

DiGi's Sustainability Report 2012

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MAKING INTERNET FOR ALL A REALITY

SUSTAINABILITY REPORT 2012



CEO'S MESSAGE



APPROACH TO SUSTAINABILITY



ABOUT THIS REPORT



VISION, MISSION AND VALUES

SUSTAINABILITY REPORT 2012

Vision

Our vision is to be a company that is always '**Changing the Game**'. We do this by constantly pushing boundaries, defining new standards, and ensuring continuous improvements in all parts of our business.

Mission

We deliver *Internet For All* as part of our commitment to building a connected Malaysia - enabling access to mobile internet services and applications by offering customers the right combination of devices and value pricing, as well as the best usage experience.

Values

Keep Promises

We take ownership for delivering on our goals and responsibilities, and pride ourselves on driving quality into everything we do.

Make It Easy

We aim for simplicity in the way we work, and in offering products and services that are easy to understand and easy to use.

Be Respectful

We are open-minded and professional in our conduct, and appreciate differences in cultures, opinions, and outlook.

Be Inspiring

We bring passion, energy, and creativity into everything we do, and make every effort to constantly drive change and continuous improvement.



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CEO'S MESSAGE

SUSTAINABILITY REPORT 2012



Dear Reader,

I am pleased to present DiGi's 2012 Sustainability Report, made available for the first time in a fully digital format.

Our emphasis on building a sustainable business is closely aligned to our focus on building a connected Malaysia by driving demand for the internet, and building a stronger, wider network to cater to this demand.

Our sustainability strategy supports this ambition of making *Internet For All* a reality by addressing key issues such as digital inclusion, ethical and responsible business practices, people development and environmental responsibility.

In 2012, we launched the fourth edition of our Challenge For Change programme which aims to unearth community-centric ideas, and subsequently turn these ideas into mobile applications (apps). DiGi will then support the commercialisation of these apps by promoting them through various customer touchpoints, and through partnerships with Microsoft Malaysia, Google Malaysia, Multimedia Development Corporation's ICON programme, and selected platforms under the Economic Transformation Programme. We also increased our efforts in driving awareness for a safe, family-friendly internet environment, partnering with the Ministry of Education and CyberSecurity Malaysia to reach out to almost 7,000 students, teachers, parents and community groups across Malaysia.

We continue to conduct our business in an ethical and responsible manner by ensuring high standards of corporate governance across our value chain, addressing health and safety risks, and by continuously responding to customers' and stakeholders' expectations of our business. We also implemented the DiGi Governance Programme, focused on streamlining policies, processes and internal controls, and strengthening compliance to laws and regulations critical to our business performance.

In 2012, we also successfully implemented several strategic human resource transformation initiatives to strengthen our Best on People aspiration. Our ambition is to create an engaging and supportive work culture and environment, provide the most attractive development at all levels, and offer competitive, performance-based rewards for all employees. We believe that we have made solid progress in this area, and that DiGi today continues to be among the most preferred employers in Malaysia.

Climate change and environmental risks remain a key concern for DiGi, from an operational efficiency standpoint and as part of our overall corporate responsibility focus. In this regard, we continue to drive energy efficiency initiatives in our network, address broader issues across our operations to minimise our environmental impact, and explore emerging technologies and opportunities to drive improvements in this area.

As a signatory to the UN Global Compact, we actively address all key sustainability aspects consistent with the Global Compact Principles, and continuously seek to improve the disclosure of our sustainability performance. We believe this web-based report will therefore allow more stakeholders and interested parties to view our position and performance on key issues. Further, we have obtained an independent assurance from Ernst & Young for our GRI application level B+, and selected KPIs in our Sustainability Report.

Beyond this report, we believe we have put in place a robust process to constantly monitor and improve our Sustainability performance, across all parts of our business.

I would like to thank all customers, partners and employees for their commitment and support, and trust you will find this Sustainability Report informative and useful.

Henrik Clausen
Chief Executive Officer





APPROACH TO SUSTAINABILITY

SUSTAINABILITY REPORT 2012



DiGi's approach on Sustainability is to leverage our core competencies to enable positive changes in society and our business environment.

We constantly review our approach to ensure that key sustainability challenges impacting our business and society are addressed across our value chain.

We have made sustainable business practices a core part of our corporate governance and strategic framework. We engage our stakeholders to identify and prioritise material issues, and have a comprehensive set of policies and processes to address and monitor progress of such issues.

DiGi's Sustainability approach is aligned to Telenor Group's Corporate Responsibility Strategy, Bursa Malaysia's Corporate Social Responsibility Framework, the United Nations Global Compact Principles, and Malaysia's national aspirations to extend the benefits of telecommunications and the internet to all Malaysians.

2012 Highlights

- **RM6.4** billion revenue
- **RM41** billion market capitalisation
- **10.5** million customers
- **2,307** employees
- **95% 2G** and **67% 3G** population coverage



GOVERNANCE

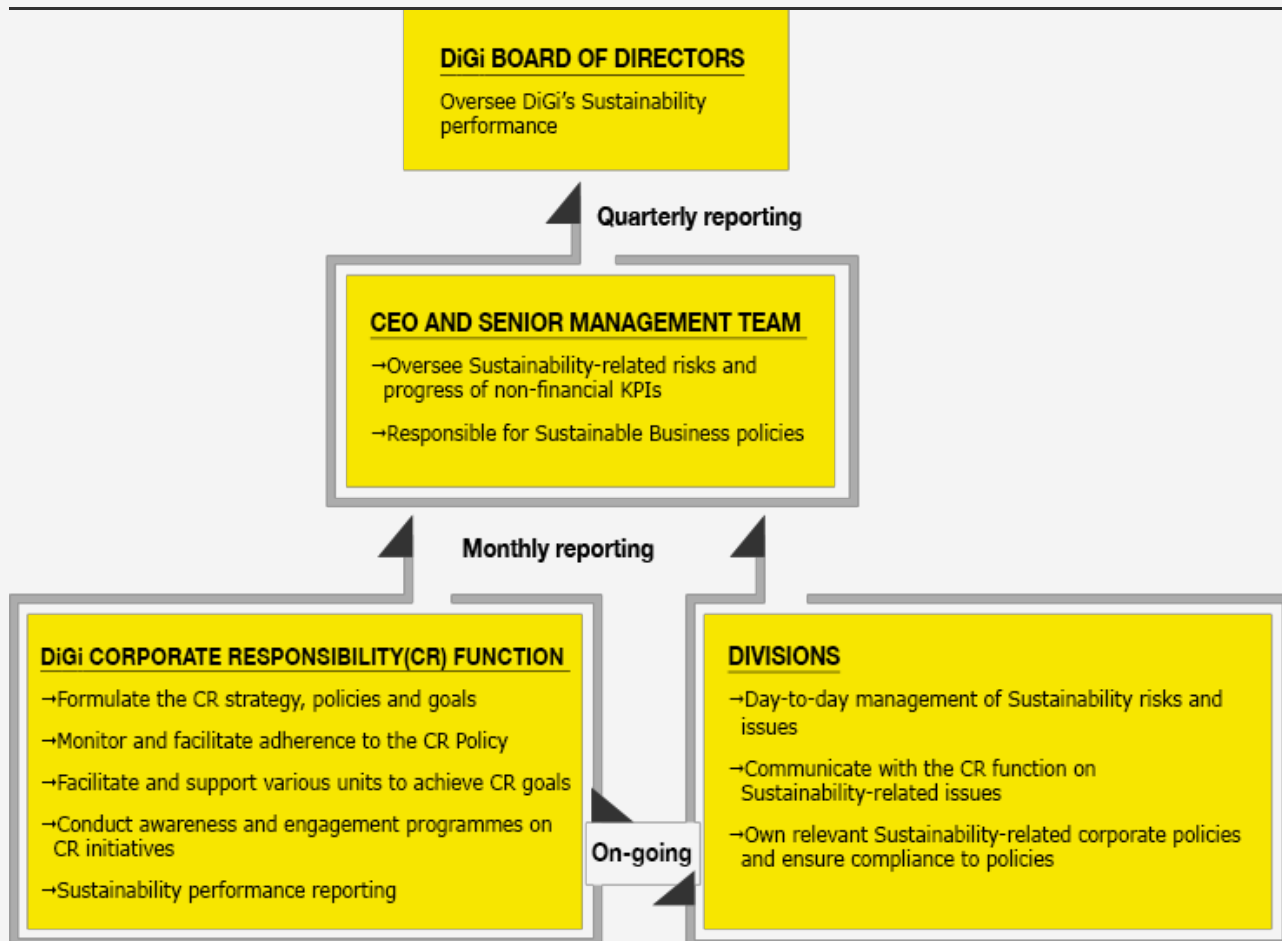
SUSTAINABILITY REPORT 2012

Our Sustainability performance is tracked on an ongoing basis, and is reported and discussed at senior levels of management.

We have a set of non-financial Key Performance Indicators (KPIs) that are monitored and reported on a quarterly basis to the DiGi Board of Directors encompassing Climate Change, People Management, Health and Safety, and Supply Chain Risks. Guidance on the management of Sustainability issues is provided in a comprehensive set of policies which are part of a broader DiGi Governance Programme. These policies address Anti-Corruption, Legal, Privacy, Supply Chain Sustainability and other Corporate Responsibility issues.

In 2012, we have reported our progress publicly in our website, and since 2011, we have obtained Limited Assurance on our Sustainability Reports.

Governance of Sustainable Business Practices





STAKEHOLDER ENGAGEMENT

SUSTAINABILITY REPORT 2012

Our stakeholders comprise those who have an interest in the sustainability of our business, and have been validated by relevant key personnel and functional representatives, including DiGi's Board of Directors.

We engage them on an ongoing basis in the normal course of business, to identify and prioritise material issues.

A wide range of engagement platforms are used, depending on the nature of our relationships with them and the topics that are discussed. The following table provides a list of our key stakeholder groups, who are engaged via various engagement platforms.

Stakeholders	Engagement Platforms
Policy makers	<ul style="list-style-type: none"> • Regular reports and information sharing • Participation in government programmes and initiatives • Public-private partnership initiatives • Secondment of DiGi's senior employees to government bodies
Customers	<ul style="list-style-type: none"> • DiGi retail outlets • Customer Service channels (online customer service, 24-hour helpline) • Social networking e.g. Facebook and Twitter
Employees	<ul style="list-style-type: none"> • Best on People Council • Annual Employee Engagement Survey • Internal communications • CEO's emails to employees • Employee Townhall meetings • Leadership forums with all Managers
Investors and Stock Analysts	<ul style="list-style-type: none"> • Local and overseas Non-Deal roadshows • Corporate presentations • Analyst briefings
Business partners	<ul style="list-style-type: none"> • Product presentations • Annual Self-Assessment Questionnaires • Site inspections and audits • Training for suppliers
Media	<ul style="list-style-type: none"> • Media interviews • Media events • Formal and informal briefings • Media familiarisation trips/visits
Community and NGOs	<ul style="list-style-type: none"> • Engagement with business and industry forums • Engagement with relevant NGOs • Community development programmes



MATERIAL ISSUES

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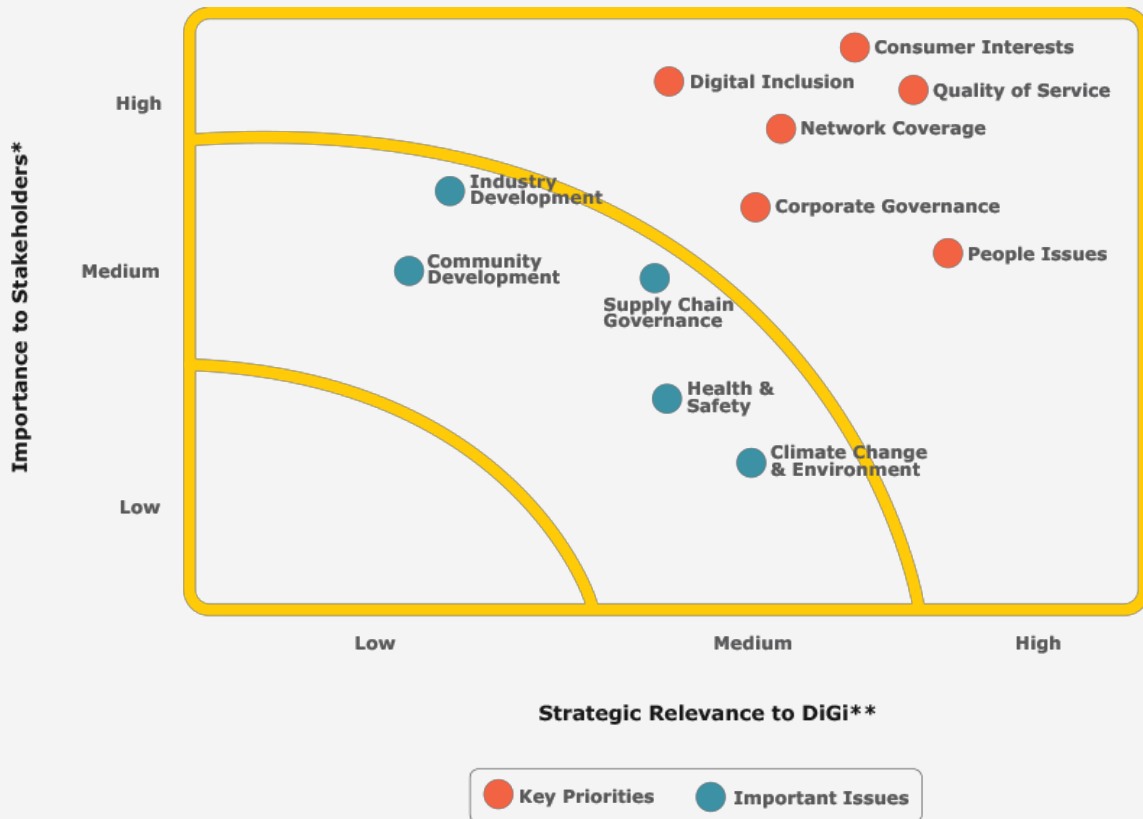


Stakeholder feedback is reviewed and addressed by relevant functional personnel. Issues that are strategically important to our business are subsequently integrated into our corporate strategy, and form the basis for our Sustainability focus areas and related initiatives.

These material issues are monitored closely and regularly reported to the senior management team and Board of Directors.

Our materiality assessment is conducted based on a methodology developed by the Global Reporting Initiative (GRI). This methodology is also closely linked to the AA1000 Accountability Principles (2008) developed by AccountAbility. The process of identifying our most material sustainability issues has been structured into three main stages, namely, i) identification (internal studies and interviews with internal and external stakeholders), ii) prioritisation (to evaluate the importance of sustainability issues) and iii) validation (to ensure that we have a common understanding of material issues).

Following is our materiality matrix where various issues have been grouped into broader topics, mapped against the importance to stakeholders and potential financial or operational risks to our business. We have reported key initiatives and performance indicators on these broad topics as well as the sub-topics in our Sustainability Report. A summary of these key topics and performance highlights is also captured in the Sustainability chapter of our DiGi [Annual Report 2012](#).



*Policy Makers, Customers, Employees, Investors, Business Partners, Media, Community and NGOs.
 **Financial or Operational Risks

STAKEHOLDER EXPECTATIONS	POLICY MAKERS	CUSTOMERS	EMPLOYEES	INVESTORS	BUSINESS PARTNERS	MEDIA	COMMUNITY AND NGOS	LINK TO CORPORATE STRATEGY	FOCUS AREAS
Digital Inclusion	●	●	●	●		●	●	Internet For All mission	Empowerment Through Connectivity
Network Coverage	●	●	●	●	●	●	●	Best usage experience	
Industry Development	●			●		●		Drive & set industry standards	
Community Development	●		●			●	●	Most engaged corporate citizen	
Quality of Service	●	●	●	●	●	●	●	Best usage experience	
Climate Change					●		●	Smartest use of network & IT assets	Climate Change and Environment
Green ICT							●		
People Management	●		●	●				Best on People	Best on People
Health, Safety, Security & Environment			●	●					
Code of Conduct			●	●				Sustainable business practices	Ethical & Responsible Business
DiGi Values			●						
Corporate Governance	●		●	●	●	●	●		
Supply Chain Governance				●	●	●	●		
Consumer Interests (RF, Privacy, Customer Service)	●	●		●		●	●	Best customer experience across touchpoints	



SUSTAINABILITY STRATEGY

SUSTAINABILITY REPORT 2012



Our Sustainability strategy addresses issues that are of high importance to our stakeholders, and key to our long-term growth and success.





