the Proposed Amendments to the existing Articles of Association of the Company with full powers to assent to any conditions, modifications, variations and/or amendments as may be required by any relevant authorities."

## Notice of Annual General Meeting

### As Other Business

8. To transact any other business of which due notice has been given in accordance with the Companies Act 2016 and the Company's Articles of Association.

By Order of the Board

Choo Mun Lai (MAICSA No. 7039980)  
(SSM PC No. 201908001003)  
Tai Yit Chan (MAICSA No. 7009143)  
(SSM PC No. 202008001023)  
Company Secretaries

Selangor Darul Ehsan  
15 April 2021

### (A) NOTES

- (i) Due to the on-going Movement Control Order and as part of the continuing measures to stem the spread of the Coronavirus Disease (COVID-19), the 24<sup>th</sup> AGM of the Company will be conducted on a fully virtual basis through live streaming and online voting using RPEV facilities at <https://web.lumiagm.com>. The procedures for members to register, participate and vote remotely via the RPEV facilities are provided in the Administrative Guide for the 24<sup>th</sup> AGM.
- (ii) Please follow the procedures set out in the Administrative Guide for the 24<sup>th</sup> AGM which is available on the Company's website at [www.digi.com.my/annualreport](http://www.digi.com.my/annualreport) to register, attend, speak (in the form of real time submission of typed texts) and vote (collectively, "participate") remotely via the RPEV facilities.
- (iii) The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chair of the 24<sup>th</sup> AGM of the Company to be present at the main venue in Malaysia. Shareholders/Proxies/Corporate Representatives **WILL NOT BE ALLOWED** to attend the 24<sup>th</sup> AGM in person at the Broadcast Venue on the day of the meeting. Any Shareholders or Proxies or Corporate Representatives who turn up at the Broadcast Venue would be requested to leave the venue politely.
- (iv) In respect of deposited securities, only Shareholders whose names appear on the Record of Depositors on 4 May 2021 (General Meeting Record of Depositors) shall be eligible to attend, participate, speak and/or vote at the meeting.
- (v) A shareholder entitled to participate at the 24<sup>th</sup> AGM is entitled to appoint not more than two (2) proxies to participate on his/her behalf. Where a Shareholder appoints more than one (1) proxy, the appointment shall not be valid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy.
- (vi) A proxy or attorney need not be a Shareholder of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to participate at the meeting shall have the same rights as the Shareholder to speak at the Meeting.
- (vii) Where a Shareholder of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account) as defined under the Securities Industry (Central Depositories) Act 1991, there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
- (viii) The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, and in the case of a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
- (ix) The instrument appointing a proxy together with the power of attorney (if any) or a certified copy thereof must be deposited at the Poll Administrator's Office, Boardroom Share Registrars Sdn. Bhd. at Ground Floor or 11<sup>th</sup> Floor, Menara Symphony

# Notice of Annual General Meeting

No. 5, Jalan Prof. Khoo Kay Kim Seksyen 13, 46200 Petaling Jaya Selangor Darul Ehsan at least forty-eight (48) hours before the time appointed for the holding of the meeting or adjourned meeting, otherwise the instrument of proxy should not be treated as valid. Alternatively, the Form of Proxy can be submitted electronically via <https://boardroomlimited.my> before the proxy form submission cut-off time as mentioned in the above. For further information on the electronic submission of Form of Proxy, kindly refer to the annexure of the Administrative Details.

- (x) Any Notice of Termination of Authority to act as Proxy must be received by the Company at least forty-eight (48) hours before the time appointed for the holding of the meeting or adjourned meeting, failing which, the termination of the authority of a person to act as proxy will not affect the following in accordance with Section 338 of the Companies Act 2016:-
  - a. the constitution of the quorum at such meeting;
  - b. the validity of anything he/she did as Chair of such meeting;
  - c. the validity of a poll demanded by him/her at such meeting; or
  - d. the validity of the vote exercised by him/her at such meeting.
- (xi) Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of AGM will put to vote by way of poll. Poll Administrator and Independent Scrutineers will be appointed to conduct the polling process and verify the results of the poll respectively.

## (B) EXPLANATORY NOTES

### 1. Audited Financial Statements for the financial year ended 31 December 2020

The Audited Financial Statements under Item 1 of the Agenda are laid in accordance with Section 340(1)(a) the Companies Act 2016 for discussion only. They do not require shareholders' approval and hence, this agenda item will not be put forward for voting.

### 2. Tan Sri Saw Choo Boon does not seek for re-election as a Director and Senior Independent Non-Executive Director

Tan Sri Saw Choo Boon had on 10 February 2021 informed of his intention not to seek for re-election as Director and Senior Independent Non-Executive Director, after having served on the Board for a cumulative term of more than nine (9) years since his appointment as Director of the Company on 9 December 2010.

