DiGi's Sustainability Report 2014

(For the digi.com.my/sustainability website)

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  - Scope – boundaries of reporting, reporting period, reporting process, new approaches, audience and accessibility

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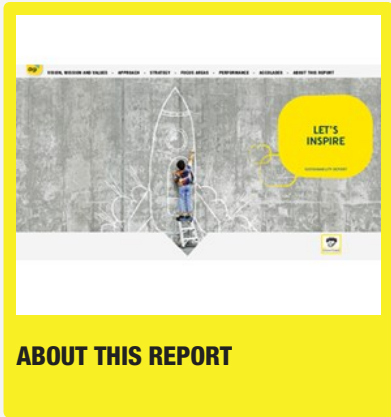 - Glossary

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CEO'S MESSAGE

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Message by CEO

Welcome to Digi's Sustainability Report 2014.

We believe in growing our business in a sustainable manner by empowering societies through extending the benefits of mobile communications and internet to all Malaysians, ensuring high standards of governance across our value chain, promoting ethical and responsible business practices, and in managing our environmental impact.

Internet empowering societies

In delivering our ambition to enable Internet For All, we also aim to inspire positive and safe usage, local content development and online entrepreneurship through various empowerment initiatives.

In our fifth edition of Challenge For Change (CFC5), we brought together over 200 young developers to transform crowd sourced ideas into mobile applications, with the winning team given the opportunity to advance their development through exposure to customer base and in programmes by our strategic partners. The Digi's WWWoW Internet For All Awards continued to promote a thriving online ecosystem by recognizing individuals, groups of individuals and businesses that drive positive impact towards their respective communities by leveraging on the power of the internet.

During the year, we further solidified efforts towards nurturing a safer internet ecosystem through our CyberSAFE in Schools programme, an initiative in partnership with CyberSecurity Malaysia. This year alone we reached out to 38,098* school children and empowered 130 ICT teachers with online safety skills, in addition to helping educate children living in urban poor centers. Together with our programme partners, we've also published one of the largest nationwide studies on online behaviour of children from insights gained from the responses of over 14,000 school children.

Setting high standards of ethics and governance

Our philosophy on sustainable business practices is expressed through a set of comprehensive policies and processes, monitored across key business functions, and periodically reported to senior management and our Board of Directors. We also regularly review our approach to ensure that relevant sustainability challenges are addressed across our value chain.

Core to our sustainability governance is the commitment to uphold and respect human rights. As signatories to the United Nations Global Compact, these values are deeply embedded in the Telenor Way, our Code of Conduct, and Supply Chain Principles. It guides our daily operations and expectations of our business partners.

In all our interactions with stakeholders, we expect employees to uphold the highest level of ethical and responsible business conduct. We introduced a 'No Gift Policy' and an Integrity Due Diligence process to further strengthen this commitment. In addition, as data becomes more intrinsic in our daily lives, we have taken proactive measures to ensure our systems and processes are robust to safe guard the privacy of our 11.7 million customers.

This year, we significantly strengthened the governance of health and safety to drive responsible business in our supply chain. We adopted a zero tolerance policy to address suppliers that contravene health and safety standards, with a stronger focus on high risk sites.

Managing our impact to the environment

For the year in review, we continued to see the effects of our investment in energy efficiency initiatives from our network modernisation. Energy consumption for our network remains 1.6% lower than in 2012, despite significant growth in customer base and service coverage. We have also improved our energy intensity per RM revenue.

Acknowledgements

Digi is a business built on people. Without the commitment of our 2,138 employees, we will not be able to drive our business and power our sustainability journey. The energy and passion of the employees stem from our constant engagement, and focus in attracting and retaining the most talented employees, and providing a rich and rewarding career opportunity for them.

Our partners have also been instrumental in helping us drive our sustainability agenda. Over the years, we continued to grow our network of partners and would like to take this opportunity to thank them for their support.

Finally I'm very pleased to report that Digi was included in the Channel NewsAsia Sustainability Ranking and the FTSE4Good Bursa Malaysia Index. We will continue to look at ways to improve our disclosure to meet stakeholder's expectations.

The key performance indicators in this year's Sustainability Report has obtained an independent assurance from Ernst & Young. I trust you will find this Sustainability Report informative and provides a fair and balanced view of our position and performance on key issues.

Albern Murty
Chief Executive Officer

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VISION,
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Vision

Our vision is to be the No.1 mobile internet provider for the mass market. We desire to be the source of inspiring internet content that is infectious and engaging.

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, supported by an efficient operation that brings 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.

APPROACH TO SUSTAINABILITY

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

We are committed to driving responsible and sustainable business practices throughout our organisation. This is achieved by ensuring high standards of governance across our entire operations, promoting responsible business practices, managing environmental impact, and extending the benefits of mobile communications to all Malaysians.

Our philosophy on sustainable business practices is expressed through a body of comprehensive policies and processes, monitored across key business functions, and periodically reported to the senior management and Board of Directors.

Our Sustainability approach is aligned to Telenor Group's Corporate Responsibility Strategy, Bursa Malaysia's CSR Framework, and the United Nations Global Compact (UNGC) Principles. We continue to regularly review this approach to ensure that relevant sustainability challenges are addressed across our value chain.

2014 Highlights

- **RM7** billion revenue
- **RM38.6** billion market capitalisation
- **11.4** million customers
- **2,138** employees
- **86% 3G** and **32% LTE** population coverage

GOVERNANCE

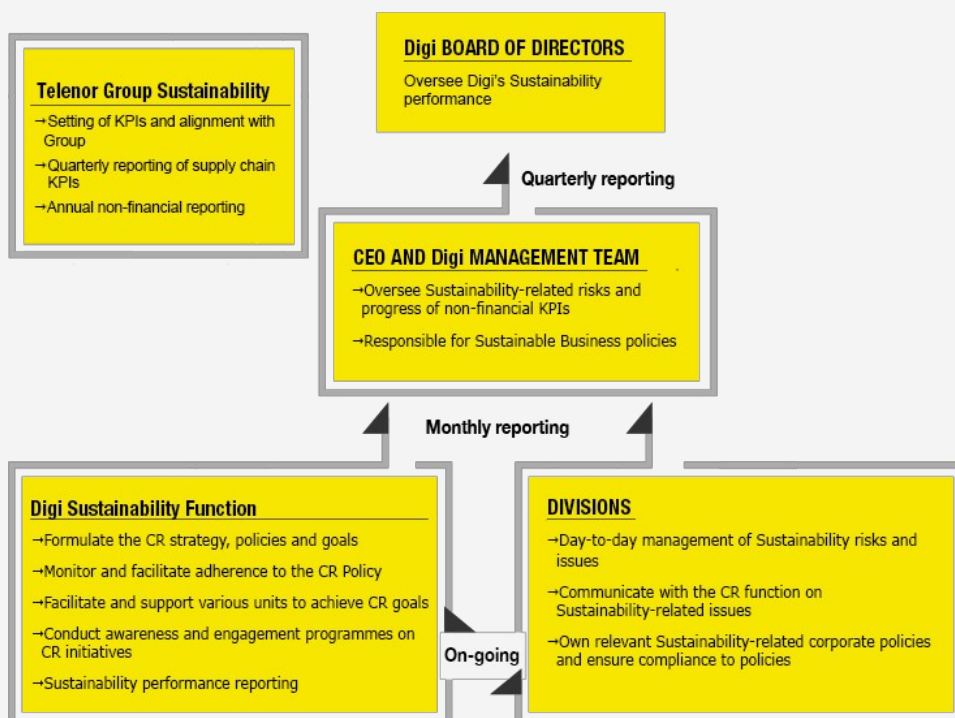STAKEHOLDER ENGAGEMENT

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Our sustainability governance and performance is tracked on an ongoing basis, and is reported and discussed both with Digi senior management and Board of Directors, and at Telenor Group.

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. These KPIs are also monitored and reported to Telenor Group Sustainability on a quarterly and annual basis to ensure our performance is in line with the Group.

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 issues.