Empowerment Through Connectivity

We strive to harness our core competencies as one Malaysia's leading telecommunications providers to deliver *Internet For All*.



Ethical and Responsible Business

We uphold high corporate governance standards and ethics across our value chain. We are guided by our governance framework called the DiGi Way of Work, which encapsulates our Corporate Values, Code of Conduct, and various other policies and procedures that govern professional conduct.



Best on People

We aspire to create an engaging and supportive work culture and environment, provide the most attractive development at all levels, and offer competitive, performance-based rewards for all employees.



Climate Change and Environment

We are committed to driving energy efficiency initiatives in our communications network and facilities, while addressing broader issues across our business operations to minimise our environmental impact.





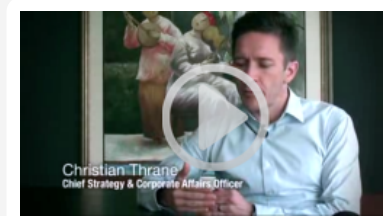
EMPOWERMENT THROUGH CONNECTIVITY

SUSTAINABILITY REPORT 2012



Approach

We strive to harness our core competencies as one Malaysia's leading telecommunications providers to deliver *Internet For All*, by providing quality and affordable communications and by playing our part to drive industry and community development.



Christian Thrane - DiGi's Chief Strategy and Corporate Affairs Officer, shares our approach to Empowerment Through Connectivity.

Quality and Affordable Communications

In line with our *Internet For All* mission, we are building a strong data network, and enabling access to mobile internet services by offering customers the right combination of devices, value pricing, and the best usage experience of mobile internet.



Watch a video by Adam, a DiGi customer who is an active advocate of the empowering effect of the internet.

Our 2012 Initiatives

Strengthening our Telecommunications Infrastructure

Building our Tomorrow Network

The advent of LTE technology (or fourth generation mobile services – 4G) will play a significant part in driving Malaysia's future growth, and the shift to a digital society. This is evident from the fast growing demand for higher capacity mobile internet services.

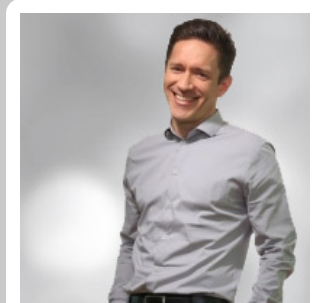
In 2011 we embarked on our single most ambitious network modernisation initiative to-date. Upon completion, our LTE-equipped network will be able to deliver the kind of rich applications currently enjoyed by wired broadband on hand-held devices, on a more [energy-efficient](#) and environmentally-friendly network.

By end 2012, we have upgraded more than half of our network to be [LTE-equipped](#).

Network Sharing

As we enhance our network to address a larger consumer base and higher data traffic, we need to manage the subsequent increase in capital expenditure and operating costs. In addition, a larger network results in higher energy consumption, greater use of land, natural resources and construction material.

In 2011, we embarked on a comprehensive infrastructure sharing agreement with Celcom-Axiata, another key player in the Malaysian telecommunications industry, in order to achieve better capital and operational efficiencies. This initiative will benefit customers through better value and quality of services, and will help to manage the environmental impact from our growing network. By the end of 2012, we had consolidated more than 250 sites and expanded our sharing to include the joint roll-out of fiber infrastructure, resulting in substantial cost and operational efficiencies for both parties.



"In an industry that is undergoing a substantial transformation, these building blocks will enable a nationwide network with the right cost structure that will allow us to better deliver on our customer's demands moving forward."

Christian Thrane
Chief Strategy and Corporate
Affairs Officer
DiGi Telecommunications

Universal Service Provision

We strongly support the Government's efforts to bridge the digital divide across the country. We are a leading contributor to the [Universal Service Provision \(USP\)](#) fund, and actively participate in USP initiatives to build or upgrade infrastructure, to extend mobile and [broadband](#) services to underserved districts.

Following USP initiatives were implemented by DiGi in 2012, in locations that are aligned to our business objectives and the Government's development priorities.

<u>Initiative</u>	<u>Outcome</u>
• Telephony conversion	Converted 2,500 fixed to mobile lines.
• Wireless Village	Provided collective wireless broadband access to 290 villages.
• Upgraded 2G to 3G sites	Provided collective wireless broadband access to communities within the vicinity of the 255 upgraded sites.
• 1 Malaysia Internet Centers	Established 10 new centers.

DiGi-managed 1Malaysia Internet Centers

1	Kg. Pandan, Kuantan, Pahang	15	Kg. Masjid Baru, Melaka*
2	Kg. Ubai, Kuantan, Pahang	16	Bandar Baru Merlimau, Melaka*
3	Pasir Gajah, Kemaman, Terengganu	17	Felda Nitar 2, Johor*
4	Taman Semarak Binjai, Kemaman, Terengganu	18	Kg. Tg. Genting, Johor*
5	Kg. Umbai, Jasin, Melaka	19	Felda Lepar Hilir, Pahang*
6	Kg. Sg Rambai, Jasin, Melaka	20	Kg. Seri Damai, Pahang*
7	Kg. Teriang Besar, Mersing, Johor	21	Bukit Kuang, Terengganu*
8	Felda Tenggaroh 3, Mersing, Johor	22	Kg. Geliga, Terengganu*
9	Lundu, Sarawak	23	Kg. Belimbing, Kelantan*
10	Kuala Berang, Hulu Terengganu	24	Kg. Chawas, Kelantan *
11	Kg. Bukit Diman, Ajil, Hulu Terengganu		

* Centers that were built and launched in 2012.

Driving Uptake Amongst Local and Underserved Communities

We offer a wide range of convenient, relevant and affordable products and services that suit various customer needs. Several of these products have a strong positive social impact for customers.

Case Study

Sendmoney

DiGi partnered with Maybank Berhad to offer an over-the-counter remittance service that allows Malaysians and migrants alike to remit cash to nine Asian countries. This service provides DiGi and non-DiGi customers a convenient and safe way of remitting cash to key destinations in Asia, and particularly benefits a significantly large migrant community by providing them with an additional option for secure cash remittance. In addition, the service is also useful to Malaysian customers who have domestic helpers or children studying in these countries. [Click here to read more.](#)



Case Study

Discounts for Persons-With-Disabilities (PWD)

DiGi introduced a special RM10 discount off monthly bills for Postpaid or Postpaid broadband services for all Persons-With-Disabilities on top of other promotional rebates offered. [Click here to read more.](#)



Industry Development

We recognise our responsibility to support the development of the local telecommunications industry by leveraging on our global capabilities to drive Malaysia's transformation into a digital society. We focus on three key aspects of industry development i.e. influencing policy development, driving product innovations and developing industry capabilities.

Our 2012 Initiatives

Policy Development

We are a founding member of the following industry forums governed by the Communications and Multimedia Act 1998 (CMA). These forums encourage and facilitate self-regulation of the industry.

- [Malaysian Technical Standards Forum Berhad](#) - initiates and facilitates the development of technical codes, standards, and guidelines on operations, safety and interoperability.
- [Malaysian Access Forum Berhad](#) - oversees the Access Code (a voluntary code, which serves as a guide for members of the industry) and makes recommendations to the Malaysia Communications and Multimedia Commission (MCMC) on services and facilities to be included in or removed from the Access List.
- [Consumer Forum](#) - aims to protect the rights of consumers within the multimedia and communications industry.

Through our active participation, we contribute towards raising the overall standard of the Malaysian industry, as well as advocating the development of consumer and business-friendly policies. In 2012, the telecommunications industry forums addressed several key issues that were of interest to Regulators, the industry and consumers. These included [spectrum management](#), mobile termination rates, [accounting separation](#) and [Radio Frequency emissions](#).

We also seconded several senior DiGi employees to the Performance Management and Delivery Unit (PEMANDU), a unit in the Prime Minister's Office, to support national transformation initiatives.

Product Innovations

We have a strong track record in delivering local innovations in mobile voice and data services such as the first telco-branded prepaid payment card, the first machine-to-machine [Mobile Virtual Network Operator \(MVNO\)](#) and the first Malaysian mobile operator to co-brand Opera Mini featuring a compression technology that allows non-smartphone or feature phone users to access the internet easily.

In 2012, we launched a few more product innovations as follows:

- Partnership with What's App to offer customers an affordable package with unlimited access to this messaging service.
- Launched DiGi Facebook USSD (Unstructured Supplementary Service Data), allowing customers to access Facebook through non-smartphone or feature phones, thereby, reducing the digital divide to mobile internet.
- Launched free mobile surfing for accessing Wikipedia Zero on the DiGiLive Zero portal, aimed at driving relevant mobile internet content among Malaysians. Wikipedia Zero is an ultra lightweight site with text-only content to provide faster mobile browsing experience.
- Launched the DiGi Best Prepaid, a more cost-efficient plan for customers who make very short calls, with charges as low as 6 sen for calls that are below 10 seconds to any network. This product addresses customers' tendencies to make very short calls.

Capability Development

DiGi Challenge For Change programme

We recognise the need to develop local capabilities that can meet the increasing demand for relevant local content, in support of the Malaysian government's aim to spur local entrepreneurship within the Information and Communications Technology (ICT) sector.

In 2012, we evolved our long-running community engagement programme Challenge For Change to focus on crowd-sourcing ideas for mobile applications that foster a spirit of community and inclusiveness amongst Malaysians. The initiative which takes the form of a competition that is open to all Malaysians, centers on 5 themes namely, Sharing Together, Working Together, Healthier Together, Learning Together and Discovering Together.

The programme will culminate in 2013 with best ideas being developed into mobile applications. DiGi will support the commercialisation of these applications by promoting them on various customer touchpoints, and through partnerships with Microsoft Malaysia, Google Malaysia, Multimedia Development Corporation's ICON programme, and selected platforms under the Economic Transformation Programme.

[Click here to read more.](#)



"At Google we celebrate proposals and ideas that address a problem, suggest a radical solution that could work, and use some form of breakthrough technology to make it happen. In the same shared spirit, we're grateful to DiGi for involving us in an initiative that pools Malaysian ideas and gives it room to flex and develop, which also lets us to get closer to our local users and developers."

Sajith Sivanandan
Country Manager, Google Malaysia

Evolution of DiGi Challenge For Change

2009

- Focused on sustainable energy solutions for rural communities.
- Established a micro hydro project for the community of Lumpagas, Sabah.
- Opened to university students.

2010

- Focused on sustainable business ideas for Community Broadband Centers and clean technology innovations.
- Winner of the Challenge For Change - Clean Tech category emerged top 5 in the Global Clean Tech Open in San Jose, California, USA.
- Opened to university students and Malaysian youth.

2011

- Focused on mobile or internet based social ventures to address social, economic or environmental issues amongst underserved communities.
- Achieved strong traction from local NGOs, social and Information and Communications Technology (ICT) entrepreneurs at grassroots level.
- Sponsored one of the winners to the Stanford Start-up Boot Camp in California, USA
- Opened to university students.

2012

- Focused on crowd-sourcing ideas for mobile applications that can bring Malaysians together.
- Winning ideas to be developed into mobile applications by Malaysian mobile app developers.
- Winning apps to be marketed to our customers
- Opened to all Malaysians.

Participation	2009	2010	2011	2012
Institutions of Higher Learning	8	13	23	50
Submissions	15	76	117	1,977
Workshop Participants	60	92	512	1,243
Finalists	6	20	13	26 ¹
Industry and NGO Partners	8	16	90	5
Employees engaged ²	18	20	25	50

Notes:

1. Refers to finalists for Phase 1 of the programme, i.e. finalists for the best ideas. Phase 2 will take place in 2013.
2. From 2009 to 2011, employees were engaged as mentors to coach finalist teams comprising university students. In the 2012 programme, employees were engaged as participants in an internal version of the DiGi Challenge For Change competition.

Community Development

Our efforts in community development go beyond a traditional philanthropic model to strategically deploy resources, either through technology or our people. We focus on creating a safer internet for children, and supporting nation-building initiatives in communities which are relevant to our business.

This year, we reached out to more than 900 communities comprising schools, universities, non-governmental organisations and underprivileged groups including orphanages, rural communities and communities affected by natural disasters.



[Click here to refer to our Guide on creating a Family-friendly Internet experience](#)

Our 2012 Initiatives

Safer Internet for Children

While the internet is a powerful tool for empowering communities, the misuse of it can potentially pose risks to more vulnerable members of society, particularly children. This can be seen in the significant increase in incidents of cyber-crimes targeting children, for example cyber-bullying, cyber-stalking, cyber-grooming, identity theft and cyber-pornography.

In 2012, we continued our efforts in driving awareness for a safe, family-friendly internet environment through our DiGi CyberSAFE programme. Partnering with the Ministry of Education, CyberSecurity Malaysia (an agency under the Ministry of Science, Technology and Innovation), and NGO Childline Malaysia, the programme aims to educate participants on how to protect themselves against online threats and cybercrimes.

By end 2012, we had reached out to 4,194 students and 832 teachers from 272 schools, and 1,729 residents of communities in the vicinity of the 14 1Malaysia Internet Centers (formerly called Community Broadband Centers) operated by DiGi.

In addition, as a fore-runner in the fight for a safer digital environment, DiGi was invited as the only private Information and Communications Technology (ICT) sector partner to the UNICEF-UN Global Compact Malaysia launch of the Children's Rights and Business Principles. DiGi was also awarded the 2012 Best Information Security Organisation and Cybersafe Ambassador of the Year awards by Cybersecurity Malaysia for our work in raising awareness on online safety.



"Through the DiGi CyberSAFE workshops, I have heightened my awareness of the risks and how to take steps to safeguard myself and also my family on the Internet. Prior to this, I was unaware that some of these cyber crimes take place so close to home. I have also learnt new skills that I can apply as I continue to enrich my knowledge on the internet.

Thanks to DiGi, I can now continue to develop my creative thinking and pursue my personal growth in a safe and secure way,"

Lievyia Amrita
Secondary School Student from Penang.

Internet for the Underprivileged

We partnered local organisations and communities to extend internet services to underprivileged communities.



School in Hospital Programme: DiGi provided laptops and internet connectivity to three schools that are part of the pilot phase of this initiative which is led by the Ministry of Education and the Ministry of Health. The programme aims to provide formal education to children who are undergoing long-term treatment in hospitals.



Computer and Internet Connections for Underprivileged Children: By end 2012, DiGi had provided 75 computers with internet connectivity to 15 children's homes.

Bringing Malaysians Together

Recognising the power of mobile internet to bring Malaysians together in positive and enriching ways, we carried out initiatives such as Simfoni Malaysia in conjunction with Malaysia Day 2012. We also hosted the second edition of the DiGi WWWoW *Internet For All Awards* - Malaysia's first 'by the people, for the people' internet awards, paying tribute to ordinary Malaysians who utilise the power of the internet to do extraordinary things.



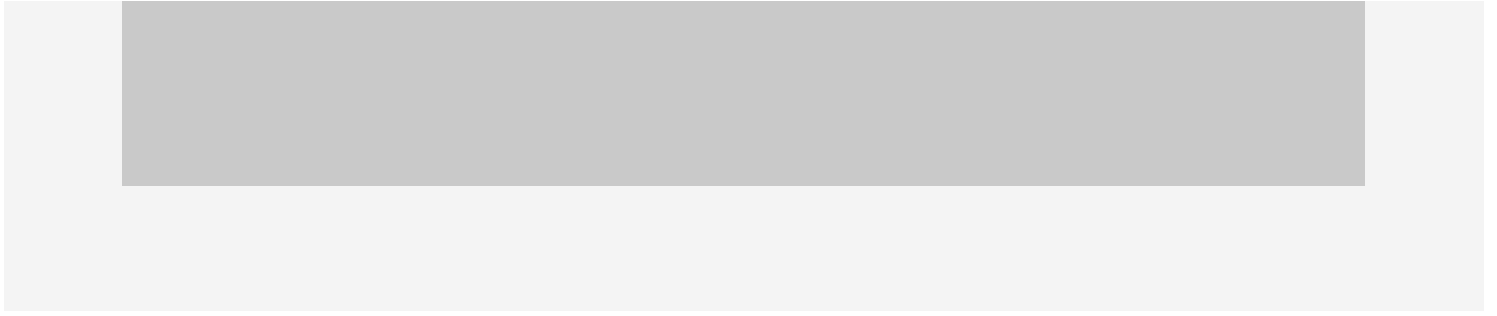
Simfoni Malaysia : In conjunction with Hari Malaysia 2012, we crowd-sourced sounds, and voices from around Malaysia to make a uniquely Malaysian song.