Hence, he will retain his office as Director and Senior Independent Non-Executive Director until the conclusion of the 24<sup>th</sup> AGM, and will retire in accordance with Article 98(A) of the Company's Articles of Association.

### 3. Ordinary Resolution 6 - Proposed Shareholders' Mandate

Ordinary Resolution 6 proposed under item 6 of the Agenda, if passed, will allow the Company and its subsidiaries ("Group") to enter into recurrent related party transactions, in accordance with paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, without the necessity to convene separate general meetings from time to time to seek shareholders' approval as and when such recurrent related party transactions occur. This would reduce substantial administrative time and expenses associated with the convening of such meetings without compromising the corporate objectives of the Group or affecting the business opportunities available to the Group. The shareholders' mandate is subject to renewal on an annual basis.

### 4. Special Resolution - Proposed Amendments to the Articles of Association of the Company

This Special Resolution proposed under item 7 of the Agenda, if passed, will allow the Company to enhance administrative efficiency and will not have any effect on the issued share capital, substantial shareholders' shareholdings, net assets, gearing or earnings of the Company.

## Notice of Annual General Meeting

The Proposed Amendments to the Articles of Association of the Company shall take effect once it has been passed by a majority of not less than seventy-five percent (75%) of such members of the Company who are entitled to participate in person or by proxy at the 24<sup>th</sup> AGM.

Please refer to the Circular to Shareholders dated 15 April 2021 for further information.

### **Personal data privacy**

*By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, participate, speak and vote at the AGM and/or any adjournment thereof, a Shareholder of the Company (i) consents to the collection, use and disclosure of the Shareholder's personal data by the Company (or its agents) for the purpose of processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof), and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the Shareholder discloses the personal data of the Shareholder's proxy(ies) and/or representative(s) to the Company (or its agents), the Shareholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Shareholder will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Shareholder's breach of warranty.*

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# FORM OF PROXY

**DIGI.COM BERHAD**  
Registration No. 199701009694 (425190-X)  
(Incorporated in Malaysia)

<b>No. of shares held</b>	
<b>CDS Account No.</b>	

I/We \_\_\_\_\_ NRIC / Passport / Registration No.\* \_\_\_\_\_  
(Name in full)

of \_\_\_\_\_  
(Address)

with email address \_\_\_\_\_ mobile phone no. \_\_\_\_\_

being a shareholder/shareholders of **DIGI.COM BERHAD** ("the Company"), hereby appoint:

<b>Full Name:</b>	<b>NRIC/Passport No.:</b>	<b>Proportion of shareholding to be represented by the proxy/proxies:</b>	
		<b>No. of Shares</b>	<b>%</b>
Address:			
Tel. No.:	Email Address:		
*And/or			

<b>Full Name:</b>	<b>NRIC/Passport No.:</b>	<b>Proportion of shareholding to be represented by the proxy/proxies:</b>	
		<b>No. of Shares</b>	<b>%</b>
Address:			
Tel. No.:	Email Address:		
*And/or			

or failing him/her, the *\*Chair of the Meeting* as my/our proxy to vote for me/us on my/our behalf at the Twenty-Fourth Annual General Meeting ("24<sup>th</sup> AGM") of the Company will be conducted on a fully virtual basis through live streaming and online voting via the Remote Participation and Electronic Voting ("RPEV") Facilities at the Broadcast Venue Studio, Digi Telecommunications Sdn Bhd, Lot 10, Jalan Delima 1/1, Subang Hi-Tech Industrial Park, 40000 Subang Jaya, Selangor Darul Ehsan, Malaysia on Tuesday, 18 May 2021 at 10.00 a.m. or any adjournment thereof.

\*Please delete as appropriate.

This proxy is to vote on the resolutions set out in the Notice of the Meeting, as indicated with an 'X' in the appropriate spaces below. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.

Item No.	Agenda	Resolution	For	Against
1.	To receive the Audited Financial Statements for the financial year ended 31 December 2020 and the Reports of the Directors and Auditors thereon.			
2.	To re-elect Puan Yasmin Binti Aladad Khan as Director who is to retire pursuant to Article 98(A) of the Company's Articles of Association.	1		
3.	i. To re-elect Ms Randi Wiese Heirung as a Director who is to retire pursuant to Article 98(E) of the Company's Articles of Association.	2		
	ii. To re-elect Ms Wenche Marie Agerup as a Director who is to retire pursuant to Article 98(E) of the Company's Articles of Association.	3		
4.	To approve the payment of Directors' fees and benefits payable to the Independent Non-Executive Directors.	4		
5.	To re-appoint Messrs. Ernst & Young PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.	5		
<b>Special Business</b>				
6.	<u>Ordinary Resolution:</u> Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature, to be entered with Telenor ASA and Persons Connected with Telenor.	6		
7.	<u>Special Resolution:</u> The Proposed Amendments to the Articles of Association is administrative in nature and will not have any effect on the issued share capital, substantial shareholders' shareholdings, net assets, gearing or earnings of the Company.	Special Resolution		

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2021.