Governance of Sustainable Business Practices

Telenor Group Sustainability
→Setting of KPIs and alignment with Group
→Quarterly reporting of supply chain KPIs
→Annual non-financial reporting

Digi BOARD OF DIRECTORS
Oversee Digi's Sustainability performance

Quarterly reporting

CEO AND Digi MANAGEMENT TEAM
→Oversee Sustainability-related risks and progress of non-financial KPIs
→Responsible for Sustainable Business policies

Monthly reporting

Digi Sustainability Function
→Formulate the CR strategy, policies and goals
→Monitor and facilitate adherence to the CR Policy
→Facilitate and support various units to achieve CR goals
→Conduct awareness and engagement programmes on CR initiatives
→Sustainability performance reporting

On-going

DIVISIONS
→Day-to-day management of Sustainability risks and issues
→Communicate with the CR function on Sustainability-related issues
→Own relevant Sustainability-related corporate policies and ensure compliance to policies

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STAKEHOLDER ENGAGEMENT

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As a responsible business, we invest in understanding and responding to expectations of stakeholders. A wide range of engagement platforms are used to engage based on the nature of our relationships and the issues discussed.

Our stakeholders are government agencies, institutions and individuals who have an interest in the sustainability of our business.Their importance to us is prioritised and validated with relevant key personnel and functional representatives, including Digi's Board of Directors.

The following table provides a list of our key stakeholder groups, the various engagement platforms and some key issues which are raised.

Stakeholders	Engagement Platforms	Issues	How we manage
Policy makers	• Regular reports and information sharing • Participation in government programmes and initiatives • Public-private partnership initiatives	• Affordability of internet • Quality of calls • Supporting national digital innovation agenda	We completed our network modernisation and introduced innovative packages to drive Internet For All
Customers	• Digi retail outlets • Customer Service channels (online customer service, 24-hour helpline) • Social media e.g. Facebook and Twitter • Consumer Forum Malaysia	• Network coverage and service quality • Bill shock due to inadvertent subscriptions of services • Barred accounts with Credit Reporting Agency CTOS	We conducted quarterly network drive tests, developed proprietary application for employees to actively report network performance, and established a new regional setup to manage network quality, and handle customer complaints at a cluster level
Employee	• Best on People Council • Digi Telecommunications Sdn Bhd Employee Union (DGEU) • Annual Employee Engagement Survey • Internal communications CEO's emails to employees • Quarterly Employee Townhall meetings • Leadership forums with all Extended Middle Managers	• Career planning and development • Fair and transparent rewards • Active engagement process across the region by Digi Management	Our on-going robust employee engagement programme across the region has seen a 4% increase in engagement scores. We signed the first collective agreement with DGEU Resolved over 55 issues raised through the Best on People Council.
Investors and Stock Analysts	• Local and overseas non-deal roadshows • Corporate presentations • Analyst briefings	• Corporate strategy and financial performance • Corporate governance and compliance	We conducted regular media engagements to provide updates on business performance and strategy, products and services updates, and address issues of customer concerns.

Business partners	• Product presentations • Annual Self-Assessment Questionnaires • Site inspections and audits • Training for suppliers	• Health and safety in supply chain • Mitigating non-compliance in supply chain • Anti-corruption and business integrity	We conducted information sharing and training with business partners and increased compliance audits to ensure they meet our supplier standards. Terminated two sub-contractors for failure to adhere to safety standards Suspended one supplier for a year for non-compliance with Code of Conduct
Media	• Media interviews • Media events • Formal and informal briefings • Media familiarisation visits	• Corporate strategy • Financial performance • Products and Services • Customer related issues	We conducted regular briefings and media engagements to provide updates on business performance and strategy, products and services updates and address issues of customer concerns.
Community and NGOs	• Engagement with business and industry forums • Engagement with relevant NGOs • Community development programmes	• Leveraging mobile technology on meeting local social needs and issues • Concerns of safe internet use by children	Our Digi CyberSAFE in Schools awareness programmes empowered over 38,098 children and 4,237 teachers and parents Challenge for Change Season 5 developed 56 full-fledged Malaysianised mobile apps from 2,500 crowdsourced ideas

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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.

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 pressing material sustainability issues has been structured into three main stages, namely

  I. Identification (Interviews with internal and external stakeholders),
 II. Prioritisation (Evaluate the importance of sustainability issues) and
III. Validation (Ensure a common understanding of material issues).

Our material issues are aligned with materiality of Telenor Group. Issues identified at Group level is assessed and prioritised according to our operational context, corporate strategy and stakeholder expectation. In 2014, our materiality matrix was further refined and focused on prioritising material issues and issues that have emerged over the course of business.

Sustainability issues at Digi

		Low	Medium	High
IMPORTANCE TO EXTERNAL STAKEHOLDERS	**High**		Digital responsibility Enabling services Ethics and anti-corruption	Corporate governance Service reliability and quality Sustainable supply chain
	Medium		EMF Waste management	Our employees Energy efficienct Data security and privacy
	Low		Tax	Licences
		Low	**Medium**	**High**
			IMPORTANCE TO DIGI	

Emerging material issues

Data Security and Privacy	Personal information and data of our subscribers are protected and not abused.
Ethics and anti-corruption*	Alignment and compliance with values of Telenor Way and increased focus following a case of attempted bribery by a supplier.
Sustainable supply chain*	Increased focus on health and safety compliance in our supply chain.

*Increased importance in materiality matrix

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	●	●	●	●	●	●	●	Loved by customers	
Industry Development	●			●		●		Drive & set industry standards	
Community Development	●		●			●	●	Most engaged corporate citizen	
Quality of Service	●	●	●	●	●	●	●	Loved by customers	
Climate Change					●		●	Smartest use of network & IT assets	Climate Change and Environment
Green ICT					●		●		
People Management	●		●	●				Passionate Employees	Passionate Employees
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)	●	●	●	●		●	●	Loved by customers	

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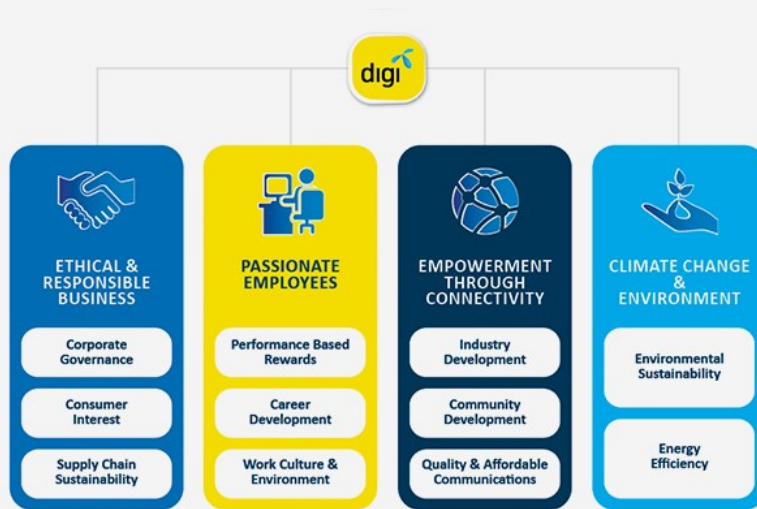 • Climate Change and Environment
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SUSTAINABILITY STRATEGY

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

ETHICAL & RESPONSIBLE BUSINESS	PASSIONATE EMPLOYEES	EMPOWERMENT THROUGH CONNECTIVITY	CLIMATE CHANGE & ENVIRONMENT
Corporate Governance	Performance Based Rewards	Industry Development	Environmental Sustainability
Consumer Interest	Career Development	Community Development	Energy Efficiency
Supply Chain Sustainability	Work Culture & Environment	Quality & Affordable Communications	

Empowerment Through Connectivity

We strive to harness our core competencies as one of 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, the Telenor Way, which encapsulates our Corporate Values, Code of Conduct, and policies and procedures that govern professional conduct.

→

Passionate Employees

We are steadfast in nurturing and investing in talent by creating a challenging and supportive work culture and environment, attractive development opportunities at all levels, and offering 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 environmental issues across our business operations to minimise our impacts.

→

EMPOWERMENT THROUGH CONNECTIVITY

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Approach

We are committed to bringing *Internet For All* Malaysians. Through innovative partnerships, we offer the most affordable internet access, enable online creativity, stimulate development of local talent and digital content and remain committed to empower safe internet use.