DiGi Live Sekolahku Berbakat : A school-based competition focused on cultivating talent among 12 to 19 year-olds by encouraging creative expression through music and dance. This year's competition included an online category and reached out to 373 schools.



¹²
Charity initiatives in the Regions: Employees from our Regional offices volunteered time and money towards needy causes in their local communities.





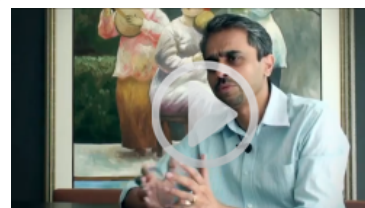
ETHICAL AND RESPONSIBLE BUSINESS

SUSTAINABILITY REPORT 2012



Approach

We uphold high corporate governance standards and ethics across our entire value chain. Our values of Keep Promises, Make it Easy, Be Respectful, and Be Inspiring serve as a constant reminder of our corporate culture. We focus on corporate governance, supply chain sustainability as well as consumer interest issues.



Albern Murty - DiGi's Chief Marketing Officer, shares our approach to Ethical and Responsible Business.

Corporate Governance

Long-term stakeholder interest is best served by ensuring that effective risk and governance processes are in place. We are guided by our governance framework, called the DiGi Way of Work which encapsulates our corporate values, Code of Conduct, and various policies and procedures governing professional conduct across our value chain.

In order to ensure that employees understand and embrace the DiGi Way of Work, we carry out extensive internal communications and training via various face-to-face and online platforms.

DiGi'S CORPORATE GOVERNANCE JOURNEY

2006

- Formalised new Code of Conduct.
- Launched and enforced anti-corruption, whistleblowing and compliance policies.
- Implemented the Sarbanes Oxley Act (USA).

2007

- Conducted first employee training on Code of Conduct, anti-corruption, whistleblowing, compliance policies and DiGi Values at HQ.
- Launched Compliance Hotline.

2008

- Updated Code of Conduct signed by all employees.
- Extended employee training on corporate governance policies and practices to regional offices.

2009

- Code of Conduct signed by the Board of Directors.
- Engaged employees on living the DiGi values.
- Launch of Intellectual Property Management Policy.

2010

- Introduced DiGi Way of Work covering the Code of Conduct, values, policies and procedures.
- Launched and enforced Gifts and Business Courtesies Policy, Donation Policy, and Information Management Policy

2011

- Induction programme for new hires included training on DiGi Way of Work.

2012

- Launched and enforced DiGi Governance Programme with formalised requirements on sustainable business practices.
- Integrated DiGi values into performance management.
- Awareness and training programmes on updated DiGi Way of Work.

Our 2012 Initiatives

DiGi Way of Work

DiGi Values

In 2012, we worked towards a stronger integration of the DiGi values into all relevant processes. This included translating the values into behavioral goals as a basis for one-on-one performance and development dialogues. Employee performance evaluation is therefore based on achieving business goals, as well as demonstrating DiGi values in day-to-day conduct at work.

These values were emphasised and discussed at several internal leadership forums to ensure that managers lead by example, subsequently contributing towards the improvement of DiGi's Leadership Profile scores in the [2012 Employee Engagement Survey](#).

Code of Conduct

DiGi's [Code of Conduct](#) provides guiding principles on professional conduct for employees. It is frequently reviewed and updated to ensure that it meets current business requirements and is easily understood.

In 2012, the Code was refreshed and communicated to all employees. The latest update formalises it as an integral part of the DiGi Way of Work. It further makes a firm stand against association with business partners that do not meet high ethical standards.

The Code also emphasises the importance of compliance, and provides greater clarity on the consequences of misconduct and infringements. Training sessions were conducted for all employees to facilitate understanding of the new Code. Consistent with our normal practice, all employees and Board of Directors were required to formally acknowledge that they have read and understood the Code.

To address risks of corruption, our Compliance Unit analyses all reported cases of corruption. In 2012, only 1 case was reported, and investigations indicated no risk of non-compliance.

DiGi Governance Programme

The DiGi Governance Programme is a new initiative aimed at streamlining processes, policies and internal controls, as well as strengthening compliance to laws and regulations that are critical to long-term business performance. This involved reviewing and updating 18 policies addressing a wide range of topics covering Finance and Control, Asset Management, Operational Excellence and Sustainable Business Practices.

Updated policies that relate to Sustainable Business Practices and other relevant topics are as follows:

- Corporate Responsibility – addresses human rights and labour rights, climate and environment, safe services and user experiences, emergency relief contributions, non-financial performance, internal and external reporting, and stakeholder dialogues.
- Supply Chain Sustainability – describes our overall Supply Chain Sustainability framework as well as risk assessments relating to the Supplier Conduct Principles (SCP), implementation of the SCP using the Agreement on Business Conduct and exception handling, as well as monitoring and follow-up.
- Safety and Security – addresses the working environment, occupational health and safety, business continuity management, crisis management, information security, physical security and fraud relating to telecommunications services.
- Anti-Corruption – addresses integrity, bribery, gifts and business courtesies, facilitation payments, due diligence on business partners, lobbyists and risk assessments.
- Whistleblowing Policy – sets out principles and requirements for reporting misconduct.
- Privacy – addresses the processing and protection of personal data, as well as detection and reporting of non-conformities.
- People – covers the DiGi Way of Work, leadership, recruitment, on-boarding, employee engagement survey, development and performance process, workforce planning, labour standards, employment terms, working environment and the administration of employee data.
- Legal – covers topics such as legal risk assessment, information freeze or legal hold, reporting of legal exposure, claims and disputes, and compliance with competition laws.

Supply Chain Sustainability

We extend local and international standards on health, safety, security, environment, human rights, and ethics to all business partners, through our Supplier Conduct Principles (SCP) framework.

Supply Chain Sustainability Journey

2009

- Introduced the Supplier Conduct Principles (SCP) to all direct vendors.
- Piloted site audits for a few high risk vendors.

2010

- Embedded SCP into the Agreement for Business Conduct (ABC), and made it mandatory for all vendors.
- Introduced annual Self Assessment Questionnaire.
- Commenced vendor training on Health, Safety, Security and Environment, and SCP.

2011

- Extended ABC to all parties that have a direct contractual obligation with DiGi including dealers and distributors.
- Extended site inspections to all high risk vendors.
- Established one-on-one follow up sessions to rectify incidents of non-compliance.

2012

- Formalised Supply Chain Sustainability framework as part of the Supply Chain Sustainability Policy.

Our 2012 Initiatives

Driving Compliance

Our Supply Chain Sustainability framework was formalised as part of the Supply Chain Sustainability Policy, under the DiGi Governance Programme. The policy sets out minimum requirements on risk assessments relating to the Supplier Conduct Principles (SCP), implementation of the SCP based on the Agreement on Business Conduct and exception handling, monitoring, as well as follow-up on major findings.

These include compliance to internationally proclaimed human rights standards, forced and child labour, freedom of association and collective bargaining.

Regular training sessions are also conducted for suppliers to ensure that they understand and are able to comply with the SCP, and related policies and procedures.

DiGi's Supply Chain Risk indicator decreased from 70% at the start of the year to 3% by end 2012, indicating a significant reduction in the risk of non-compliance among our suppliers.

Consumer Interests

We strive to ensure that our business operations are carried out in a manner that improves customer satisfaction, and protects consumer privacy and safety.

Our 2012 Initiatives

Customer Satisfaction

One of the key customer satisfaction challenges faced in 2012 was the quality of our customers' experience on our network, arising from our network modernisation initiative. In the second half of 2012, our stronger focus on enhancing the overall quality and performance of our network resulted in improvements in all swapped areas, including the entire Klang Valley. We also set up a page on our [website](#) to provide up-to-date information to customers on the progress of the network modernisation initiative, as well as information on affected locations.

Overall, we had a much stronger emphasis on customer centricity in 2012. In line with this aspiration, we kicked off initiatives to measure customers' willingness to recommend us to their family and friends, a closed feedback loop to address all customer concerns, streamlined touchpoint operations, and a stronger customer-centric culture. We also engaged key external stakeholders and partners to drive a much stronger focus on the quality of our services.

Privacy

While we have always been conscious of risks to data privacy, the enactment of the Personal Data Protection Act (PDPA) 2010 has increased the need for more stringent measures to protect the privileges of privacy and data of our customers, employees and business partners. As part of our overall focus on customer centricity, we are taking all necessary precautions to ensure the safety and protection of customer data.

Internally, we have taken measures to ensure compliance to the PDPA 2010, including:

- Internal audits to identify the flow of information and potential risks to data protection.
- Revisions to information gathering processes to address potential risks.
- Information to customers about personal data protection and the need to exercise consent for the usage of their data via notices in all customer touchpoints (DiGi website, retail centers, service centers, dealers, paper bills, SMS blasts and e-mails).

Beyond statutory requirements, we embarked on an Information Security Management Programme addressing broader issues of information management and security across the organisation. We also obtained ISO27000 Certification for Information Security covering our ongoing network modernisation initiative and value-added services.

On industry level, we are working with the Personal Data Protection Commission and telecommunications industry to draft an industry code for personal data protection in Malaysia.

Managing Spam

Since 2009, we have been progressively putting in place a range of anti-spam initiatives, such as traffic filters, international spoof blocking, and reporting mechanisms to curb the growing number of unsolicited SMS marketing blasts and scams. In 2012, we focused on driving greater internal awareness on managing spam especially amongst our Customer Service employees.

We take a firm stand against spamming, except to support issues of national importance. For example, we offer our customers an opt-in multimedia-messaging service (MMS) in support of the National Urgent Response (NUR) Alert, a government-led initiative to spread information to help trace missing children.

Addressing Radio Frequency Emissions

While there is inconclusive evidence about health risks posed by Radio Frequency (RF) emissions arising from mobile phones and transmission equipments, there remains a perception that these emissions could be damaging to health. Public concerns on the issue have on some occasions led local communities demanding for telecommunication structures to be dismantled. Such actions adversely impact the coverage and quality of service, and pose a key challenge to the industry as a whole.

In 2012, our commitment to deliver safe services to consumers has been incorporated into the Corporate Responsibility Policy which sets out requirements for the installation of transmission equipment to adhere to stringent guidelines of the International Commission on Non-Ionizing Radiation Protection (ICNIRP) standards. RF tests conducted in the year show that emission levels are well within permissible limits of these standards.

We also continue to monitor concerns and views relating to RF, and where needed our internal RF Response Team investigates and takes necessary corrective measures. Since 2011, DiGi has been a founding and active member of an industry-led initiative to raise and address consumer awareness on this issue.



BEST ON PEOPLE

SUSTAINABILITY REPORT 2012



Approach

We aspire to create an engaging and supportive work culture and environment, provide the most attractive development at all levels, and offer competitive, performance-based rewards for all employees.



Henrik Clausen - DiGi's CEO, shares our approach to Best on People.

Best on People Highlights

2010

- Streamlined development process integrating business goals, professional development goals, capability assessments, succession planning, and Employee Engagement Survey.
- Introduced Leadership Development programmes to drive a performance-driven and values-based culture.
- Obtained OHSAS 18001 Certification for Central region.

2011

- Reviewed and updated all job descriptions.
- Strengthened salary and job grading structures.
- Defined career development paths for future growth.
- Benchmarked salary and rewards structure.
- Refreshed work environment.
- Completed Strategic Workforce Planning to assess skills and leadership capabilities and gaps.
- Obtained OHSAS18001 Certification for nationwide operations.

2012

- Launched Best on People Council.
- Launched Competency Framework.
- Launched Flexible Benefits Plan.
- Introduced new informal channels of employee engagement.
- Launched in-house gym for employees.

Engaging and Supportive Work Environment

We seek to create an engaging and supportive work environment that encourages a culture of values-based collaboration, and high performance. We have established various platforms to drive employee participation, provide greater clarity on our corporate initiatives, and obtain employee feedback.

PROVIDING EQUAL OPPORTUNITIES FOR ALL

[Click here](#) to listen to a BFM podcast featuring Syadakal and Cheryl, two of DiGi's employees who joined five years ago under our Open Mind Open Hearts Programme, a programme that aimed to providing employment opportunities to Persons With Disabilities.

Our 2012 Initiatives

Strengthening Employee Engagement

Our focused efforts in addressing concerns arising from the 2011 Employee Engagement Survey resulted in improved employee engagement and leadership profile indicators in 2012. This annual survey measures various indicators of engagement including career development, service quality, internal processes, living the DiGi values, and leadership.

CASE STUDY - EMPOWERING EMPLOYEES

One of the key concerns arising from the 2011 Employee Engagement Survey was the lack of understanding about the impact of the ongoing network modernisation initiative on the quality of network experience. The following initiatives were implemented to address this issue, and empower employees to be more involved in the continuous improvement process.

- Awareness sessions for employees to understand the ongoing network modernisation programme, related challenges and improvement efforts.
- Weekly updates via internal communications channels.
- Formed a team of *Tomorrow Network* Ambassadors, equipped with up-to-date information on upgrading efforts, to enable them to share relevant information with fellow employees on a timely basis.
- 300 employees from various departments conducted user experience tests of newly upgraded locations in Klang Valley, and escalated issues to our network team accordingly.
- Equipped employees with communications channels to provide feedback regarding quality of service to the network team.

To ensure that all employees are well informed about corporate goals, directions and initiatives, we have put in place various platforms to communicate corporate performance, goals, directions and organisational initiatives. These include quarterly company-wide townhall sessions and divisional meetings, management off-site meetings involving department and team leaders, as well as monthly emails from the CEO.

Formal engagement platforms have been further strengthened with the establishment of the Best on People Council (BOPC), an official forum for employee representatives to discuss work-related matters or employee grievances, by means of regular consultation between the senior management team and employees. These include matters relating to the welfare of employees, benefits and rewards, improvements to working conditions, career development, performance improvements, and employee health, amenities, safety and the environment, among others. It also serves as a sounding board for employees on company decisions, and as a reference group for the senior management team on new business or policy decisions directly affecting employees.

In 2012, the newly formed BOPC reviewed all issues raised by employees and proposed relevant solutions for decisions by senior management. More than 120 issues or suggestions were received, out of which 70 percent have been addressed with the remaining currently being considered. Employees were notified of outcomes via our internal online collaboration website. In the coming year, we hope to find ways to expedite the resolution of issues by the BOPC.



"In my view, BOPC is an innovative idea that encourages better employer-employee relationship and engagement. There was a feeling of uncertainty in the beginning as it was an entirely new process. Over time, as we saw issues and suggestions by employees addressed, employees gained more trust in the process, and in our senior management's commitment to address the issues. It's a bottom-up approach that helps to validate senior management's perception of what employees want"

Vijaiyakumar Raman
Head of Technology Operations and
Chairman of the Best on People Council 2012
DiGi Telecommunications

We also introduced other informal platforms to engage employees and get their feedback on a broad range of people-related issues. These included a hotline for employees to call and seek clarification on people issues, coffee chats between heads of division and department or unit leaders, and monthly informal get-togethers (called D'Chillz). Employees based in our regional offices were not left out of this process as the senior management team made regular visits to engage with them.



12345
Family Day : A step towards greater Work-Life Integration



123
Annual Company Event : To strengthen camaraderie amongst employees to achieve our mission of bringing *Internet For All*



Promoting Health, Safety and Wellness

Healthy employees are important for the long-term sustainability of company performance. We therefore place strong emphasis on health, safety and wellness at the workplace.