\_\_\_\_\_  
Signature of Shareholder(s) or Common Seal

Tel. No. \_\_\_\_\_

Notes:

- (i) Due to the on-going Movement Control Order and as part of the continuing measures to stem the spread of the Coronavirus Disease (COVID-19), the 24<sup>th</sup> AGM of the Company will be conducted on a fully virtual basis through live streaming and online voting using RPEV facilities at <https://web.lumiagm.com>. The procedures for members to register, participate and vote remotely via the RPEV facilities are provided in the Administrative Guide for the 24<sup>th</sup> AGM. This is set out in the Administrative Guide for the 24<sup>th</sup> AGM which is available on the Company's website at [www.digi.com.my/annualreport](http://www.digi.com.my/annualreport) to register, attend, speak (in the form of real time submission of typed texts) and vote (collectively, participate) remotely via the RPEV facilities.
- (ii) The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chair of the 24<sup>th</sup> AGM of the Company to be present at the main venue in Malaysia. Shareholders/Proxies/Corporate Representatives **WILL NOT BE ALLOWED** to attend the 24<sup>th</sup> AGM in person at the Broadcast Venue on the day of the meeting. Any Shareholders or Proxies or Corporate Representatives who turn up at the Broadcast Venue would be requested to leave the venue politely.
- (iii) In respect of deposited securities, only Shareholders whose names appear on the Record of Depositors on 4 May 2021 (General Meeting Record of Depositors) shall be eligible to attend, participate, speak and/or vote at the meeting.
- (iv) A shareholder entitled participate at the 24<sup>th</sup> AGM is entitled to appoint not more than two (2) proxies to participate on his/her behalf. Where a Shareholder appoints more than one (1) proxy, the appointment shall not be valid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy.
- (v) A proxy or attorney need not be a Shareholder of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to participate at the meeting shall have the same rights as the Shareholder to speak at the Meeting.
- (vi) Where a Shareholder of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account) as defined under the Securities Industry (Central Depositories) Act 1991, there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.

Fold along this line (1)

Affix  
Stamp  
Here

Poll Administrator office,  
**Boardroom Share Registrars Sdn. Bhd.**  
Ground Floor or 11<sup>th</sup> Floor,  
Menara Symphony,  
No. 5, Jalan Prof. Khoo Kay Kim,  
Seksyen 13, 46200 Petaling Jaya,  
Selangor Darul Ehsan.

Fold along this line (2)

- (vii) The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, and in the case of a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
- (viii) The instrument appointing a proxy together with the power of attorney (if any) or a certified copy thereof must be deposited at the Poll Administrator's Office, Boardroom Share Registrars Sdn. Bhd. at Ground Floor or 11<sup>th</sup> Floor, Menara Symphony No. 5, Jalan Prof. Khoo Kay Kim Seksyen 13, 46200 Petaling Jaya Selangor Darul Ehsan at least forty-eight (48) hours before the time appointed for the holding of the meeting or adjourned meeting, otherwise the instrument of proxy should not be treated as valid. Alternatively, the Form of Proxy can be submitted electronically via <https://boardroomlimited.my> before the proxy form submission cut-off time as mentioned in the above. For further information on the electronic submission of Form of Proxy, kindly refer to the annexure of the Administrative Details.
- (ix) Any Notice of Termination of Authority to act as Proxy must be received by the Company at least forty-eight (48) hours before the time appointed for the holding of the meeting or adjourned meeting, failing which, the termination of the authority of a person to act as proxy will not affect the following in accordance with Section 338 of the Companies Act 2016:-
  - a. the constitution of the quorum at such meeting;
  - b. the validity of anything he/she did as Chair of such meeting;
  - c. the validity of a poll demanded by him/her at such meeting; or
  - d. the validity of the vote exercised by him/her at such meeting.
- (x) Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of AGM will put to vote by way of poll. Poll Administrator and Independent Scrutineers will be appointed to conduct the polling process and verify the results of the poll respectively.

**Personal Data Privacy**

By submitting an instrument appointing a proxy(ies) and/or representative(s), the shareholder accepts and agrees to the personal data privacy terms set out in the Notice of 24<sup>th</sup> AGM dated 15 April 2021.





**Digi.Com Berhad**

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