Christian Thrane - Digi's Chief Marketing 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.
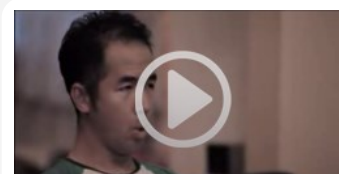
Watch a video by Adam, a Digi customer who is an active advocate of the empowering effect of the internet.

Strengthening our Telecommunications Infrastructure

Building our Tomorrow Network

In 2014 Digi invested RM904 million in capex to strengthen its infrastructure capabilities. This has allowed us to expand our 2G and 3G coverage to reach 95% and 86% population coverage respectively.

We increased our fibre network to more than 4,700km, and rolled out our LTE network to nine markets centres in Klang Valley, Penang, Kampar, Johor Bahru, Kuching, Kuantan, Tawau, Labuan and Miri. Our LTE coverage covers 32% of populated areas, with an ambition to reach 50% coverage footprint by end 2015.

Network Sharing

Network sharing is a growing industry initiative among telco operators to bring the benefits of mobile communication to more people. Through an industry agreed methodology, the common sharing unit (CSU) was developed to monitor the extent of sharing between companies. This significantly enhances our ability to deliver affordable, high-quality internet services to more Malaysians. Through decommissioning of common sites, it also allows for greener telecommunication with less base stations and generators needed to power our networks.

Together with Celcom, we have signed a long term collaborative deal with Telekom Malaysia (TM) to secure faster access to fibre infrastructure, for future network capacity demands. This formed an important part of the ongoing network collaboration between Digi and Celcom to roll out more than 10,000 km of fibre nationwide, and provided a good platform to capitalise on built and shared infrastructure synergies, optimise costs, and avoid infrastructure duplications. Importantly, this will significantly enhance our ability to deliver affordable and high-quality internet connectivity to more Malaysians in the coming years.

Having shared tower infrastructure, the initiative has extended to other common infrastructure such as cabins, E1 transmission capacity, fibre, generators sets, and cost sharing of electrification of rural sites. Future sharing initiatives may include security measures taken to patrol high potential vandalism sites or fibre routes, and rooftop sites.

Universal Service Provision

Last year, we launched the first Kampung Internet For All (Kg IFA) in Kg Gong Chengal, Kemaman, Terengganu. Digi's Kg IFA brings high-speed internet access to local communities in rural areas, and enables connectivity via WiFi and mobile internet, anywhere and anytime, as long as they are within the vicinity of the village. We plan to progressively rollout Kg IFA for communities nationwide in 2015.

We continue to support the government-led initiatives to extend mobile and broadband services to underserved communities. In 2014, Digi established an additional ten 1Malaysia Internet Centres (PI1M). We currently support 34 PI1Ms across Malaysia, with plans to bring the benefits of PI1Ms to another 30 rural and 40 urban poor communities in 2015

We contiune to explore initiatives that would enable each of our centres to be self-sustaining. We have begun pilot project in six PI1Ms to include retail touch points, support Digital entrepreneurship training for SMEs and online education opportunities for young adults.

Digi's Kg. IFA brings high-speed internet connectivity to rural villages with the aim of catalysing social economic development for local underserved communities in Malaysia.

Initiative	Outcome
• Telephony conversion	Converted 2,500 fixed to mobile lines.
• Wireless Village	Provided wireless broadband access to 340 villages.
• Upgraded 2G to 3G sites	Provided collective wireless broadband access to communities within the vicinity of 311 upgraded sites.
• 1Malaysia Internet Centers (PI1MS)	Established 34 centres to date. An additional 30 rural and 40 urban poor centres to be commissioned progressively in 2015.
• WiFi 1Malaysia	Provided collective wireless broadband access to more than 100 identified common public areas and tourist hotspots

	Digi-managed 1Malaysia Internet Centers			
1	Kg. Pandan, Kuantan, Pahang	18	Kg. Tg. Genting, Johor
2	Kg. Ubai, Kuantan, Pahang	19	Felda Lepar Hilir, Pahang
3	Pasir Gajah, Kemaman, Terengganu	20	Kg. Seri Damai, Pahang
4	Taman Semarak Binjai, Kemaman, Terengganu	21	Bukit Kuang, Terengganu
5	Kg. Umbai, Jasin, Melaka	22	Kg. Geliga, Terengganu
6	Kg. Sg Rambai, Jasin, Melaka	23	Kg. Belimbing, Kelantan
7	Kg. Teriang Besar, Mersing, Johor	24	Kg. Chawas, Kelantan
8	Felda Tenggaroh 3, Mersing, Johor	25	Kg Duyong Melaka
9	Lundu, Sarawak	26	Kelebang Besar Melaka
10	Kuala Berang, Hulu Terengganu	27	Kg Parit Salleh Ros Batu Pahat Johor
11	Kg. Bukit Diman, Ajil, Hulu Terengganu	28	Sg. Nibong Batu Pahat Johor
12	Felda Kemahang 3 Tanah Merah Kelantan	29	Kg Banggol Setiu Terengganu
13	Kampung Gual Ipoh Kusial Tanah Merah Kelantan	30	Kg Fikri Setiu Terengganu
14	Sematan Sarawak	31	Kg Padang Tok La Pasir Mas Kelantan
15	Kg. Masjid Baru, Melaka	32	Tendong Pasir Mas Kelantan
16	Bandar Baru Merlimau, Melaka	33	Sg Petai Pasir Putih Kelantan
17	Felda Nitar 2, Johor	34	Balai Tok Janggut Pasir Putih Kelantan

Industry Development

We recognise the immense positive role the internet plays in enabling society, and our responsibility to support development and drive innovation in the local telecommunications industry. By launching affordable products and widening access opportunities, especially in the rural areas, we support the national agenda of building a digital Malaysia.

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 Malaysia - 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 2014, 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

With the completion and migration to the new, next generation billing system, we are able to faster rollout highly customisable, innovative products and service offerings to the market. With just over 56% of our customers online, we recognise the potential to bring more customers to enjoy inspiring content on the internet.

- First to launch a plan with YouTube globally, giving customers an option to access YouTube content for only RM0.50 per day.
- No. 1 in market in distribution of smartphones with data plans.
- First in Malaysia to provide continued unlimited Opera Mini access after exceeding internet quota to continue basic access.
- Two new Best for Internet offerings, weekly prepaid mobile internet add-ons for as low as RM3.
- Introduced the new all-in-one Digi Prepaid XL 28 and 38 packages, offering customers big value for a complete combo of internet services.
- Launched SK2 and Pakej Mampu Milik smartphone bundles targeted at increasing Internet for All in rural areas. Bundles with Free Digi Easy Prepaid and 1-year free internet (250MB/mth) and 1GB of Prepaid Broadband for RM25 respectively.
- First to offer Xiaomi Mi3 smartphones with Digi SmartPlan.
- Launched MobiFi, a new portable wireless router that allows up to 10 WiFi enabled devices to simultaneously connect to the internet.
- First in Malaysia to launch a dedicated app for Ring Back Tones.
- First in Malaysia to launch streaming service (Play) & MP3 downloads (Pluz) to distribute local content.

Capability Development

Digi Challenge For Change programme

In its 5th season Digi Challenge for Change (Digi CFC) focused on discovering and developing innovative Malaysia centric mobile applications. More than 2,500 ideas were crowdsourced during the ideation phase across the social categories of Connected Citizens, Health and Wellness, Learning and Edutainment, Discovering Culture, and a special Digizen's choice category. Winning ideas from each of these categories were selected and used by over 200 mobile developers to develop 56 full-fledged mobile apps.

As part of the programme, the winning team had the opportunity to gain international exposure by representing Malaysia at the Digital Winners Conference Summit in Oslo, hosted by Telenor Digital. The conference presented thought leadership and networking opportunities with 300 top global executives and entrepreneurs in media, technology and communications sectors.

Digi provided go-to-market support for the four winning apps by making them available on our app store, promoting them to our customers at retail outlets and social media platform. Our established partnerships with the Economic Transformation Programme (ETP), the National Digital Economy Initiative (Digital Malaysia), Google Malaysia and Microsoft Malaysia, 1Malaysia for Youth (iM4U) and the Malaysian Administrative Modernisation and Management Planning Unit (MAMPU) also supported and promoted the apps through their channels.