In line with our OHSAS 18001 Certification and local health and safety regulations, DiGi adheres to formalised health, safety and security policies and procedures. Key indicators are monitored by a joint management-employee health committee that operates at the headquarters and regional levels, and reports to the Board of Directors on a quarterly basis. At the headquarters, 35 percent of the committee comprises management team members, with the remaining 65 percent consisting of employees. In regional offices where there are a higher number of field-based employees, on average 93 percent of the committee is represented by employees, and 7 percent management team members.

During the year, we also carried out several initiatives that encouraged employees to pursue activities that enhanced personal wellness, even during work hours. We established an in-house fitness center, organised weekly sporting and friendly divisional games during office hours, and ran awareness sessions on a range of wellness topics.



Breast Cancer Awareness week : DiGi organised a company-wide breast cancer awareness week in conjunction with the International Breast Cancer Awareness month. Employees also helped to raise funds for the cause through a charity run whereby DiGi committed RM10 for every kilometre clocked in on the treadmill located at our in-house gym. Funds were channelled to the Cancer Research Initiatives Foundation (CARIF) in support of their work.



123

D'Gym : One of the initiatives to encourage employees to maintain a healthy lifestyle. The gym is open daily from 6.30a.m. to 9.00p.m.



Most Attractive Career Development

We are committed to providing our employees with the most attractive career development opportunities and framework, at all levels of the organisation. We have well defined job descriptions and competency requirements for each role. We are also putting in place more targeted coaching and development platforms for more effective and individualised development plans.

Our 2012 Initiatives

Targeted Coaching and Development Programmes

We developed and launched a training portfolio consisting of programmes that address key skills and leadership gaps that were identified in the Strategic Workforce Planning exercise that was conducted in 2011.

We also implemented special training sessions and clinics for managers to improve the quality and outcomes of performance and development dialogues with team members.

In addition to training programmes organised by DiGi, employees who have been identified as potential leaders are given the opportunity to participate in a number of Telenor Group executive development programmes. In the last three years, more than 20 DiGi employees have participated in these programmes.

Creating a More Defined Career Path for Employees

Further to the comprehensive review and benchmarking of job roles and grades that was completed in 2011, we developed a Competency Framework to provide employees at all levels with the right guidance around career advancement in DiGi.

To encourage a more values-based performance culture, the framework as well as performance management processes incorporate DiGi values and leadership competencies. The Competency Framework will also form the basis for a new career framework that is being developed as a tool for managers to enhance development dialogues and plans with team members.

Nurturing Young Talents

Given the dynamic nature of our industry landscape, we recognise the importance of investing in future talent. We introduced the Technical Graduate Programme hiring fresh graduates on a 1-year contract attached to our Technology division. This programme complements our existing internship programme for local students and fresh graduates, and ranges from ten weeks to a maximum of six months.

Competitive and Performance-Based Rewards

We continue to offer competitive compensation that is benchmarked against the best performing companies in Malaysia, and a rewards framework that is closely linked to employees' performance.

Our 2012 Initiatives

Flexible Benefits

We introduced a flexible plan which empowers employees to choose benefits that best suit their needs and lifestyles. The design and development of the plan was based on industry best practices and employee feedback.

The plan consists of core and optional benefits. Core benefits provide basic protection and are designed to meet statutory requirements. Optional benefits allow employees to choose from a range of optional benefits covering healthcare for parents, post-graduate education, childcare, purchase of communications devices, and internet access fees, among others.



CLIMATE CHANGE AND ENVIRONMENT

SUSTAINABILITY REPORT 2012



Approach

We are committed to driving energy efficiency initiatives in our communications network and facilities, while addressing broader issues across our business operations to minimise our environmental impact.



Ole Martin Gunhildsbu - DiGi's Chief Technology Officer, shares our approach to Climate Change and Environment.

Climate Change and Environmental Highlights

2008

- Launched Deep Green initiative to integrate environmental sustainability into company operations.
- Conducted 3 week internal awareness campaign about Climate Change.
- Introduced internal initiatives to drive environmentally sustainable mindsets amongst employees, e.g. carpooling, recycling, tele-commuting, paper reduction, etc.
- Introduced green procurement criteria.
- Kicked off energy optimisation initiatives in network and buildings.
- Launched Deep Green NOW, our 1st community outreach programme, to create Climate Change awareness amongst Malaysian school children.
- First Malaysian company to sign up to the UN Global Compact Caring for Climate - the Business Leadership Platform.

2009

- Environmental sustainability part of company strategy.
- Launched Challenge for Change programme, encouraging Malaysian university students to find Climate-friendly solutions for rural electrification and communications networks.
- Launched initiatives to create climate and environmental awareness and conservation amongst customers, e.g. e-billing and Earth Hour.
- First-time participation in the Carbon Disclosure Project.
- Established pilot solar powered transmission site.

2010

- ISO14001 certification for Central region operations.
- Green Building Index Provisional Gold certification for Technical Operations Center (TOC).
- Introduced handset recycling initiative.
- Partnership with GSMA to study the viability of renewable energy sources for transmission sites in Malaysia.

2011

- Rated #1 in Malaysia and #5 in Asia in the Carbon Disclosure Project 2011.
- ISO14001 certification for nationwide operations.
- Energy efficiency integrated into network modernisation initiative

2012

- Climate and environmental requirements formalised in the new Corporate Responsibility policy.
- Secured full Green Building Index Certification for TOC.
- Launched formal project to manage obsolete electrical and electronic equipment.
- Supported NGO CETDEM's study on Low Carbon Sustainable Development Options for Malaysia.

Driving Energy Efficiency

As more Malaysians enter the digital age and demand higher capacity mobile internet services, we expect to experience continued increase in energy consumption and carbon dioxide (CO₂) emissions. Our main focus is to improve the efficiency of our network, which represents more than 80% of DiGi's total energy consumption.

Our 2012 Initiatives

Energy Efficiency in the Network

Network Modernisation

Our on-going [network modernisation initiative](#), involving a nationwide swap of our entire telecommunications network, is expected to provide energy savings on a gradual basis once the migration is completed. Early results indicate a slight stabilisation of electricity consumption on a year-on-year comparison, with greater efficiencies expected upon completion and optimisation of the new network.

In the second half of the year, there was a slight delay in the network swap which impacted our energy consumption and efficiency levels. The delay was mainly due to a stronger focus of resources on improving the quality of network experience for our customers, by expanding our 3G footprint, and optimising our new network.

Conversion of Off-Grid Sites

A significant number of our transmission sites are in locations that are located off the national electricity grid (off-grid), and run on diesel-powered generator sets. We have been actively exploring cost-efficient means to convert these sites into more carbon-efficient energy sources.

By end 2012, we had converted 64 sites into hybrid solar-diesel sources, thereby reducing the amount of diesel consumption. We have not been able to deploy fully solar-powered transmission sites, due to the insufficient power supply generated by photovoltaic panels. We hope to explore full solar-powered sites in the future, as more advanced photovoltaic technologies and energy-efficient telecommunications equipment become available.

In other less remote locations, we worked with the local electricity provider to provide electricity to off-grid sites. By end 2012, we had successfully converted more than 80 off-grid sites to grid power.

Despite the rise in number of converted sites in 2012, we experienced an increase in diesel consumption due to the higher number of new 3G sites built in off grid locations under the national Universal Service Provision initiative.

Greening our Data Center

Data centers are known to require large amounts of energy, especially electricity. In line with our efforts to drive environmental and energy efficiency, the construction and operations of our Technical Operations Center (TOC) was built based on environmentally-friendly principles. In 2012, we achieved full Gold Level Certification, upon verification by Green Building Index auditors that various eco-friendly features indicated in the planning and design stages of the building had been effectively implemented.

Case Study

DiGi's Technical Operations Center was the first data center in Malaysia to achieve the provisional Gold Level Certification from the Green Building Index. The design, construction and operations of this data center incorporate a wide range of energy and environmentally-friendly features.



12

Green features:

- Energy efficiency (target Power Usage Efficiency < 1.6)
- Renewable Energy - solar cells of 35.2KWp for internal usage
- Water efficiency - rain water harvesting capacity with bio-swale tank
- Eco-friendly elements – eco-friendly carpeting, low volatile organic compound (VOC) wall paint, low emissions coated window panels, 'Green' fire suppression system (inert gas used with zero ozone depleting potential)

Sourcing Energy-Efficient Solutions

We constantly source for new and emerging energy-efficient solutions that strengthen our efforts. These range from simple lighting solutions, to running pilot tests on more sophisticated energy-efficient innovations.

In 2012, we upgraded the lighting in four of our Mobile Switching Centers for greater energy efficiency. We also ran pilots on energy and carbon-efficient refrigerants for our air conditioning systems, as well as on smart metering solutions. Air conditioning is estimated to consume approximately 60% of energy in our network, and therefore presents a sizeable opportunity for energy efficiency. Smart metering provides more accurate insights into energy consumption patterns across the network and would therefore help to improve our energy management efforts.

Addressing Environmental Sustainability

We take a proactive approach to managing potential environmental risks and impacts across our operations. We comply with international and local standards such as ISO14001 for environmental management in managing obsolete electrical and electronic equipments, and in advocating a greener future amongst our key stakeholders.

Our 2012 Initiatives

Adherence to Environmental Standards

Environmental sustainability is part of our governance framework and the way we work at DiGi. In 2012, guidelines relating to Climate and Environment were formalised as part of the Corporate Responsibility Policy under the [DiGi Governance Programme](#). Adherence to this policy is managed via our ISO14001-certified Environmental Management System.

Managing Obsolete Electrical and Electronic Equipment

Electronic waste represents a substantial portion of obsolete electrical and electronic equipment from our network and the disposal of mobile phones by our customers, and therefore poses environmental risks to DiGi.

Retiring Network Equipment

In 2012, we put in place a formal process to facilitate the disposal of swapped network equipment, in accordance to environmental and safety standards. The process ensures that all unused equipment is properly dismantled and subsequently stored for re-use as spare parts, refurbished and sold, or scrapped according to environmental and safety requirements.



123

DiGi Handset Recycling Campaign 2012 collected more than 500 handsets from its DiGi Centers and offices nationwide

Recycling Handsets

Malaysian consumers are upgrading their mobile phones at an increasing pace, as devices become more affordable and integral to our daily lives. Recognising the environmental risks that come with the disposal of mobile phones, we have implemented handset collection processes for recycling since 2011.

To raise awareness amongst our customers, we run an annual handset recycling campaign. We made this part our customer loyalty programme by offering free tickets to the 2012 David Guetta concert to customers who brought along a friend to recycle their old mobile phones. Collected handsets are disposed off in accordance with Malaysian regulations for the disposal of scheduled waste.

Advocating a Greener Future

In line with the Malaysian government's efforts to reduce the nation's carbon intensity by 40% by the year 2020, and our own Deep Green initiative, DiGi has taken several initiatives to raise awareness amongst key stakeholders and the general public on environmental challenges, and ways we can address this issue together.

One such initiative was the 2012 study entitled "[Low Carbon Sustainable Development Options for Malaysia](#)" by the Sustainable Development Initiatives (SUDI), a think-tank under the Centre for Environment, Technology and Development (CETDEM). The report focused on three main aspects, namely establishing baseline emissions data, assessment of low carbon sustainable development options for Malaysia, and recommendations on viable options for government, private sector and Malaysians at large. Our support was mainly to assist in raising awareness about this study and encourage dialogue and action towards reducing Malaysia's carbon intensity.

During the course of the year, we also shared our Deep Green initiatives via various speaking engagements and participation in the International Green Tech and Eco Products Conference and Exhibition 2012 (IGEM 2012).



12
DiGi was the only Malaysian telecommunications company to exhibit in IGEM 2012



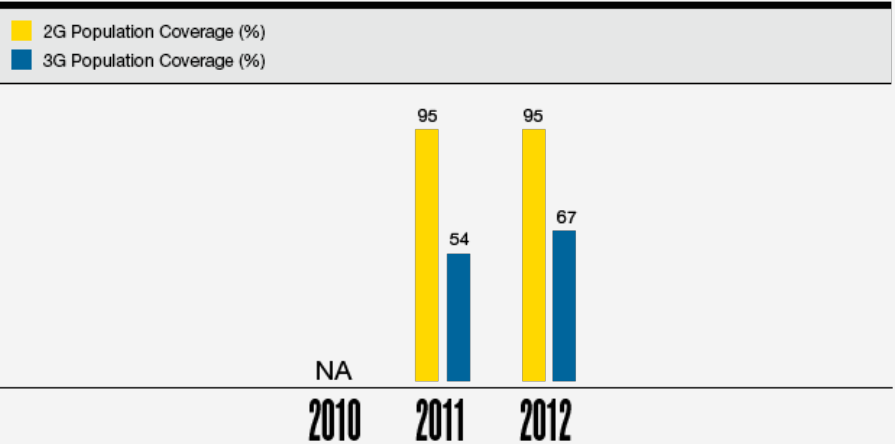
PERFORMANCE INDICATORS

SUSTAINABILITY REPORT 2012



Empowerment Through Connectivity

Network Coverage



Community Development

Community Development

Local Suppliers by Percentage¹

Indicator	2010	2011	2012
Percentage of local suppliers	NA	94	97

Note:

1. New parameter reported.

Communities Engaged in Nation Building Initiatives

Indicator	2010	2011	2012
Schools ¹	121	189	645
NGO	NA	45	96
Universities	19	30	116
Underprivileged Communities	5	36	45
Total	145	300	902

Note:

1. Data includes schools engaged in the DiGi CyberSAFE Programme.

DiGi CyberSAFE Programme

Indicator	2011 ²	2012 ¹
Students	530	4,194*
Schools	24	272
Teachers and Parents	90	832
DiGi's Pusat Internet 1Malaysia communities	NA	1,729

*Ernst & Young reviewed and verified this data.

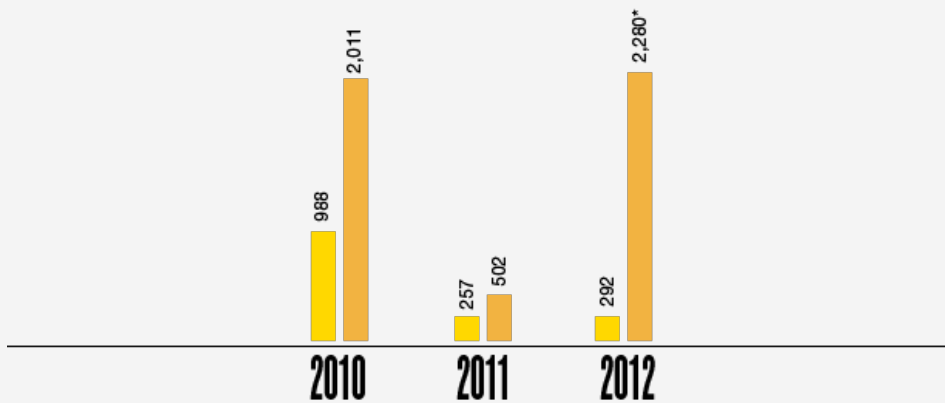
Notes:

1. Cumulative total number of participants in the DiGi CyberSAFE Programme as at 31 December 2012.
2. Participants as at December 2011.

Ethical and Responsible Business

Corporate Governance

- Employees trained in 'DiGi Way of Work'¹
- Employees trained in Code of Conduct²



*Ernst & Young reviewed and verified this data.

Notes:

1. 2011-2012 data reflects training given to new hires only, as part of the induction programme.
2. Refers to employees who have read, understood and agreed to the terms of our Code of Conduct.

Compliance to Laws, Regulations and Codes

Indicator	2012 Performance
Anti-competitive behavior	<p>There was no legal action for anti-competitive behavior in 2012.</p> <p>The Communications and Multimedia industry is governed by competition regulations under the Communications and Multimedia Act 1998, and therefore, the Competition Act 2010 is not applicable to DiGi.</p>
Compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life-cycle	<p>Notice of Improvement and Notice of Prohibition were issued for a workplace accident by the state Department of Occupational Safety and Health, to DiGi's Mobile Switching Center in Senawang, Negeri Sembilan.</p> <p>The cause of the accident has been rectified and the Notices have been officially closed by the authorities.</p>
Compliance with regulations and voluntary codes concerning product and service information and labeling	<p>There were no incidents of non-compliance in 2012.</p>
Compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes	<p>DiGi was fined RM20,000 for breaching the Mandatory Standards of Provisioning of Mobile Content Services. The incident which was caused by a system error has been rectified.</p>

Compliance with laws and regulations concerning the provision and use of products and services

There were no incidents of non-compliance in 2012.