"I believe the internet brings positive changes to Malaysians particularly in connecting relevant content, convenience and economic opportunities to Malaysians of all walks of life. Programmes like Challenge for Change help promote local content development, which is a key component in this value chain. I am pleased to see Digi taking an active role in driving internet usage through mobile apps and nurturing an inclusive app ecosystem that encourages innovation."

YBhg Datuk Che Azemi Haron
Deputy Secretary-General of the Communications and Multimedia Ministry, on behalf of Minister YB Dato' Sri Ahmad Shabery Cheek.

"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

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.

2013

- Invited Malaysians and local app developers to ideate and build innovative community-centric mobile apps that bring Malaysians together for positive change.
- Strengthened the Challenge by refining into four categories: Learning & Edutainment, Health & Wellness, Discovering Culture, and a new category called Connected Citizens for mobile app ideas that facilitate the delivery of public services.
- Created focused development session for the Ideation phase, #IDEAJAM, an 'idea hackathon' that served as checkpoint for participants to refine their ideas with input and insights from industry experts and partners.

2014

- Over 200 mobile developers created 56 full-fledged mobile apps.
- Announced winners of the fifth edition of Digi Challenge for Change for creating mobile apps that improve Malaysian lives.
- Winning mobile apps were promoted across Digi's mobile internet customer base, and various customer touch points.

Telenor Youth Summit

The Telenor Youth Summit captures the transformative power of mobile and digital communication. It aims to tap the minds of youth and learn how to best continue driving positive change in society through the use of mobile internet.

Digi ran a challenge to select two youths to represent Malaysia at the Telenor Youth Summit in Oslo. Christine Cheah and Yong Wei Shian won with their respective ideas to connect cancer patients to virtually support each other, and channeling unconsumed and near-expiry food from restaurants, bakeries, hoteliers and wholesalers to local soup kitchens.

Interaction at the Summit with youths from 12 other Telenor business units provided learning and collaborative opportunities to extend the impact of their mobile internet initiatives. They were enlightened by global leaders and technical experts, and inspired by attending events leading up to the Nobel Peace Prize. Digi will continue to support these inspired ideas through relevant market and stakeholder engagement opportunities.

Community Development

Our efforts in community development focus on creating a safer internet for children, and supporting nation-building initiatives in communities which are relevant to our business. Over the years, we have developed and strengthened strategic partnerships to leverage on our capabilities to deliver mobile internet to all Malaysians.

Click here to download our free guidelines to Safe Internet

Safe Internet for Children

2013

In 2013, we deepened our efforts on raising awareness and creating safe online experiences with students through Digi's CyberSAFE in Schools Programme. The focus this year was on developing trusted ambassadors who are able to influence students' appreciation of cyber safety, and we trained 459 ICT and digital library teachers and education ministry staff from over 450 schools nationwide. Polling views of 15,256* students in these schools, Digi also published a comprehensive nationwide survey detailing students' level of awareness on online safety.

For its efforts, Digi was awarded the Best Outreach Provider of the Year award for the second consecutive year in the Malaysia Cyber Security Awards 2013.

"I am proud to be an ambassador for Digi's CyberSAFE in Schools program and commend their continued investment in our students in partnership with our teachers and education programs. I particularly commend their dedication to remaining relevant to the online issues that face our students in the internet age."

Yusnizam Mohd
Teacher & CyberSAFE Ambassador of the Year 2013
Sekolah Menegah Kebangsaan Ahmad Pekan

"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.

2014

In 2014, we enhanced and expanded our safe internet advocacy efforts to empower Malaysian children with digital resiliency skills and foster responsible digital citizenship. Our Digi CyberSAFE™ in Schools awareness workshops reached 38,098* secondary students and 4,237 teachers and parents. We also trained over 130 ICT teachers as ambassadors on cyber safety awareness. We piloted outreach to urban poor communities by organising CyberSAFE™ workshops for children living in People's Housing Programme or Program Perumahan Rakyat (PPR). Digi's CyberSAFE™ in Schools is a strategic partnership with the Education Ministry, MCMC, CyberSecurity Malaysia, Childline Malaysia, and Protect and Save the Children.

We published a National Survey 2014: CyberSAFE™ in Schools report, the largest national survey of online behavioural patterns and cyber risks of 14,000 Malaysian schoolchildren. Themed Safety Net: Capacity Building Among Malaysian Schoolchildren on Staying Safe Online, the survey used inferential statistics to unearth deeper insights, and provided national level recommendations for improving capacity building in digital citizenship and ensuring a positive online experience for schoolchildren.

We widened the reach of our advocacy efforts with increased online engagement. We launched an online safety education portal, to provide children with a fun and interactive cyber safety learning experience. The portal provides games and tips on how children can remain safe online. Our latest series of public service announcements (PSA) feature the three most common online risks faced by children – cyber-bullying, cyber-grooming and cyber-stalking. These PSAs are also made accessible across Digi's social media channels.

We deepened our partnership engagements with UNICEF Malaysia, Childline Malaysia and the Association of Registered Childcare Providers Malaysia (ARCPM) by launching two campaigns, the 'My Promise to Children' and 'Stop It Now! #ENDviolence Against Children'. These campaigns promoted greater awareness on the rights of children, and on protecting and halting violence against children, particularly on the internet.

Bringing Malaysians Together

Tapping on the positive potential of the internet, we continue to create inspiring, positive, enriching content to connect Malaysians. We celebrated with customers their love for Malaysia and recognised local content producers at the third edition of the Digi WWWoW Internet For All Awards. In times of national tragedy, we used our capacity to connect and lend support to affected family and friends

#WELOVEMY In conjunction with our Customer First Day on 25 Sept 2014, Digi invited customers to celebrate all things beautiful about Malaysia by sharing everything they love about our beloved 'tanah air'; from Malaysian icons and meaningful moments to anything from the past and present that make up the love for our home country.
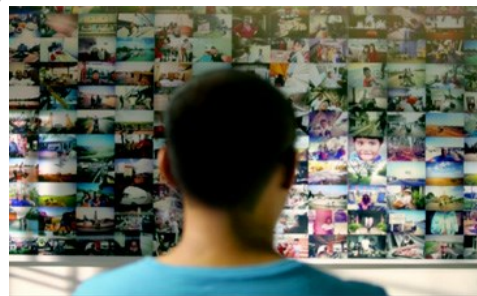
What's Your Internet Story? With the support of Google Malaysia, Digi launched the 'What's Your Internet Story?' campaign. The campaign reached out to uncover inspiring stories of Malaysians who, being connected to mobile internet and using Google products and tools, have enriched their lives and those of others.

WWWOW Internet For All Awards Malaysia's first and only internet accolade recognises the achievements of ordinary avid internet users. The third edition of Digi WWWOW Internet for All Awards celebrated netizens who created inspiring local content that gave others more reason to use and subsequently benefit from the internet.

Support to those affected by MH370 & MH17 tragedy Digi offered free calls to Malaysia Airlines hotline for family and friends of passengers on board MH370 and MH17.

East Coast Flood Relief Effort Digi organised a collection drive to assist victims of the worst floods to affect the east coast of Peninsular Malaysia. A 20 tonne (40 feet long) trailer was packed with donated items from Digizens and the public and sent to a Digi collection point in Kelantan for distribution.
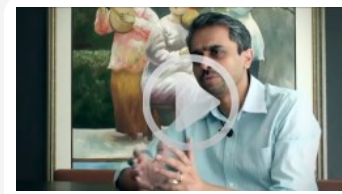
ETHICAL
AND
RESPONSIBLE
BUSINESS

SUSTAINABILITY REPORT

Approach

Digi relentlessly upholds a high standard of corporate governance and ethics, aligned to the Telenor Way that defines our aspirations and sets the standard for how we do business. This governance framework outlines our corporate values, codes of conduct, governing policies and procedures. These values and expectations also extend to business partners across our extensive supply chain.

Albern Murty - Digi's Chief Executive 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, the Telenor Way, which encapsulates our corporate values, Code of Conduct, Supplier Conduct Principles and various policies and procedures governing professional conduct across our value chain.

DIGI'S CORPORATE GOVERNANCE JOURNEY

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.