Compliance with environmental laws and regulations

There were no incidents of non-compliance in 2012.

Supply Chain Sustainability

Indicator	2010	2011	2012
Percentage of suppliers who signed the Agreement on Business Conduct (ABC)	58	98	99
Systematic SCP risk reduction during the year based on supplier SAQ (percentage point) ¹	76	43	67
Number of Sustainability inspections and audits	107	153	199
Number of HSSE training sessions for suppliers	83	5	2

Note:

1. The Supply Chain SCP Risk indicator (SCSR) gives an indication about the SCP risk level in the supply chain, based on a supplier Self Assessment Questionnaire (SAQ) made at the end of every year. The SCSR is reduced during the subsequent year, based on verification of concrete risk elimination at suppliers' side.

Best on People

Employment Data

Number of Employees by Type of Employment¹

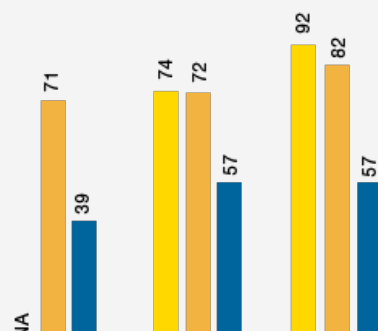
Indicator	2010	2011	2012
Permanent	NA	NA	1,776
Contract	NA	NA	504
Expatriates	NA	NA	16
Secondment ²	NA	NA	2
Technical Graduate Programme ³	NA	NA	8
Telenor Assignee ⁴	NA	NA	1
Total Number of Employees	2,022	2,077	2,307

Notes:

1. New parameter reported.
2. Two DiGi employees were seconded to the Performance Management and Delivery Unit (PEMANDU) under the Prime Minister's Office.
3. Fresh graduates hired on a 1 year-contract and attached to the Technology division.
4. Employees assigned from other Telenor subsidiary companies to DiGi.

Employees on Parental Leave

- Employees on paternity leave¹
- Employees on maternity leave
- Employees on extended maternity leave²





2010 2011 2012

Notes:

1. 5 consecutive days of leave is granted to male employees following the birth of a new child.
2. Extended maternity leave of up to 4 months is offered to female employees following the birth of a new child. The first 2 months are on full salary, and the optional 3rd and 4th months are on half salary.

Employees Leaving DiGi

Indicator	2010	2011	2012
Female	NA	NA	153
Male	NA	NA	199
Total¹	424	469	352

Note:

1. We have reviewed the scope and definition of this parameter and re-stated the 2010 and 2011 data to include all factors that lead to employees leaving DiGi which include expiry of fixed-term contracts, dismissal, retrenchment, mutual separation, abscondment, retirement, resignation and frustration of contract.

Employee Engagement

Employee Engagement Survey Results

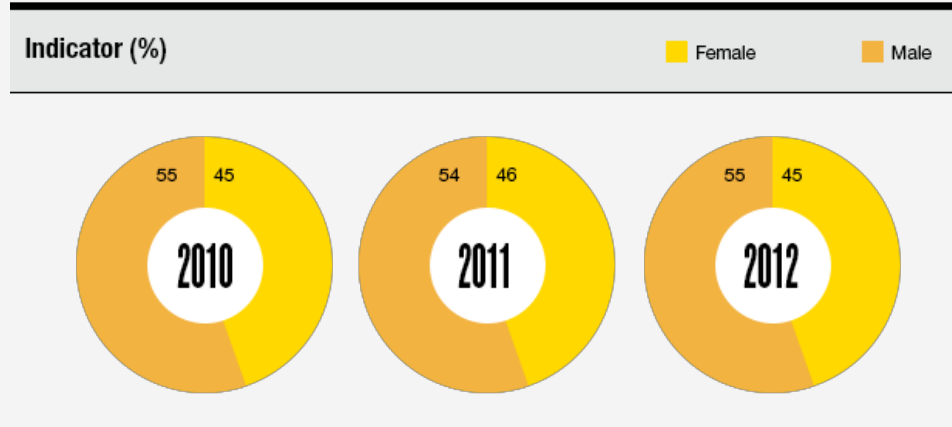
Indicator (%)	2010	2011	2012
Participation Level	90	91	96
Employee Engagement Index	67	68	73
Leadership Profile ¹	76	77	79

Note:

1. Measures employees' perception of managers living up to DiGi's Leadership Expectations encompassing 'Passion for Business', 'Empower People', 'Excellent Execution', 'Change and Continuous Improvement', and 'Integrity and Accountability'.

Diversity and Inclusion

Gender Diversity



Women in Management Positions¹

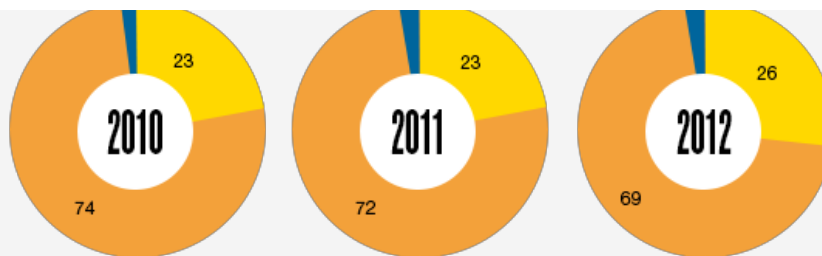
Indicator (%)	2010	2011	2012
Female	30	38	32

Note:

1. We have reviewed and re-stated this data for 2010 to 2012, by expanding the definition of "Management" to include the senior management team, and all Heads of Departments, Units or Sub-Sections.

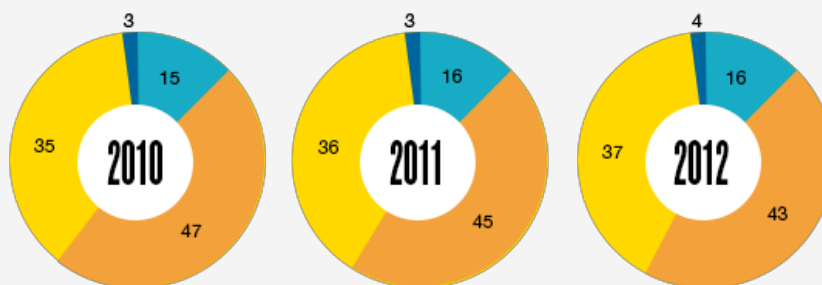
Employees by Age Distribution

Indicator (%)	< 30	30 – 50	> 50
2010	3	5	5
2011	3	5	5
2012	3	5	5



Ethnic Diversity

Indicator (%)	Malay	Chinese ¹	Indian ²	Others
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Notes:

1. Malaysian Chinese.
2. Malaysian Indian.

Health and Safety

Health and Safety Key Performance Indicators

Indicator ¹ (%)	2010	2011	2012
Total Recordable Injury Frequency (TRIF) <i>Number of cases in 1 million work hours</i>	0.85	0.85	1.01
Lost Time Injury Frequency (LTIF) <i>Number of cases in 1 million work hours</i>	0.64	0.64	0.8*
Sickness Absence Frequency ² <i>Percentage</i>	1.4	1.5	1.3
Work Related Fatalities <i>Number</i>	0	0	0

*Ernst & Young reviewed and verified this data.

Notes:

1. Based on external assurance recommendations arising from DiGi's 2011 Sustainability Report, we have reviewed the definition and calculation of "working hours", by excluding in-house contractors. 2010 and 2011 data have been accordingly re-stated.
2. 2010 and 2011 data have been re-stated based on Telenor Group's revised calculation methodology which tracks absences reported up to one month after the incident.

Awareness and Training

Indicator	2010	2011	2012
Employees and in-house contractors participating in awareness programmes	670	1,938	1,617

Health and Safety Committee

Indicator	2010	2011	2012 ¹
Management representatives	5	5	10
Employee representatives	8	9	75
Steering Committee Meetings	15	2	6

Note:

1. Health and Safety Committee was expanded to include regional representatives in 2012, reflected in the higher number of members and meetings.

Development

Training

Indicator	2010	2011	2012
DiGi employees participating in Telenor Group Development programme	3	17	4
Training hours completed ¹	23,686	42,969	55,724*
Average hours of training per year per employee by gender ²			
Female	NA	NA	21
Male	NA	NA	27
Average hours of training per year per employee by employee category ²			
Management	NA	NA	44
Employees	NA	NA	20

*Ernst & Young reviewed and verified this data.

Notes:

1. Training hours are calculated based on 8-hours per day.
2. New parameter reported.

Employees Development Plan

Indicator (%)	2010	2011	2012
Employees with documented development plans	69	74	85

Internships

Indicator	2010	2011	2012
Interns	39	70	76

Climate Change and Environment

CO₂ Emissions

Indicator (CO ₂ tonnes)	2010	2011	2012
Direct CO₂ emissions: Scope 1¹ <i>from fuel and gas consumption²</i>	15,832	14,846	18,508
Network	13,496	13,179	16,963
Building	0	0	0
Fleet	2,336	1,667	1,545
Indirect CO₂ Emissions: Scope 2¹ <i>from electricity consumption</i>	93,203	97,531	107,002
Network	90,066	92,171	101,643
Building	3,137	5,360	5,359
Other indirect CO₂ Emissions: Scope 3¹ <i>from travel and transportation</i>	1,357	1,447	1,372
Flights	478	628	575
Mileage	879	819	797
Total CO₂ Emissions	110,392	113,824	126,882^{3*}

*Ernst & Young reviewed and verified this data.

Notes:

1. New parameter reported based on Green House Gas Protocol (GHG Protocol). Scope 1 represents emissions arising from fuel and gas consumed by DiGi, Scope 2 is from electricity consumed by DiGi and Scope 3 represent emissions from travel and transportation.
2. Fuel consumption (diesel) is estimated based on rated capacity of generators at 75% load.
3. The calculation of CO₂ emissions for 2012 has been updated based on the latest energy to CO₂ conversion factor as provided by the International Energy Agency guidelines.

Energy Use

Indicator (GwH)	2010	2011	2012
Direct Energy Use <i>from fuel and gas sources</i>	66	63	77
Network	51	50	64 ¹
Building	0	0	0
Transportation	15	13	13
Indirect Energy Use <i>from electricity sources</i>	149	156	162
Network	143	147	154 ²
Building	6	9	8
Total Energy Use	215	219	239
Energy Efficiency³	38.5	36.7	37.6

Notes:

1. Increased due to the roll-out of new 3G sites to off-grid locations under the national Universal Service Provider (USP) initiative.
2. Increased due to the on-going network expansion activities causing higher consumption in two parallel networks, which will continue to operate until the migration is completed and the previous network is fully decommissioned.
3. New parameter reported showing total energy consumption per revenue unit.

Other Environmental Impacts

Water consumption

Indicator	2010	2011	2012
Consumption (m ³)	49,000	76,969	90,838 ¹
Number of buildings	35 ³	35	45 ²

Notes:

1. Increased due to the higher number of retail centres and round-the-clock operations at DiGi's Technical Operations Center and the facility that houses employees and partners working on the network modernisation initiative.
2. Increase in the number of retail centres.
3. The number of buildings is re-stated according to 2011 Telenor Group definition i.e. to include only office buildings and exclude network buildings.

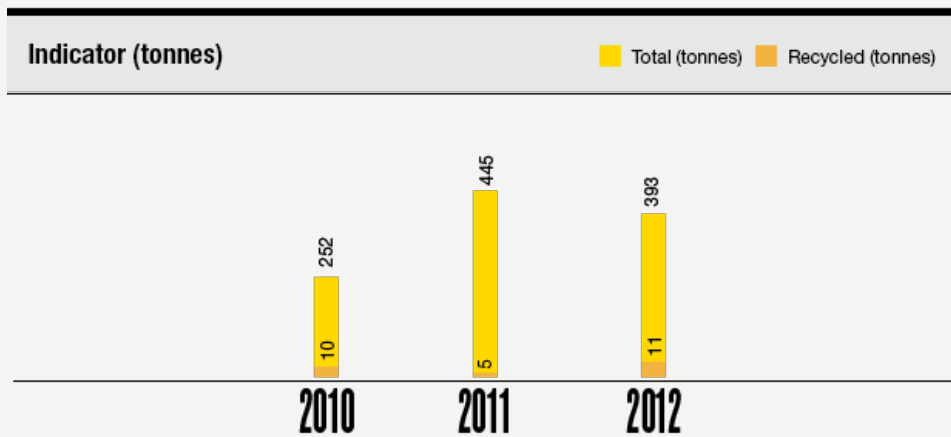
Obsolete Electrical & Electronic Equipment

Indicator (tonnes)	2010	2011	2012
Total	NA	346	495
E-waste ¹	NA	NA	125

Note:

1. E-waste, a subset of DiGi's obsolete electrical and electronic equipment is defined according to Malaysian regulations for Scheduled Waste. It refers to components such as accumulators, mercury-switches, glass from biphenyl-capacitors, or parts contaminated with cadmium, mercury lead, nickel, chromium, copper, lithium, silver, manganese or polychlorinated biphenyl.

Municipal Waste



Spills

Indicator	2010	2011	2012
Number of cases	0	0	0



PROGRESS VS TARGETS

SUSTAINABILITY REPORT 2012



Empowerment Through Connectivity

Key Achieved Ongoing

2012 target objectives, and initiatives

Status as at end 2012

2013 Focus Areas and Targets

Strengthen our mobile internet proposition to further drive internet uptake.



Offer products and services that promote affordable and positive use of the internet.

Expand our 3G network, introduce LTE services, and continue infrastructure sharing initiatives.



3G network in 80% of populated areas.

Complete network modernisation programme, and roll out LTE services.

Support the government's coverage and USP initiatives to enhance digital inclusion.



Continue supporting the government's coverage and USP initiatives that bring internet to more Malaysians.

Complete the final round of DiGi Challenge for Change 2011/2012.



Complete Phase 1 of DiGi Challenge for Change 2012/2013 and choose best ideas for mobile applications.

Launch DiGi Challenge for Change 2012/2013 with an enhanced focus on mobile internet.

Develop minimum of 5 mobile applications from the best ideas.

Extend DiGi CyberSAFE Programme to more than 200 schools, 5,000 children, teachers, parents and guardians, and 14 1Malaysia Internet Center communities.



Launch Phase 2 of DiGi CyberSAFE Programme.

Train 400 teachers and create awareness amongst 40,000 school students.

Ethical and Responsible Business

Key Achieved Ongoing

2012 target objectives, and initiatives

Status as at end 2012

2013 Focus Areas and Targets

Review and update governance framework.



Enhance management of compliance to risk-assessment.

Extend the scope of supply chain monitoring to sub-suppliers via inspections and awareness programmes.		Focus on reducing risks of major non-compliance in our supply chain.
Continued focus on excellent customer experience.		Embed customer centricity focus in key customer touchpoints. Enhance customer centric culture amongst employees.
Focus on consumer protection issues.		Strengthen internal awareness and compliance to policies and manuals on privacy, information management and security.

Best on People Key Achieved Ongoing

2012 target objectives, and initiatives	Status as at end 2012	2013 Focus Areas and Targets
Strengthen channels for employee feedback.		Strengthen the effectiveness of the BOPC to expedite resolution of issues.
Cultivate a proactive health, safety, security and environment (HSSE) culture amongst employees.		Promote healthier lifestyles through awareness and training programmes for employees. Focus on reducing the Lost-time Injury Frequency.
Continue upgrading physical work environments.		Refresh key workspaces within DiGi's offices.
Develop stronger performance, development and competency management processes.		Introduce the Competency Framework. Commence development of a Career Framework. Design a formalised training curriculum. Strengthen employer branding to attract and retain top talents.
Competitive and performance-based rewards.		Continue enhancing total rewards framework.

Climate Change and Environment Key Achieved Ongoing

2012 target objectives, and initiatives	Status as at end 2012	2013 Focus Areas and Targets
Drive greater energy efficiency via the network modernisation initiative.		Complete network swap, and optimise energy efficiencies.
Reduce diesel consumption in off-grid sites via renewable solar energy, and conversion to grid electricity.		Strengthen efforts to reduce diesel consumption via hybrid solar-diesel sites and conversion of off-grid sites to grid power, where feasible.
Efforts to reduce air conditioning in our network.		Strengthen efforts to improve energy efficiency of air conditioning.



ACCOLADES

SUSTAINABILITY REPORT 2012



Our sustainability efforts have been recognised through various awards and ratings.

Following are awards and ratings received in the last three years.

Asian Sustainability Ratings by Asian Sustainability Rating™

2011	No. 1 telecommunications company, and No. 2 overall in Malaysia
2010	No. 1 telecommunications company in Asia, and No. 1 overall in Malaysia

Asia's Best Companies by Finance Asia

2012	No. 5 Best Managed Company Category
	No. 5 Best Corporate Governance Category
	No. 6 Best Corporate Social Responsibility Category
2011	No. 9 Best Managed Company Category
	No. 5 Best Corporate Governance Category
	No. 4 Best Corporate Social Responsibility Category

Billion Ringgit Club 2011 by The EDGE Malaysia by The EDGE Malaysia

2012	No.2 Best CSR Initiatives Category
2011	Top 10 CSR Company of the Year

Carbon Disclosure Project

2011	No.1 in Malaysia and No.5 in Asia (excluding Japan, India, China and Korea)
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Malaysia Cyber Security Awards by Cybersecurity Malaysia

2012	Information Security Outreach Provider of the Year
	CyberSAFE Ambassador for the Year

Malaysia's 100 Leading Graduate Employers 2011 by GTI Media

2011	Winner, Telecommunication Sector Category
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Malaysia Corporate Governance Index by Minority Shareholders Watchdog Group (MSWG) Award

2011	Distinction Award
2010	Distinction Award

MSOSH Occupational Safety and Health by Malaysian Society of Occupational Safety & Health

2010	Silver Recognition Award
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ACCA Malaysia Sustainability Reporting Awards 2010 by the Association of Certified Chartered Accountants

2010	Best First Time Reporter
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Ethical Business Excellence Award 2010/2011 by Ministry of Domestic Trade, Cooperatives and Consumerism

2010	Highest Recognition in the Large Enterprise Category
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ABOUT THIS REPORT

SUSTAINABILITY REPORT 2012



This is our fourth Sustainability Report and the fourth Communication on Progress (COP) since becoming a signatory to the UN Global Compact in September 2008. Our last Sustainability Report was published on May 8th, 2012.

Scope

The report covers DiGi.Com Berhad and its subsidiaries, which only operate within Malaysia. It does not include outsourced activities, joint venture and suppliers.

The DiGi Annual Report 2012 together with the information this website, address all issues that are material to our business, covering social, environmental and economic impacts.

Therefore, information on this report is to be read and crossed referenced with DiGi's [Annual Report 2012](#) for a more comprehensive view of the group's overall financial and non-financial performance.

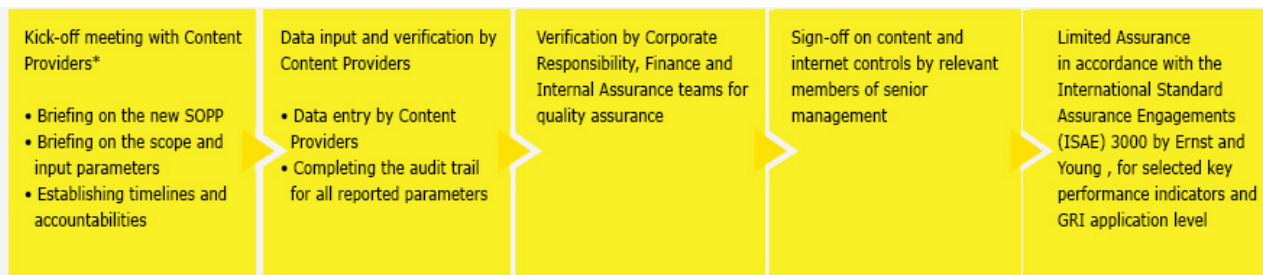
Reporting period

This is an annual report which covers the period from January 1, 2012 to December 31, 2012 (Fiscal Year 2012). For selected performance indicators that have been historically tracked, we have included data from the past three years.

Reporting Principles

Our Sustainability Report is developed in accordance with the DiGi Standard Operating Policy and Procedures on Sustainability Reporting. The policy and procedures aim to provide guidance on the scope and boundaries of reporting, roles and responsibilities, internal control processes, and definitions for all reported parameters. They are consistent with the Telenor Group Non-Financial Reporting Procedures and other established reporting standards such as the Global Reporting Initiative 3.1 Guidelines, Green House Gas Emissions Protocol, Carbon Disclosure Project and the UN Global Compact.

Following is an illustration of the reporting process that was undertaken for this year's report.



* Content Providers are employees responsible for providing data for various parameters. They are accountable for the accuracy, completeness and timeliness of data provided.

New approaches

Based on feedback received on our previous Sustainability Reports, we have implemented the following new approaches to improve the overall reporting quality and disclosure standards.

- Updating DiGi Standard Operating Policy and Procedures to provide greater clarity on roles and responsibilities of Content Providers.
- Referencing corporate information and initiatives that address issues relevant to the Principles of the UN Global Compact.
- Publishing this report in a fully digital format. This will help to extend the reach of our disclosure on Sustainability performance to a wider audience, and is also in keeping with our efforts to minimise our environmental impact.

Audience and Accessibility

This report is made available on our corporate website (www.digi.com.my/sustainability), for all key stakeholders and members of the public. A printable version of the full report is also available on the same website.

Feedback

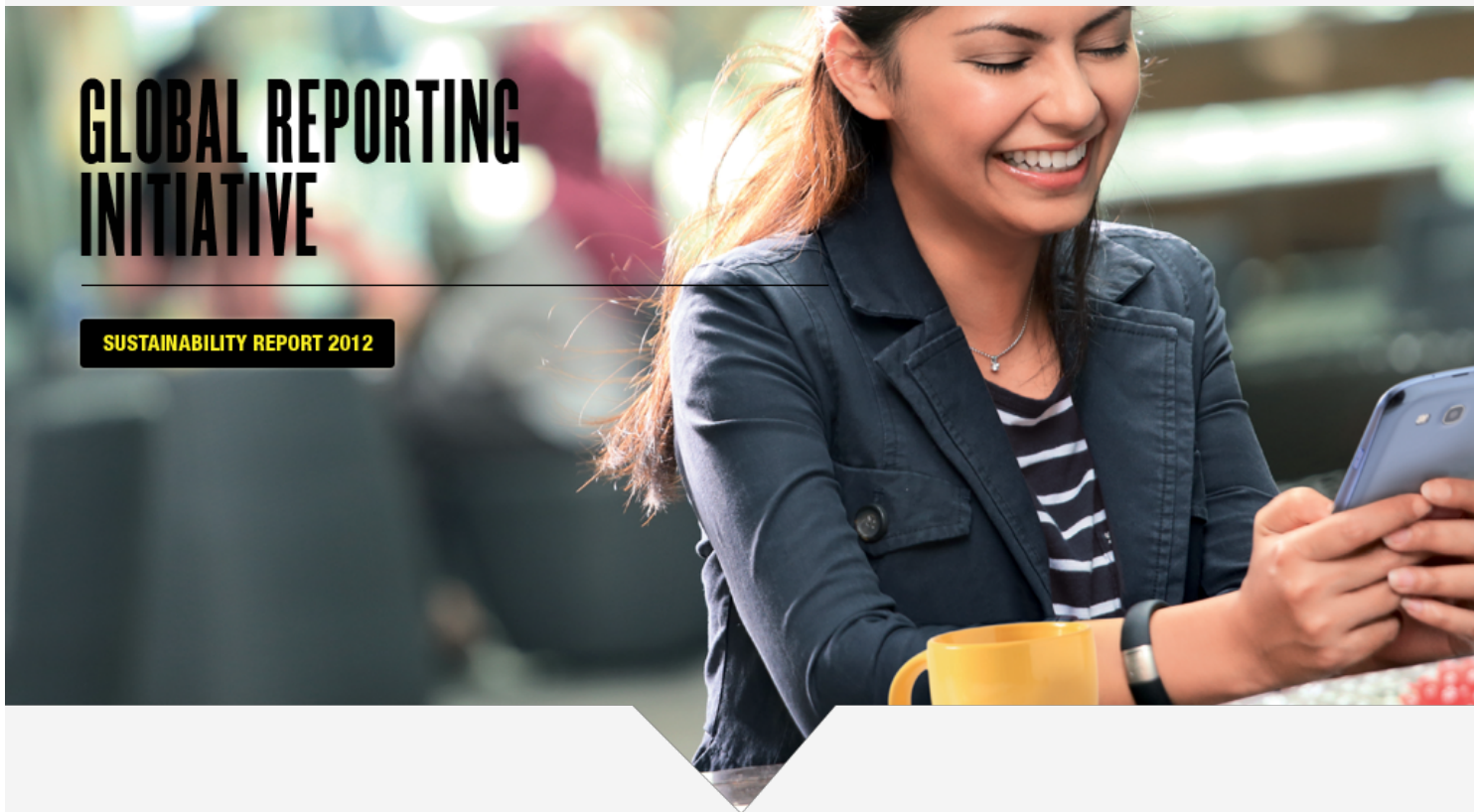
Please direct your enquiries or feedback to:
Joachim Rajaram – Head of Communications and Corporate Responsibility
Email: cr@digi.com.my
Tel: 03 57211800

Address :
Lot 10, Jalan Delima 1/1, Subang Hi-Tech Industrial Park
40000 Shah Alam, Selangor
Malaysia.



GLOBAL REPORTING INITIATIVE

SUSTAINABILITY REPORT 2012

















We have benchmarked our sustainability reporting against the Global Reporting Initiative (GRI) sustainability reporting guidelines, and obtained an independent assurance from Ernst & Young for application level B+.









Index of Conformance with the GRI 3.1 Guidelines:

- [Strategy and Analysis](#)
- [Organisational Profile](#)
- [Report Parameters](#)
- [Governance, Commitments and Engagements](#)
- [Economic Performance Indicators](#)
- [Environmental Performance Indicators](#)
- [Labour Performance Indicators](#)
- [Human Rights Performance Indicators](#)
- [Society Performance Indicators](#)
- [Product Responsibility Performance Indicators](#)

The table below provides links to relevant information which has been published in this report, as well as other printed or electronic publications by DiGi.

		Core Indicator	Additional Indicator
1. Strategy and Analysis		Key ● Full ◐ Partial ○ No ● Not material	
Indicator	Compliance	Cross Reference or Direct Answer	
1.1 Statement from the most senior decision maker of the organisation about the relevance of sustainability to the organisation and its strategy.	●	Annual report: Chairman and CEO's Statement CEO's Message	
1.2 Description of key impacts, risks and opportunities.	●	CEO's Message	

2. Organisational Profile		
Key  Full  Partial  No  Not material		
Indicator	Compliance	Cross Reference or Direct Answer
2.1 Name of reporting organisation.		About this report : Scope
2.2 Primary brands, products and services.		Annual Report: Management Discussion and Analysis DiGi Website
2.3 Operational structure of the organisation including main divisions, operating companies, subsidiaries and joint ventures.		Annual Report: Corporate Structure
2.4 Location of organisation's headquarters.		Annual Report: Notes to the Financial Statements About this Report
2.5 Number of countries where the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.		DiGi only operates in Malaysia. About this Report
2.6 Nature of ownership and legal form.		Annual Report: Notes to the Financial Statements
2.7 Markets served (including geographic breakdown, sectors served and types of customers/beneficiaries).		Annual Report: Management Discussion and Analysis About this Report
2.8 Scale of the reporting organisation (including employees, assets, sales and products).		DiGi offers a wide range of voice, data and internet products in the form of pre-paid, post paid, business solutions, international and financial services. Annual Report: Financial Statements and Notes to the Financial Statements About this Report Best on People: Performance Indicators DiGi website
2.9 Significant changes during the reporting period regarding size, structure or ownership.		Annual Report: Chairman's Statement Annual Report: Statement of Changes in Equity
2.10 Awards received in the reporting period.		Accolades

3. Report Parameters		
Key  Full  Partial  No  Not material		
Indicator	Compliance	Cross Reference or Direct Answer
Report Profile		
3.1 Reporting period for information provided.		About this Report
3.2 Date of most recent previous report.		About this Report
3.3 Reporting cycle.		About this Report
3.4 Contact point for questions regarding the report or its contents.		About this Report

Reporting Scope and Boundary

3.5	Process for defining report content (including materiality, prioritising topics and identifying stakeholders)		About this Report Our Approach to Sustainability
3.6	Boundary of the report.		About this Report
3.7	State any specific limitations on the scope or boundary of the report.		About this Report
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organisations.		About this Report
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques, underlying estimations applied to the compilation of the indicators and other information in the report.		About this Report Ethical and Responsible Business: Performance Indicators Climate Change and Environment: Performance Indicators
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement.		Best on People: Performance Indicators
3.11	Significant changes from previous reporting periods in the scope, boundary or measurement methods applied in the report.		Best on People: Performance Indicators Climate Change and Environment: Performance Indicators
GRI Report Content			
3.12	Table identifying the location of the Standard disclosures in the report.		This index
Assurance			
3.13	Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the Sustainability 2012: Summary Report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organisation and the assurance provider.		Assurance Statement

4. Governance, Commitment and Engagement			
Indicator	Compliance	Cross Reference or Direct Answer	
Governance			
4.1	Governance structure of the organisation, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight.		Annual Report: Corporate Structure Annual Report: Governance
4.2	Indicate whether the Chair of the highest governance body is also an executive officer (and if so, their function within the organisation's management and the reasons for this arrangement).		Annual Report: Statement on Corporate Governance
4.3	For organisations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.		Annual Report: Directors' Profiles
4.4	Mechanisms for stakeholders and employees to provide recommendations or direction to the highest governance body.		Annual Report: Statement on Corporate Governance Our Approach to Sustainability: Stakeholder Engagement Best on People: Strengthening Employee Engagement
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements) and the organisation's		Annual Report : Statement on Corporate Governance Our Approach to Sustainability DiGi Values

	performance (including social & environmental performance).		
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.		Annual Report: Statement on Corporate Governance Ethical and Responsible Business : Corporate Governance DiGi Code of Conduct
4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.		Annual Report: Statement on Corporate Governance
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental and social performance, and the status of their implementation.		Annual Report: Statement on Corporate Governance Ethical and Responsible Business : Corporate Governance DiGi Code of Conduct
4.9	Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.		Annual Report: Statement on Corporate Governance Our Approach to Sustainability
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.		Annual Report: Statement on Corporate Governance Our Approach to Sustainability
Commitment to External Initiatives			
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organisation.		Annual Report: Statement on Corporate Governance DiGi Code of Conduct
4.12	Externally developed economic, environmental, and social charters, principles or other initiatives to which the organisation subscribes or endorses.		CEO's Message About this Report : Reporting Principles
4.13	Members in associations and/or national/international advocacy organisations in which the organisation: <ul style="list-style-type: none"> • Has positions in governance bodies • Participates in projects or committees • Provides substantive funding beyond routine membership dues; or • Views membership as strategic 		DiGi as part of the Telenor Group is an active participant in GSMA, the global association for mobile operators. DiGi is also a signatory to the UN Global Compact. Locally, DiGi actively participates in telecommunications industry forums, government bodies, Business Council for Corporate Social Responsibility Malaysia and EU Malaysia Chamber of Commerce and Industry. Empowerment Through Connectivity: Industry Development CEO's Message
Stakeholder Engagement			
4.14	List of stakeholder groups engaged by the organisation.		Our Approach to Sustainability : Stakeholder Engagement
4.15	Basis for identification and selection of stakeholders with whom to engage.		Our Approach to Sustainability : Stakeholder Engagement
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group. E.g. surveys, focus groups, community panels, corporate advisory panels, written communication, management/union structures and other vehicles. Say whether any engagement was undertaken specifically as part of the report preparation process.		Our Approach to Sustainability : Stakeholder Engagement
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting.		Our Approach to Sustainability : Stakeholder Engagement and Material Issues