2013

- Sourcing Department became a member of Telenor Group's Global Sourcing Organisation (GSO) to align to Group's new sourcing and manual.
- Established a new, comprehensive set of compliance principles, frameworks and initiatives in addition to the existing information security management programme.
- Digi's Privacy Statement is made available to customers via Digi's website and Online Customer Service site, and physical copies upon request.
- Introduced the Personal Information Notice and Data Protection Clause to protect existing, new and potential Digi employees.

2014

- Reviewed and aligned the Digi Code of Conduct
- Instituted a No Gift Policy and an integrity due diligence
- Conducted human rights due diligence

Our Initiatives

Digi Way of Work

Digi Values

We have worked towards a stronger integration of Digi values into all relevant processes. This includes translating values into behavioral goals as a basis for one-on-one performance and development dialogues. Employee performance evaluation is 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.

Code of Conduct

Digi's Code of Conduct provides guiding principles on professional conduct for employees. The Code emphasises the importance of compliance, and provides greater clarity on the consequences of misconduct and infringements. All new employees undergo half day training on the Code of Conduct and are required to formally acknowledge that they have read and understood the Code.

In 2014, we revised our Code of Conduct to better align with the changes in other Digi policies and to reflect the current business environment. The refresh provided additional guidance for Digizens to avoid conflict of interests, emphasised security of assets against cyber-crimes, and enhanced anti-corruption on measures through adoption of a 'No Gift Policy'. A series of awareness briefings and training on handling of compliance incidents were conducted for all managers.

Digi Governance Programme

The Digi Governance Programme ensures that policies and internal controls are streamlined, as well as strengthened to comply with emerging laws and regulations that are critical to long-term business performance. This involved reviewing and updating all 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 (ABC) and exception handling, as well as monitoring and follow-up.

- **Health Safety Security and Environment** - 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, integrity 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 way, 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 legal risk assessment, information freeze or legal hold, reporting of legal exposure, claims and disputes, and compliance with competition laws.

Ethic and compliance

The Head of Ethics and Compliance reports to the Head of Legal and Compliance and directly to the Board twice a year. We provide multiple avenues to report non-compliance against our Code of Conduct. Non-reporting of non-compliance also constitutes a breach of our code.

We implemented an Integrity Due Diligence (IDD) process to ensure that business partners share our commitment to anti - corruption practices. The IDD ensures that prior to signing of an agreement, a systematic collection and analysis of information to assess the risk of being associated with prospective business partner is conducted.

In 2014, three cases of non-compliance with our Code of Conduct were reported to the Ethics and Compliance Unit. One case involved an employee of a vendor. The employee resigned and the vendor was instructed to conduct an external audit on its anti-corruption programme. The vendor was suspended from existing and new business in Digi for one year and the case was reported to the Malaysian Anti-Corruption Commission. Two other allegations could not be substantiated with sufficient evidence to proceed.

Human rights due diligence

As a signatory to the United Nations Global Compact, we adhere to the principles to respect human rights in our business operations and within our sphere of influence. These principles are embedded in our Code of Conduct, Supply Chain Principles and core policies.

In late 2014, we deepened our commitment by conducting a human rights due diligence assessment aligned to the United Nations Guiding Principles of Business and Human Rights. The Principles is the global standard to prevent, respect, and remedy human rights risks linked to business activities. We conducted internal interviews, reviewed policies and existing processes to map and identify potential areas for improvement to mitigate any risk of complicity.

Supply Chain Sustainability

We recognise the immense impact on the lives of thousands of employees working directly and indirectly in our supply chain. The Supplier Conduct Principles (SCP) Framework commits suppliers to adhere to the ILO Core Labour Standards of freedom of association and rights to collective bargaining, the elimination of discrimination, bonded and child labour. The SCP is reflected in the Agreement of Business Conduct (ABC) which is signed by all suppliers must agree and sign the before commencing work with us. Compliance to the ABC is reported quarterly to the Board of Directors and Telenor Group Supply Chain.

Supply Chain Sustainability Journey

2012

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

2013

Actively monitor operations for any environmental impact and business association risks and ensuring that sourcing procedures to include:

- Requirements for sustainable sourcing,
- Compliant to the Agreement of Responsible Business Conduct (ABC) or Supplier Conduct Principles (SCP) frameworks with all business associates.

2014

- Implemented zero tolerance policy on health and safety
- Doubled the number of inspections, focusing on contractors working in high risk areas
- Terminated two sub-contractors for non-compliance with our health and safety policy

Our Initiatives

Health and safety in supply chain

Each day our employees and workers of contractors climb towers, stand on roof tops, and lay fibre along busy roads. Sites are assessed for potential hazards and personal protective equipment needed before work is allowed to commence. In 2014, we conducted 12 training sessions with our contractors to promote a safety culture.

Our expectation is for all our contractors to be compliant with our standards, and we target for zero non-compliance. Each year, suppliers complete a self-assessment questionnaires (SAQ) from which risks are analysed and identified. We work with suppliers to address and reduce these risks as soon as possible. In ensuring compliance with the ABC, we conduct random and planned audits of high risk suppliers. In 2014, we conducted 421 site inspections, of which 92% were unannounced.

Zero tolerance to unsafe working conditions

Digi strengthened governance of health and safety of workers in our supply chain, especially those working on base stations, roof tops, and close to roads. A Health, Safety, Security and Environment (HSSE) Governance Committee comprising the Chief Executive Officer, Chief Operating Officer and the Chief Human Resource Officer was established to review policies, procedures and receive updates on safety compliance.

The HSSE and Supply Chain team meets fortnightly to discuss progress of inspections and corrective actions taken on non-compliance. Remediation of major noncompliance was shortened from a month to two weeks. Health and safety is now a standing agenda item at weekly project meetings with contractors.

We instituted a zero tolerance policy towards unsafe work practices at our sites. An 'Immediate Stop Work Order' is issued across all contractors' sites if workers are found working without safety helmets, safety harnesses, or a Working at Height Certification. Contractors are only allowed to resume operations once the required training and mitigation measures have been implemented.

We engaged extensively with the senior management of our contractors and doubled the number of site inspection to demonstrate our commitments. Despite potential of delaying our network rollout, two sub-contractors were terminated for violating our safety standards.

In 2015, we will double the number of inspectors to support our continued efforts to drive a change in the safety culture. Inspectors will be based in our regions to allow for more inspections and faster response times. We target to conduct 800 inspections, of which 90% will be unannounced. We target to conduct 2,000 training hours to workers of contractors to drive change in safety culture. Health and safety will be included as a criterion for all requests for proposals to ensure we partner suppliers aligned to our safety values. We will also begin engaging with industry peers to take a joint position on health and safety to promote a cultural change in the industry.

Customer Interest

We respect and recognise the rights of our customers to enjoy a satisfactory level of service that we offer in our packages. We provide avenues to address to their complaints and concerns when we do not meet their expectations. We ensure that personal information and customer data are kept confidential.

Our Initiatives

Regulatory standards

The Malaysian Communications and Multimedia Commission (MCMC) established under the Malaysian Communications and Multimedia Commission Act (1998) and the Communications and Multimedia Act (1998), is the industry regulator. Among its regulatory framework, the Commission ensures consumers enjoy a choice of service providers, satisfactory levels of services at affordable prices, and facilitates industry collaboration.

The Communications and Multimedia Consumer Forum Malaysia (CFM) is an industry wide initiative involving all mobile operators and consumer associations to protect the rights of consumers. The CFM has developed the General Consumer Code (GCC) and the Internet Access Code which serves as the standards for the provision of telecommunication services.

All complaints raised to the CFM are logged and responded to within 15 working days. Issues of call quality, bill shock from subscription of services, and registration of subscribers with unpaid bills with the national credit rating agency are the most common issues raised by consumers to the CFM.

Customer Satisfaction

In 2014, we conducted a review of our customer's journey, and identified what matters most to customers. We established a Customer Governance Forum, comprising senior management from cross function, to provide a seamless and efficient avenue to address customer issues. We established a regional base set up for our customer base teams to provide faster and efficient response.

Every interaction at our retail outlets and customer call centre is rated by customers. Real time tracking and a closed feedback loop ensures issues are resolved quickly. In 2014, Digi was rated No.1 in Net Promoter Score (NPS) among mobile operators in Malaysia for three of the four quarters, ending a streak of seven consecutive quarters. The NPS is an organisation-wide strategy to further entrench the importance of customer centricity. Conducted by a third party, the NPS rates Digi in comparison with the other service providers.