Economic Performance

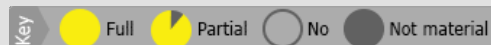
key Full Partial No Not material

Management Approach

DiGi contributes directly to the Malaysian economy through license fees, taxes, contribution to Universal Service Provision, job creation and support to local business partners. Indirectly, our core offering of mobile internet and telephony are key enablers for socio economic development.
[Annual Report](#)
[CEO's Message](#)
[Our Approach to Sustainability](#)

Indicator	Compliance	Cross Reference or Direct Answer
EC1 Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.		Annual Report: Group Financial Summary Annual Report: Statements of Comprehensive Income Empowerment Through Connectivity : Performance Indicators
EC2 Financial implications and other risks and opportunities for the organisation's activities due to climate change.		CEO's Message Climate Change and Environment
EC3 Coverage of the organisation's defined benefit plan obligations.		Annual Report: Notes to the Financial Statements
EC4 Significant financial assistance received from government.		Annual Report: Statements of Cash Flows
Market Presence		
EC5 Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.		DiGi's standard entry level wage is more than 150% of the gazetted minimum wage.
EC6 Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.		Empowerment Through Connectivity : Performance Indicators
EC7 Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.		All available positions including senior management are opened to DiGi employees and external local candidates to select the best fit for the position. For selected positions with specialised skills, the search is extended to the Telenor Group of companies. Best on People: Performance Indicators
EC8 Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.		Empowerment Through Connectivity
EC9 Understanding and describing significant indirect economic impacts, including the extent of impacts.		Our Approach to Sustainability Empowerment Through Connectivity














Environmental Performance



Management Approach

Our Approach to Sustainability
Climate and Environment

Indicator	Compliance	Cross Reference or Direct Answer
Materials		
EN1 Materials used by weight or volume.		DiGi is not involved in manufacturing.
EN2 Percentage of materials used that are recycled input materials.		DiGi is not involved in manufacturing.
Energy		
EN3 Direct energy consumption by primary energy source.		Climate Change and Environment : Driving Energy Efficiency
EN4 Indirect energy consumption by primary source.		Climate Change and Environment : Driving Energy Efficiency
EN5 Energy saved due to conservation and efficiency improvements.		Climate Change and Environment : Driving Energy Efficiency

EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	N/A	DiGi's main product or service is our communications services and energy efficiency.
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.		Climate Change and Environment : Driving Energy Efficiency Climate and Environment: Performance Indicators
Water			
EN8	Total water withdrawal by source.		Climate Change and Environment: Performance Indicators
EN9	Water sources significantly affected by withdrawal of water.		DiGi's activities, products and services do not consume nor depend on large amounts of water.
EN10	Percentage and total water volume of water recycled and reused.		DiGi's activities, products and services do not consume nor depend on large amounts of water.
Biodiversity			
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	N/A	There are no significant adverse effects on biodiversity resulting from DiGi's activities, products and services.
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	N/A	There are no significant adverse effects on biodiversity resulting from DiGi's activities, products and services.
EN13	Habitats protected or restored.	N/A	There are no significant adverse effects on biodiversity resulting from DiGi's activities, products and services.
EN14	Strategies, current actions and future plans for managing impacts on biodiversity.	N/A	There are no significant adverse effects on biodiversity resulting from DiGi's activities, products and services.
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	N/A	There are no significant adverse effects on biodiversity resulting from DiGi's activities, products and services.
Emissions, Effluents and Waste			
EN16	Total direct and indirect greenhouse gas emissions by weight.		Climate Change and Environment: Performance Indicators
EN17	Other relevant indirect greenhouse gas emissions by weight.		Climate Change and Environment: Performance Indicators
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.		Climate Change and Environment : Driving Energy Efficiency
EN19	Emissions of ozone-depleting substances by weight.		DiGi's activities, products and services do not utilise nor manufacture significant amounts of ozone depleting substances.
EN20	NOx, SOx, and other significant air emissions by type and weight.		Under review to establish materiality.
EN21	Total water discharge by quality and destination.		DiGi's activities, products and services do not discharge large amounts of water. Office buildings are DiGi's main source of wastewater, which is treated according to local discharge conditions and legal requirements.
EN22	Total weight of waste by type and disposal method.		Climate and Environment: Performance Indicators
EN23	Total number and volume of significant spills.		There were no spills in 2012.
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	N/A	DiGi disposes all scheduled waste in accordance with Malaysian Scheduled Waste regulations.
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats		DiGi's activities, products and services do not discharge large amounts of water.

significantly affected by the reporting organisation's discharges of water and runoff.

Products and Services

EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.		Climate Change and Environment
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.		Under review to establish materiality.

Compliance

EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.		There were no cases of non-compliance in 2012.
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Transport

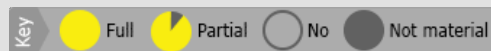
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations, and transporting members of the workforce.		Transportation generates less than 3% of DiGi's total CO ₂ emissions and is therefore does not have a significant impact. Climate and Environment: Performance Indicators
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Overall

EN30	Total environmental protection expenditures and investments by type.		Environmental protection is taken into consideration in overall capital expenditure decisions. Annual Report: Business Review
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Social Performance

Labour Practices and Decent Work



Management Approach

Indicator	Compliance	Cross Reference and Direct Answer
Labour Practices and Decent Work		Our Approach to Sustainability Best on People Supply Chain Sustainability




Employment

LA1	Total workforce by employment type, employment contract, and region.		Best on People: Performance Indicators
LA2	Total number and rate of employee hires and turnover by age group, gender, and region.		Best on People: Performance Indicators
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operations.		DiGi hires temporary employees from third party agencies and they are not entitled to any benefits given to DiGi's full-time employees. Best on People: Competitive and Performance-Based Rewards
LA15	Return to work and retention rates after parental leave, by gender.		Best on People: Performance Indicators




Labour/Management Relations

LA4	Percentage of employees covered by collective bargaining agreements.		DiGi supports freedom of association and collective bargaining as stated in DiGi's Code of Conduct. Under the Industrial Relations Act 1967 the right to collective bargaining is similarly enshrined. Best on People: Performance Indicators DiGi Code of Conduct
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.		DiGi gives 1 month notice to inform all employees of operational changes that result in loss of employment. For employees falling within the scope of the Employment Act, notice is as provided in sections 12 (2) (a), (b) and (c), and section 12 (3) of the Employment Act 1955. Best on People: Engaging and Supportive Work Environment



Occupational Health and Safety

LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advice on occupational health and safety programmes.		Best on People: Promoting Health, Safety and Wellness
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.		There were no work-related fatalities in 2012. Best on People : Performance Indicators
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.		DiGi organises education, training, counseling, prevention and risk-control programmes for employees, whenever there is an outbreak of serious diseases. Best on People: Engaging and Supportive Work Environment Ethical and Responsible Business : Supply Chain Sustainability
LA9	Health and safety topics covered in formal agreements with trade unions.	N/A	To-date, there is no trade union in DiGi.

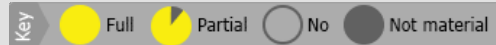
Training and Education

LA10	Average hours of training per year per employee by employee category.		Best on People : Performance Indicators
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.		Best on People : Most Attractive Career Development Best on People : Performance Indicators
LA12	Percentage of employees receiving regular performance and career development reviews.		Best on People : Performance Indicators

Diversity and Equal Opportunity

LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.		Annual Report: Directors Profiles Best on People: Performance Indicators
LA14	Ratio of basic salary of men to women by employee category.		DiGi practices equal opportunity to all in salary and remunerations. DiGi Code of Conduct Best on People

Human Rights





Management Approach

Our Approach to Sustainability
[Ethical and Responsible Business : Corporate Governance](#)
[Ethical and Responsible Business : Supply Chain Sustainability](#)
[DiGi Code of Conduct](#)

Indicator	Compliance	Cross Reference or Direct Answer
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Investment and Procurement Practices

HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.		All significant investment agreements are subject to the terms of our Supplier Conduct Principles which include internationally proclaimed human rights standards such as the UN Declaration and conventions on human rights. Ethical and Responsible Business : Supply Chain Sustainability Ethical and Responsible Business : Performance Indicators Supplier Conduct Principles
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.		All agreements with significant suppliers and contractors are subject to the terms of our Supplier Conduct Principles and/or DiGi Code of Conduct which includes internationally proclaimed human rights standards including the UN Declaration and conventions on human rights. Ethical and Responsible Business : Supply Chain Sustainability Ethical and Responsible Business : Performance Indicators Supplier Conduct Principles
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.		Ethical and Responsible Business : Performance Indicators

Non-discrimination

HR4	Total number of incidents of discrimination and actions taken.		There have been no incidents of discrimination in 2012. DiGi is opposed to discriminatory practices, and is committed to do its utmost to promote equality in all employment practices. This is
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commit to promote equality in an employment process. This is stated in DiGi's code of conduct.
[DiGi Code of Conduct](#)

Freedom of Association and Collective Bargaining

HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.		DiGi evaluates current and prospective suppliers to identify risks of violations of Supplier Conduct Principles, which include clauses on freedom of association and collective bargaining. Ethical and Responsible Business : Supply Chain Sustainability Supplier Conduct Principles
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Child Labour

HR6	Operations identified as having significant risk for incidents of forced and compulsory labour, and measures taken to contribute to the elimination of forced and compulsory labour.		DiGi evaluates current and prospective suppliers to identify risks of violations of Supplier Conduct Principles, which include clauses on child labour. Ethical and Responsible Business : Supply Chain Sustainability Supplier Conduct Principles
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Forced and Compulsory Labour

HR7	Operations identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of forced or compulsory labour.		DiGi evaluates current and prospective suppliers to identify risks of violations of Supplier Conduct Principles, which include clauses on forced and compulsory labour. Ethical and Responsible Business : Supply Chain Sustainability Supplier Conduct Principles
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Security Practices

HR8	Percentage of security personnel trained in the organisation's policies or procedures concerning aspects of human rights that are relevant to operations.		All security personnel have been trained in basic health, safety and security, as part of the requirements in the Supplier Conduct Principles. Ethical and Responsible Business : Supply Chain Sustainability Supplier Conduct Principles
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Indigenous Rights

HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.		There have been no violations in 2012.
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Assessment

HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.		DiGi assesses its operations for risks of violations to our code of conduct and Supplier Conduct Principles, which include clauses on internationally proclaimed human rights such as the UN Declaration and conventions on human rights. Ethical and Responsible Business : Corporate Governance Ethical and Responsible Business : Supply Chain Sustainability Ethical and Responsible Business : Performance Indicators DiGi Code of Conduct Supplier Conduct Principles
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Remediation

HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.		There have been no filed grievances in 2012. DiGi Code of Conduct
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Society

Key Full Partial No Not material

Management Approach

[Our Approach to Sustainability](#)
[Empowerment Through Connectivity](#)
[Ethical and Responsible Business](#)
[DiGi Code of Conduct](#)








Indicator

Compliance

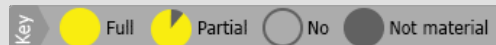
Cross Reference or Direct Answer

Community

S01	Percentage of operations with implemented local community engagement, impact assessments, and development programmes.		DiGi assesses its operational impact on community, and carries out relevant development and engagement programmes to address such impacts. Empowerment Through Connectivity Ethical and Responsible Business : Consumer Interests
S09	Operations with significant potential or actual negative impacts on local communities.		Ethical and Responsible Business Empowerment Through Connectivity : Safer Internet for Children






S10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.		Ethical and Responsible Business Empowerment Through Connectivity : Safer Internet for Children
Corruption			
S02	Percentage and total number of business units analysed for risks related to corruption.		DiGi's Code of Conduct and Anti-Corruption Policy apply strict requirements across our operations.
S03	Percentage of employees trained in organisation's anti-corruption policies and procedures.		Ethical and Responsible Business : Performance Indicators
S04	Actions taken in response to incidents of corruption.		There were no incidents of corruption in 2012. Ethical and Responsible Business : Corporate Governance
Public Policy Behavior			
S05	Public policy positions and participation in public policy development and lobbying.		Empowerment Through Connectivity : Industry Development
S06	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	N/A	DiGi does not give support to political parties, either in the form of direct financial support or paid time. This is stated in DiGi's Code of Conduct. Ethical and Responsible Business : Corporate Governance DiGi Code of Conduct
Anti-Competitive Behaviour			
S07	Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes.		There were no legal actions in 2012.
Compliance			
S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.		There were no cases of non-compliance in 2012.

Product Responsibility



Management Approach

[Our Approach to Sustainability](#)
[Ethical and Responsible Business](#)
[Empowerment Through Connectivity : Safer Internet for Children](#)

Indicator	Compliance	Cross Reference or Direct Answer
PR1 Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.		All key products and services are subject to health and safety assessments which cover design, use/delivery and disposal, and are required to be compliant with local safety standards. DiGi is committed to taking an active role in delivering safer products and services. Ethical and Responsible Business Ethical and Responsible Business : Addressing RF Emissions Empowerment Through Connectivity : Safer Internet for Children
PR2 Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.		There were no incidents of non-compliance in 2012.
Product and Service Labeling		
PR3 Type of product and service information required by procedures and percentage of significant products and services subject to such information requirements.		Empowerment Through Connectivity : Safer Internet for Children Ethical and Responsible Business : Consumer Interests
PR4 Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.		There were no incidents of non-compliance in 2012.
PR5 Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.		Consistent with the Telenor Group, DiGi introduced a new improved customer satisfaction indicator during the year, which will be disclosed in our 2013 report. Ethical and Responsible Business : Consumer Interests

Marketing Communications

PR6 Programme for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.



DiGi has identified laws, standards and voluntary codes relating to marketing communications which apply to its products and services. Internal policies and procedures regarding marketing communications are in place.
[Ethical and Responsible Business : Corporate Governance](#)
[Ethical and Responsible Business : Consumer Interests - Privacy](#)

PR7 Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.



One incident of non-compliance on Mandatory Standards of Provisioning of Mobile Content Services. An internal audit has been carried out to ensure strict adherence and our Regulatory (together with Internal Audit team) is now reporting the progress to Audit Committee on quarterly basis.
[Ethical and Responsible Business : Performance Indicators](#)

Customer Privacy

PR8 Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.



One case was lodged to Consumer Forum Malaysia (CFM) on customer privacy. The case was closed on the same day.
[Ethical and Responsible Business : Consumer Interests](#)
[Ethical and Responsible Business : Performance Indicators](#)
[DiGi Code of Conduct](#)

Compliance

PR9 Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.



There were no fines for non-compliance in 2012.



UN GLOBAL COMPACT COMMUNICATION ON PROGRESS

SUSTAINABILITY REPORT 2012



This report serves as our fourth communication on progress by DiGi.com Berhad. The list below provides links to this website and other publications by DiGi, which explain our approach and performance on issues relevant to the Principles of the Global Compact.

Principle 1: Support and Respect the Protection of Internationally Proclaimed Human Rights

[Corporate Governance](#)

[Consumer Interests](#)

[Supply Chain Sustainability](#)

[Best on People](#)

[Safer Internet for Children](#)

Principle 2: No Complicity in Human Rights Abuses

[Corporate Governance](#)

[Supply Chain Sustainability](#)

Principle 3: Uphold Freedom of Association and the Right to Collective Bargaining

DiGi Way of Work

Engaging and Supportive Work Environment

Principle 4: Elimination of all forms Forced and Compulsory Labour

Corporate Governance

Supply Chain Sustainability

Principle 5: Abolition of Child Labour

Corporate Governance

Supply Chain Sustainability

Principle 6: Eliminate Discrimination in respect of Employment and Occupation

Corporate Governance

Competitive and Performance Based Rewards

Principle 7: Support a Precautionary Approach to Environmental Challenges

DiGi Way of Work

Climate Change and Environment

Principle 8: Undertake initiatives to Promote Greater Environmental Responsibility

DiGi Way of Work

Climate Change and Environment

Principle 9: Encourage the Development and Diffusion of Environmentally Friendly Technologies

DiGi Way of Work

Climate Change and Environment

Principle 10: Work against corruption in all its forms, including extortion and bribery

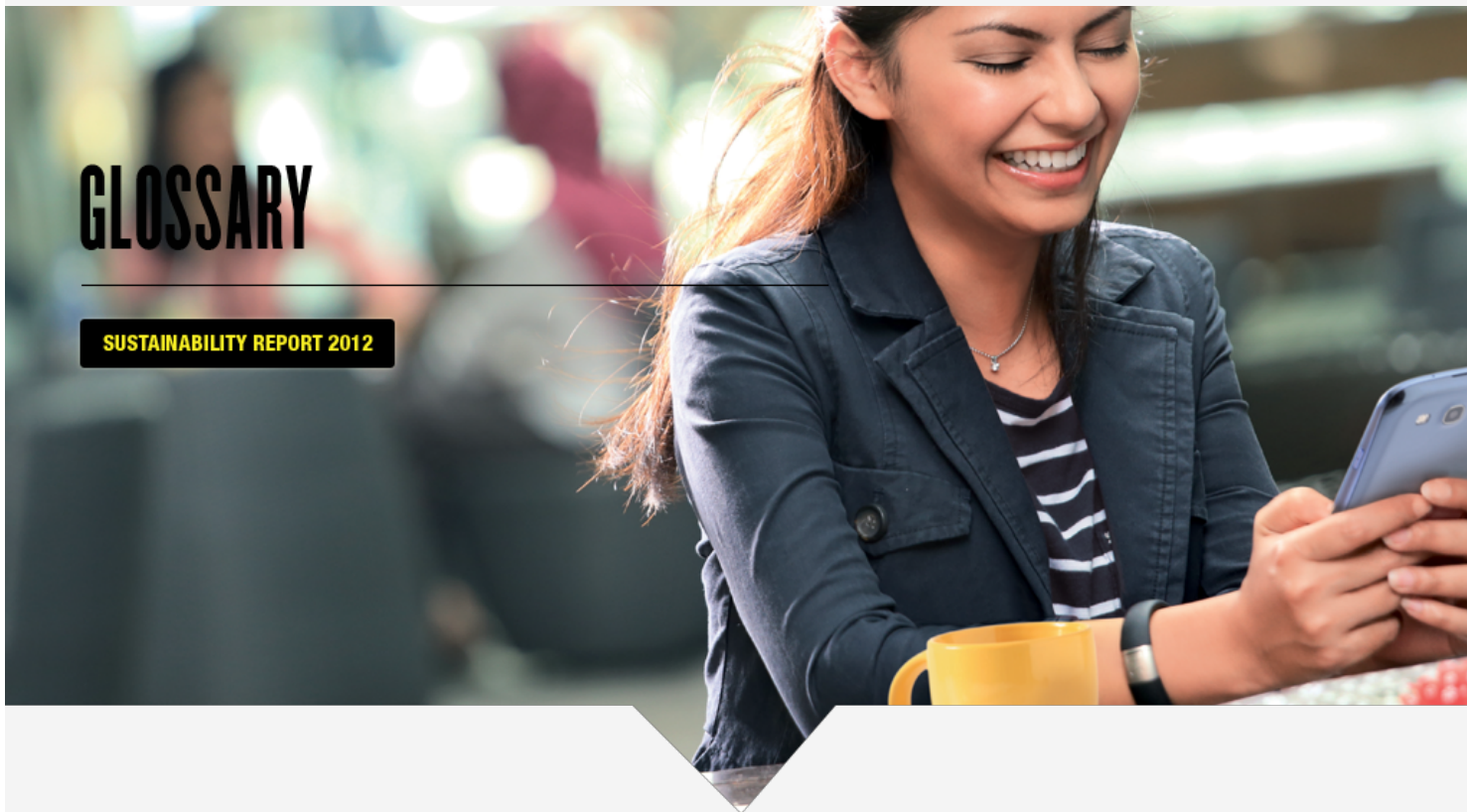
Corporate Governance

Supply Chain Sustainability



GLOSSARY

SUSTAINABILITY REPORT 2012



2G services	Voice and data services being provided using our GSM network (operating in 900MHz and 1800MHz bands).
3G services	Voice and data services being provided using our WCDMA network (operating in 2100MHz band).
4G services	Voice and data services using the next generation of mobile broadband technologies including Long Term Evolution (LTE) and operating in 2600MHz band.
Access Pricing	The price charged by a telecommunication service provider for connection to its network in order for the other provider to complete the service for its end-user customers.
Accounting Separation	Deconsolidation of financial statements for wholesale and retail services as if they were separate businesses. It is designed to reduce information asymmetry, enhance transparency and complement the existing regulatory instruments to address and prevent anti-competitive behaviour in the telecommunications industry.
Broadband	A network that has greater bandwidth than another standard or usual signal or device, with ability to transmit signals of up to 128 Kbps.
Pusat Internet 1Malaysia (formerly known as Community Broadband Centre)	A project under the Universal Service Provision programme to provide collective internet access in underserved areas.
Infrastructure Sharing	Initiative to share the use of towers, fibre optic facilities and also network capacity between two or more telecommunication companies.
Wireless Village	The provisions of collective broadband access and individual broadband access service for targeted communities living in the underserved areas.

Mobile Virtual Network Operator (MVNO)

A mobile service provider that does not own key network assets such as spectrum and telecommunications structures but leases them from other mobile network operators.

Radio Frequency Emission

A frequency of electromagnetic radiation in the range at which radio signals are transmitted.

Spectrum

A range of electromagnetic frequencies required for telecommunication systems to operate.

Universal Service Provision (USP)

A programme to support the development and usage of communication services in underserved areas and communities. Operators are mandated to contribute to the USP fund which is managed by the Malaysian Communications and Multimedia Commission, and are reimbursed for building telecommunications infrastructure in underserved areas.

As defined by SKMM, any area:

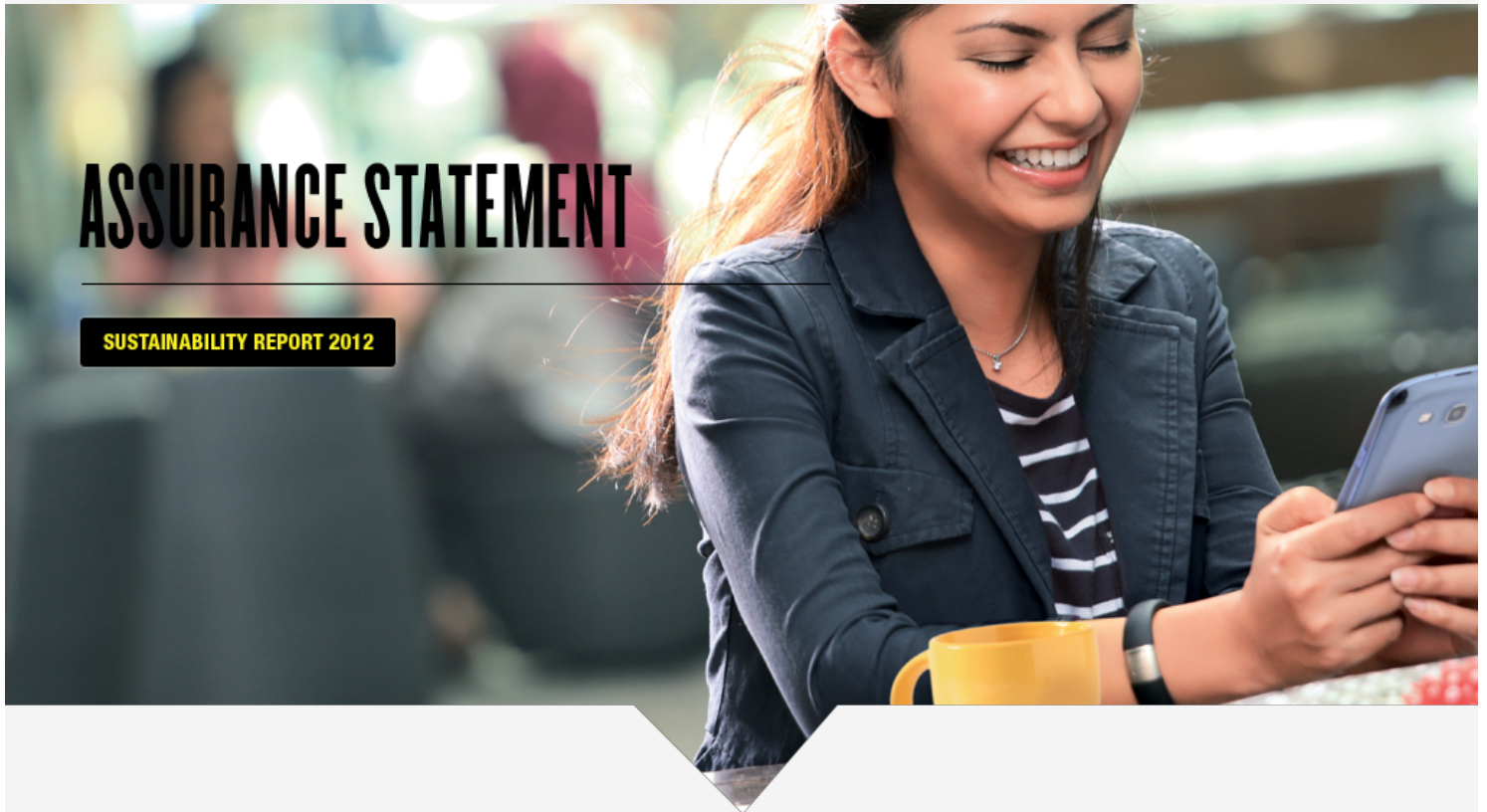
Underserved areas

- Where the penetration rate for broadband subscribers in Malaysia is below the national broadband penetration rate or where broadband access services are not sufficient.
- Where the Public Switched Telephone Network (PSTN) subscribers penetration rate is 20% below the national PSTN penetration or where PSTN services are not sufficiently available.
- With a population density of 80 persons per square kilometer or less, and where public cellular services are not sufficiently available.



ASSURANCE STATEMENT

SUSTAINABILITY REPORT 2012



Assurance Statement by Ernst & Young

Independent Limited Assurance Statement To The Management Of DiGi Telecommunications Sdn Bhd

We have performed limited assurance procedures in relation to **DiGi Telecommunications Sdn Bhd's** Sustainability Report 2012 ('the Report') as detailed in the 'Scope of work' below.

The Management's responsibility

DiGi Telecommunications Sdn Bhd's Sustainability Report (2012) has been prepared by the Management of DiGi Telecommunications Sdn Bhd, which is responsible for the collection and presentation of the information it contains and for maintaining adequate records and internal controls that are designed to support the sustainability reporting process. There are currently no legally prescribed requirements relating to the preparation, publication and verification of sustainability reports.

The auditor's responsibility

Our responsibility in performing our limited assurance activities is to the Management of DiGi Telecommunications Sdn Bhd only and in accordance with the terms of reference agreed with them. We do not accept or assume any responsibility for any other purpose or to any other person or organisation. Any reliance any such third party may place on the Report is entirely at their own risk.

Our review was limited to the information on the select indicators set out within the Company's sustainability web content and our responsibility does not include:

- Any work in respect of sustainability information published elsewhere on DiGi Telecommunications Sdn Bhd's annual report / website;
- Sustainability information prior to 01 January 2012; and
- Review of Management's forward looking statements such as targets and intentions

Our multi-disciplinary team has the required competencies and experience to conduct this assurance engagement.

Reporting criteria

As a basis for the assurance engagement, we have used relevant criteria in the sustainability reporting guidelines of the Global Reporting Initiative ('GRI G3.1'). We consider these reporting criteria to be relevant and appropriate to review the Report.

Assurance standard used and level of assurance

Our limited assurance engagement has been planned and performed in accordance with the ISAE 3000¹. We have also considered the Global Reporting Initiative G3.1 ('GRI G3.1') reporting guidelines in conducting our limited assurance procedures.

A limited assurance engagement consists of making enquiries and applying analytical and other limited assurance procedures. Our procedures were designed to provide a limited level of assurance and as such do not provide all the evidence that would be required to provide a reasonable level of assurance.

The procedures performed depend on the assurance practitioner's judgement including the risk of material misstatement of the specific activity data, whether due to fraud or error. While we considered the effectiveness of Management's internal controls when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Scope of work

We have been engaged by the Management of DiGi Telecommunications Sdn Bhd ("Company") to perform limited assurance on select indicators of the Report.

Subject matter

The subject matter for our limited assurance engagement is:

Statements and claims related to the following indicators in relevance to DiGi Telecommunications Sdn Bhd's focus areas presented in the Report:

1. Empowerment Through Connectivity: Number of students attending the DiGi CyberSAFE Programme
2. Ethical and Responsible Business: Number of employees trained for Code of Conduct
3. Best on People: Lost time due to Injury and Career development oriented training undergone by employees
4. Climate Change & Environment: Direct and indirect energy consumption, direct and indirect greenhouse gas emissions, other indirect greenhouse gas emissions (limited to business travel and mileage claims)

What we did to form our conclusions

The procedures performed in order to obtain limited assurance aim to verify the plausibility of information and probe less deeply than those performed for assurance engagements aimed at obtaining limited reasonable assurance. We designed our procedures in order to state whether anything has come to our attention to suggest that the subject matter detailed above has not been reported in accordance with the reporting criteria cited earlier. In order to form our conclusions we undertook the steps outlined below:

1. **Interviewed DiGi Telecommunications Sdn Bhd's executives** including the Chief Strategy and Corporate Affairs Officer who also holds responsibility for the sustainability reporting process, to understand the current status of their sustainable development agenda and activities.
2. **Undertook visits to** DiGi Telecommunications Sdn Bhd's offices including their Technology Operations Center.
3. **Reviewed DiGi Telecommunications Sdn Bhd's** processes for determining material issues to be included in the Report.
4. **Reviewed selected relevant internal documents** pertaining to the select indicators to assess the accuracy of reporting.
5. **Reviewed draft of the Report** for statements or assertions for consistency with the findings from our work.
6. **Traced select relevant sources of information** in line with the Telenor Group non financial reporting guidelines, reviewed conversion factors in relation to their sources, relevance and accuracy.
7. **Obtained and reviewed** evidence to support key assumptions and reasonableness in calculations and other data.

The limitations of our review

Our review was limited to the information on the select indicators set out within the Company's sustainability web content at <http://www.digi.com.my/sustainability>.

The accuracy and completeness of the sustainability indicators are subject to inherent limitations given their nature and methods for determining, calculating and estimating such data. Our assurance report should therefore be read in connection with DiGi's procedures on the reporting of its sustainability performance.

Our independence

Ernst & Young has provided independent assurance services in relation to the DiGi Telecommunications Sdn Bhd's Sustainability Report (2012). We have provided no other services relating to DiGi Telecommunications Sdn Bhd's approach to sustainability reporting.

In conducting our assurance engagement we have met the independence requirements of the Institute of Certified Public Accountants of Singapore, Code of Professional Conduct and Ethics. Our independence policies prohibit any financial interests in our clients that would or might be seen to impair independence. Each year, partners and staff are required to confirm their compliance with the firm's policies.

Observations and areas for improvement

Our observations and areas for improvement will be raised in a report to DiGi Telecommunications Sdn Bhd's Management. The focus on this report will be in addressing any identified gaps between the GRI principles for defining report content, materiality, completeness, sustainability context and stakeholder inclusiveness and those presented within the report. These observations do not affect our conclusions on the Report set out below.

Standardisation of data collection/compilation procedures from input sources need to be improved to ensure greater degree of relevance, consistency and accuracy in the Report. Categorisation and compilation of all the types of training imparted to employees need further organisation to arrive at a fuller picture of training investment in employees.

Conclusion

We believe that our procedures provide us with an appropriate basis to conclude with a limited level of assurance on the select indicators for DiGi Telecommunications Sdn Bhd's Sustainability Report 2012.

On the basis of our procedures aimed at obtaining limited assurance, nothing has come to our attention that causes us to believe that the information in the Report does not comply with the above mentioned reporting criteria and DiGi Telecommunications Sdn Bhd's self-declaration of GRI application level B+ is not fairly stated.



K SADASHIV
Partner
Climate Change and Sustainability Services
Ernst & Young LLP
26 April 2013

Note:

1. International Federation of the Accountants' International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (ISAE3000)