Privacy

The confidentiality of the personal information of our 11 million customers is handled with strict standards, in order to prevent any unauthorised access or any use that is beyond what we have agreed with the customer. Our networks and value-added services are ISO27000 Certified for Information Security compliant.

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. Digi's Personal Information Notice and Data Protection Clause protects existing, new and potential DiGi employees. It requires individuals to consent and acknowledge the ways in which we will use, keep, process, and share their personal data in accordance to the Act.

In 2014, a third party independent assessment was conducted to strengthen our privacy systems and processes. A series of risks were identified and its likelihood and consequences ranked. We have developed mitigation measures to be implemented through 2015 to further improve our processes.

Addressing Radio Frequency Emissions

Our commitment to deliver safe services to our customers 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. Radio Frequency (RF) tests conducted in 2014 show that emission levels are well within permissible limits of these standards.

While there is inconclusive evidence about health risks posed by 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 to demand 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.

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

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PASSIONATE EMPLOYEES

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We continue to be steadfast in cultivating passionate and engaged employees, harnessing the diversity of over 2,138 Digizens across six regions. We remain committed to foster a culture that nurtures and invests in the welfare of strong talent by creating a challenging and supportive work culture and environment, attractive development opportunities at all levels, and competitive and performance-based rewards for all Digizens.

Passionate Employees Highlights

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.

2013

- Refreshed organisational structure and senior management line-up.
- Improvements on competency framework.
- Implemented targeted training platforms for all employees, managers and leaders.
- Launched workday, an integrated HR information system.

2014

- Launched refresh of the Telenor Way
- Improved employee engagement scores by 4%
- Signed the first collective bargaining agreement with Digi Telecommunications Sdn Bhd Employees Union (DGEU)

Engaging and Supportive Work Environment

We believe having the most engaged employees is key to our continuous and sustained growth. Through adopting an open culture, we cultivate an environment that encompasses our values, by keeping our promises, respecting all stakeholders, making it easy, and being inspiring.

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 Initiatives

Strengthening Employee Engagement

We continued to invest strategically in the engagement and well-being of our employees. We actively engage Digizens through multiple platforms where we listen, encourage open dialogues, and proactively seek feedback. The success of these engagements is reflected in a 4% rise in Digi's annual employee engagement survey.

We launched the refocused Telenor Way building upon our strong, cohesive corporate culture to drive continuous growth for Digi. This redefined Telenor Way clearly outlines our aspirations and standards for business conduct for all employees, and introduced a new set of 'Leadership attitudes' or 'e4' to guide our management team. The e4 defines the mindset expected of our leaders - to explore, engage, empower and execute - in steering the company forward. A series of workshops was conducted for leaders to understand and internalise this new set of behaviours.

We also conducted an employee welfare related policy roadshow to gain feedback from Digizens on matters most pertinent to them. This resulted in more comprehensive employee benefits and performance incentives. Follow-up engagements were conducted to close the feedback loop.

Best on People Council

For the third continuous year, the Best on People Council (BOPC) provided another regular sounding board between the management and Digizens in the spirit of building an engaging and supportive work environment. In 2014, the 17 member council addressed 55 issues with Digi management relating to employee benefits, development and rewards, workplace facilities, and employee welfare were addressed. These issues were addressed to in close alignment with feedback received via the policy roadshow.

Members of the Best On People Council with Digi Management Team

First Collective Agreement

Digi respects and supports the right to organise and the right to collective bargaining, within national laws and regulations. Aligned to this, we signed our first collective agreement with the newly formed in-house union, Digi Telecommunications Sdn Bhd Employees Union (DGEU) in December.

The collective agreement recognises DGEU as the sole bargaining body for all eligible employees, covering all permanent employees of Digi apart from those with executive, managerial, confidential, and security functions in Peninsular Malaysia. The agreement regulates the harmonious relations between Digi and DGEU, and covers a wide range of employment terms and conditions for eligible employees.

The first collective agreement was signed at the company's headquarters by then Digi CEO Lars Norling and DGEU President Ismail bin Jonid, and witnessed by Director-General of the Department of Industrial Relations Fong Khei Por

Townhall : Quarterly gathering with Digi management

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

Promoting Health, Safety and Wellness

Healthy and safety of our employees are important for the long-term sustainability of company performance. Health and safety is reported to the Board of Directors quarterly and reviewed annually by the Digi management team.

Our regional offices, retail outlets and main switching centres are certified OHSAS 18001 compliant and undergo annual management internal systems audits. Each regional operation has a health and safety committee, comprising equally of management and employee representatives.

We continue to drive safety awareness and capacity building of our employees to be exemplary in the industry. All employees are inducted into the Digi health and safety culture through video learning as part of their onboarding. We conducted training for regional champions and two supply chain business assurance inspectors. We developed customised training for our field force team and retail stores. We ensure that our employees' certifications for working at height with the Construction Industrial Development Board and first aid are up to date.

Ensuring fast and correct response in times of emergencies can save the lives of our employees. The Central Emergency Response Team was trained in fire and evacuation by the local fire department. We conducted two random and one announced fire drill to ensure employees act accordingly in times of emergency. A crisis simulation exercise was held for Digi management team to ensure fast response to business critical emergencies such as network outages and data migration to the new system.

We support wellness pursuits of our employees. An in-house fitness centre at D'House allows access to fitness facilities and fitness activities such as weekly aerobics classes and friendly games between divisions are regularly organised. Fresh fruits are distributed to employees three times a week. Employees can also opt to monetise their employee benefits to pay for gym membership.

Digi's commitment to Health, Safety, Security and Environment (HSSE) sets high standards on governance for safety compliance across our supply chain, with regular review of policies and procedures by a governance committee comprising our senior management team.
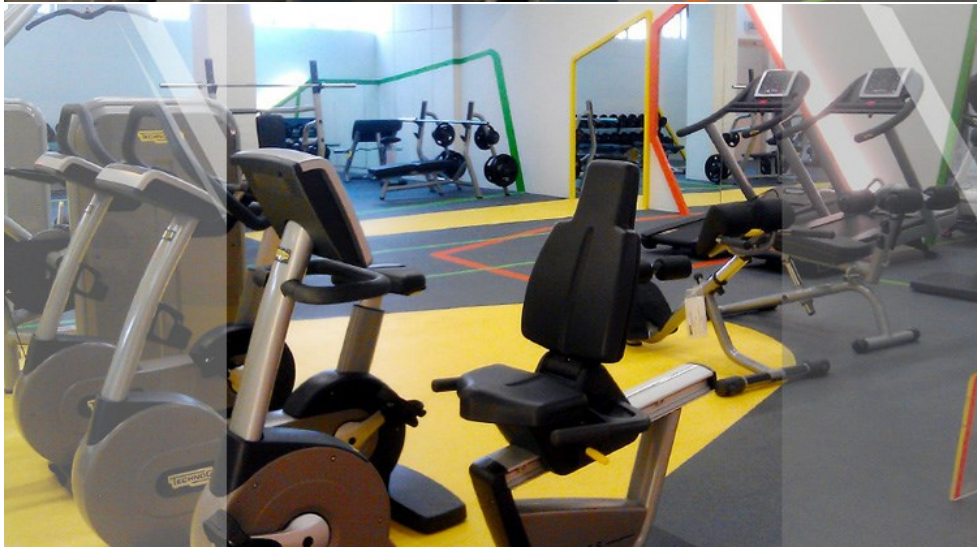
D'Gym : One of the initiatives to encourage employees to maintain a healthy lifestyle. The gym is open daily from 6.30a.m. to 9.00p.m.

Customer Centricity

Digi has a strong track record in fostering a customer-focused culture and way of work across our entire value chain. This year, we continued to nurture this customer-centric mindset by enabling numerous customer engagement platforms for Digizens across all levels.

Our senior management team leads by example with quarterly regional tours to engage employees and strengthen relationships with dealers. Digizens are immersed in this culture by attending a two day attachment at a Digi Store as part of their onboarding process, listening to and answering customer calls at our contact centre, and participating in quarterly network drive tests to develop a strong understanding of our customers' needs. Digizens' participation in our annual Customer First Day to appreciate customers demonstrates and deepens our commitment to a culture of placing customers first.

Digi Management Team engaging with customers on their experience on the Digi modernised brand new network.

Over 1,200 Digizens mobilised across the Klang Valley for Digi's annual Customer First Day to engage and appreciate loyal customers.

Quarterly network drive test by Digizens to test quality of our network.

Attractive Career Development Opportunities

We advocate continuous learning for all our employees to constantly stretch their limits and challenge status quo. We support their development journey, by putting in place a platform where employees are constantly engaged and informed of opportunities available within Digi and as well as at Telenor Group.

Our Initiatives

Telenor Development and Performance

The Telenor Development & Performance (TDP) process facilitates a career conversation between all employees and their immediate supervisor. The process identifies and captures an employee's aspiration and development requirements. In 2014, 69% of employees completed their annual TDP, and we are monitoring to ensure the managers support the remaining employees to complete their TDP.

We look to develop our future leaders from within the organisation. The TDP feeds into our annual talent review exercise ensure we have full visibility of our talent. This ensures high performing talent are identified and provided with the right opportunities for building exposure, knowledge and experience in the relevant areas.

In 2014, four of our talented employees had the opportunity to undertake short and long-term mobility assignments to Telenor offices around the globe.

Valuing Diversity

We recognise the value that diversity brings to Digi. We welcome the variety of skills, experiences and backgrounds that nurtures our collaborative workplace culture. Our anti-discrimination policy aims to create a fair and flexible working environment, which promotes personal and professional growth.

Our facilities are disabled friendly to allow easy access for Digizens who are disabled. We have a range of policies and facilities that support women in the workplace, especially those returning from maternity. A diversity scorecard on gender, ethnicity and age composition is reported to the Board annually to ensure diversity across our operations.

Competitive and Performance-Based Rewards

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

Our Initiatives

Flexible Benefits

Our flexible benefit plans empowers employees to choose benefits that best suit their needs and lifestyles. The design and development of the plan is base on industry best practices and employee feedback.

The flexible benefit 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.

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CLIMATE CHANGE AND ENVIRONMENT

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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. Our environmental programme is governed by a robust internationally recognised management and reporting system which meets international standards.

Albern Murty - Digi's Chief Executive Officer, shares our approach to Climate Change and Environment.

Climate Change and Environmental Highlights

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.

2013

- Digi converted 23 off-grid sites to grid power, and downsized generators for another 23 sites to reduce dependency on diesel-fuel.
- Additional number of off-grid sites have been converted into hybrid-solar sites capitalising the use of renewable energy.
- Decommissioned over 100 sites due to from the infrastructure sharing initiative with Celcom and contributed to the reduction in energy usage within Digi's network.

2014

- Optimised 41 generators and installed seven hybrid-solar sites
- Awarded Top Performer "Excellence Award" at the inaugural MyCarbon Disclosure Project Awards
- Above our energy intensity target of 34.8 MWh per RM revenue

Driving Energy Efficiency

We have mapped, estimated and tracked energy used from grid and generators for our network, buildings, flights, fleet and rental vehicles. This has given us a deeper understanding of where our most significant emissions are produced and more accurately identify target initiatives to reduce emissions while driving business goals.

In 2014, we consumed 247.1 GWh in our operations, a year-on-year increase of 2.3%. Our energy intensity continued to improve year-on-year to 35.1 MWh per RM revenue, although we exceeded our target of 34.8 MWh per RM revenue. This was due to the ongoing rollout of our 2G, 3G and LTE network

Our Initiatives

Network Energy Efficiency

Over the past three years, our focus has been to improve the energy efficiency of our network which represents over 90% of total energy consumption. In 2014, our network consumption of grid power for our network increased by 1.1% year on year compared to 2013. Despite customer growth of 8.5%, expansion of 3G coverage by 18%, and the ongoing LTE rollout, network energy consumption more from the grid in 2014 was 1.6% lower compared to 2012. We attribute this to our network modernisation exercise, and expect to see improvements in energy intensity.

Generators to power base stations off the national power grid accounts for 3% of our base stations. Last year we optimised an additional 41 generators to reduce diesel consumption. We have seen a 7.9% increase in diesel consumption due to increased roll out of portable generators to reach customers living in underserved areas, and post east coast flood recovery of more than 200 base stations.

We also, we installed an additional seven hybrid solar powered sites and increased our solar energy use by 16.3% year on year. Our 74 solar powered sites accounts for 0.56GWh or less than 1% of our energy used for the network. We will continue to explore potential sites to install and migrate to solar as the technology advance and investment costs decreases.

Building Energy Efficiency

The energy efficiency initiatives of our building operations have seen a stablisation in our energy consumption. Despite an increase in head count and longer operational hours during the three-month billing system migration exercise, energy use for buildings increased 0.1% year on year. We have rolled out energy efficiency improvements to our regional operations, and replaced over 700 light fittings with lower wattage bulbs.

In 2015, we will begin refurbishment of our headquarters D'House, where majority of our employees are based. Targeted to meet LEED Commercial Interior Gold Certification, we estimate the refurbishment to help us achieve a reduction of 35% in energy and 20% in water use. The certification will require us to recycle 95% of wastes generated during the refurbishment, use 30% recycled building material, 30% material produced in the region, and low volatile organic compound products to reduce risk of sick building syndrome.

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.

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)

Energy efficiency initiatives

We will continue to explore opportunities to improve energy delivery across our operations through investing in innovative energy saving solutions and develop strategic partnerships in pursuit of *Internet For All*. Since 2011, we have initiated a multi pronged strategy to improve energy efficiency across our network and facilities operations.

Mapping energy use: We mapped and analysed power consumption to differentiate and estimate energy used for our facilities and network. This provided us with a baseline to develop targeted strategy on how to increase energy efficiency.

Cooling solutions: Since 2011, we have progressively installed hybrid free cooling boxes as default in 944 of our base stations. Hot air generated from equipment in the cabin is extracted by a powerful ventilation system. Air conditioning comes into operation only when cabin temperature reaches a settable threshold.

Malaysia's first Green Data Centre: In 2012, we invested in the nation's first Green Data Centre. Certified Gold by the Green Building Index, the Technical Operations Centre and Mobile Switching Centres have all adopted cold aisle containment systems.

Smart metering: In 2012, we installed smart metering to provide more accurate insights into energy consumption patterns across the network to improve energy management.

Network and infrastructure sharing: In 2013, Digi and Celcom signed a network sharing agreement to share sites and 10,000 km of fibre. Up to end 2014, Digi decommissioned 139 sites and jointly laid over 4,000 km of cables. The sharing of network and infrastructure now extends to three other operators. This cooperation reduces the number of sites and emissions, while expanding our coverage.

Network modernization: In 2014, Digi completed its network modernisation programme. This involved upgrading of our network equipment that would support business goal of *Internet For All*, with more energy efficiency equipment.

Carbon emissions

In 2014, our Greenhouse Gas (GHG) emissions increased 6.8% to 134,257.4* tonnes CO2e. The higher percentage increase compared to GWh consumption is partially attributed to a 6.2% increase in Malaysia's grid electricity emission factor issued by the International Energy Agency. Our largest GHG emissions are from Scope 2, purchased electricity from grid, which accounts for 83.6*% of total emissions.

Scope 1 emission, from our assets, accounts for 15.4% of total emissions. Scope 1 emissions for network has been increasing the past three years due to higher rollout of portable base stations to reach underserved customers. In 2014, our Scope 1 emission increased 7.8% as we rolled out more portable sites to hasten recovery of over 200 sites during the east coast floods. We missed our timelines to convert additional off-grid sites to grid power.

Our Scope 3 emission, indirect emissions, accounts for less than 1*% of total emission. We track all air travel and mileage of rented vehicles. We have seen a 14.5% and 12% reduction respectively in line with lower employee headcount. In 2015, we will expand our Scope 3 accountability by gaining an understanding of GHG emissions in our logistics supply chain.

We continue to explore and invest in green technology that supports our business goals and leverage on network infrastructure sharing to reduce GHG emissions. Though we increased solar power generation by 16.3% in 2014, our 74 hybrid solar powered base stations account for less than 1% of network energy consumption.

Addressing Environmental Sustainability

We take a proactive approach to manage environmental risks and impacts across our operations. We comply with ISO14001 international environmental management systems across our operations, meet local standards for managing obsolete electrical and electronic equipment, and advocate a greener future in partnership with our key stakeholders.

Our commitment to environmental sustainability extends to our supply chain as part of the Agreement of Business Conduct. We encourage our suppliers to undertake precautionary approach, promote greater environmental responsibility, and encourage the development and diffusion of environmentally friendly technologies.

Our Initiatives

Adherence to Environmental Standards and Carbon Reporting

Digi was awarded the Top Performer "Excellence Award" at the inaugural MyCarbon Disclosure Project Awards in recognition for its transparency in carbon disclosure. Organised by MYCarbon, the National Corporate Greenhouse Gas (GHG) Reporting Programme aims to encourage corporate Malaysia to review, account and report GHGs emissions adapted from the GHG Protocol.

Digi has reported its GHG emissions for over a decade using the GHG Protocol. In 2011, Digi was ranked No.1 in Malaysia, and in 2013 as a Climate Disclosure Leader in Asia by Carbon Disclosure Project (CDP). Since 2013, Digi's carbon disclosure to the CDP has been reported as part Telenor Group's submission.

Managing Obsolete Electrical and Electronic Equipment

Electronic waste represents a substantial portion of obsolete electrical and electronic equipment from our network. Since 2012, a formal process to facilitate the disposal of obsolete network equipment, in accordance to environmental and safety standards were implemented. The process ensures that all obsolete equipment is properly dismantled, stored for re-use as spare parts, refurbished and sold, or scrapped according to environmental and safety requirements.

In 2014, our e-waste collection doubled to 3.3 tonnes with the completion of the network modernisation programme. We recycled over 94% of obsolete equipment and raised RM6 million in the process. We are aware of obsolete equipment that is still in the field that needs to be accounted for. We continue to communicate with our field force team to ensure that all obsolete equipment is collected and disposed in a safe and proper manner.

Advocacy and Awareness

Addressing climate change and environmental awareness requires a multi-party approach. We continue to work and support industry and non-governmental organisation partners to pilot projects and raise awareness.

Digi chairs the sub-working group promoting green ICT in the Malaysian Technical Standards Forum Berhad, an industry initiative by the Malaysian Communications and Multimedia Commission (SKMM). The sub-working group encourages collaboration between industry partners to promote awareness, pilot new solutions, conduct proof of concept, and develop industry standards.

In 2014, we sponsored 200 of our customers to be part of the global 'Earth Hour' movement in partnership with WWF Malaysia. We will continue to explore innovative mobile connectivity solutions that can help to raise greater environmental awareness and initiatives with partners.

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Empowerment Through Connectivity

Network Coverage

- 2G Population Coverage (%)
- 3G Population Coverage (%)
- LTE Population Coverage (%)

	2012	2013	2014
2G Population Coverage (%)	95	95	95
3G Population Coverage (%)	67	80	86
LTE Population Coverage (%)	NA	NA	32

Community Development

Local Suppliers by Percentage

Indicator	2012	2013	2014
Percentage of local suppliers	97	98	98

Digi CyberSAFE Programme

Indicator	2012	2013	2014
Students	4,194	15,258	38,098*
Schools	272	478	42
Teachers and Parents	832	478	4,237
Digi's Pusat Internet 1Malaysia communities	1,729	-	127

*Ernst & Young reviewed and verified this data.

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Ethical and Responsible Business

Corporate Governance

■ Employees trained in 'DiGi Way of Work'¹
■ Employees trained in Code of Conduct²
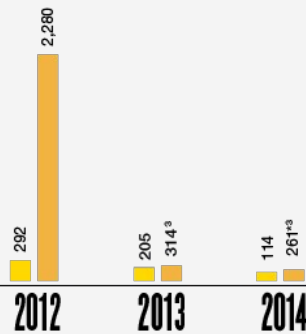
*Ernst & Young reviewed and verified this data.

Notes:

1. 2012-2014 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.
3. Refers to new employees who have read, understood and argeed to the terms of our Code of Conduct.

Compliance to Laws, Regulations and Codes

Indicator	2014 Performance
Compliance with laws and regulations concerning the provision of use of products and services	Malaysian Communications and Multimedia Commission issued compounds of RM510,000 for breaching the Mandatory Standards for Quality of Service and RM460,000 for breaching Guidelines on Regulations of End-Users of Prepaid Public Cellular Services.
Compliance with laws and regulations concerning health and safety	MSC Kuching was audited by Department of Occupational Safety and Health on 18th December 2014. There were 3 notices of improvements which were action on and closed by authorities.

Compliance with environmental laws and regulations	There were no incidents of non-compliance		
Anti-competitive behaviour	There were no incidents of non-compliance. The Competition Act 2010 is not applicable to Digi as the communication and multimedia industry is governed by competition regulations under the Communications and Multimedia Act 1998.		

Supply Chain Sustainability

Indicator	2012	2013	2014
Percentage of suppliers who signed the Agreement on Business Conduct (ABC)	98	99	99*
Systematic SCP risk reduction during the year based on supplier SAQ (percentage point)[1]	67	23	37
Number of Sustainability inspections and audits	153	143	421
Number of HSSE training sessions for suppliers	2	7	12

*Ernst & Young reviewed and verified this data.

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.

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Passinoate Employees

Employment Data

Number of Employees by Type of Employment

Indicator	2012	2013	2014
Permanent	1,776	1,855	1,932
Contract	504	385	193
Expatriates	16	16	13
Others (Secondment, technical graduates, Telenor assignee)	11	8	7
Total Number of Employees	**2,307**	**2,264**	**2,138**

Employees on Parental Leave

- ▮ Employees on paternity leave[1]
- ▮ Employees on maternity leave
- ▮ Employees on extended maternity leave[2]

	2012	2013	2014
Paternity leave	92	77	84
Maternity leave	82	74	93
Extended maternity leave	57	52	6
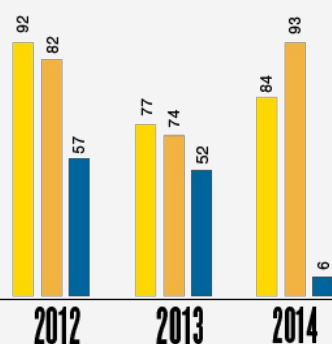
Notes:

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	2012	2013	2014
Female	153	184	163
Male	199	232	213
Total[1]	352	416	376

Note:

1. Include expiry of fixed-term contracts, dismissal, retrenchment, mutual separation, abscondment, retirement, resignation and frustration of contract.

Employee Engagement

Employee Engagement Survey Results

Indicator (%)	2012	2013	2014
Participation Level	96	92	93
Employee Engagement Index	73	72	76
Leadership Profile[1]	79	80	80
Suvery Impact[2]	NA	66	69

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'.
2. Measures perception that action has been taken based on feedback from the last survey, and a belief that positive change will happen as a result from this year's survey

Diversity and Inclusion

Gender Diversity

Indicator (%)	Female	Male
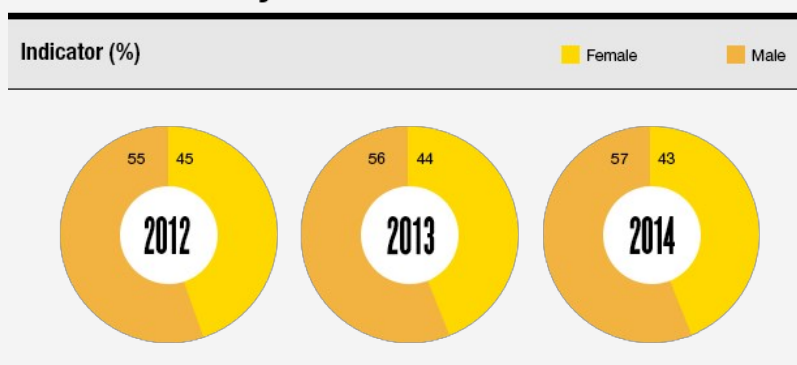
Women in Management Positions[1]

Indicator (%)	2012	2013	2014
Female	32	37	37

Note:

1. The definition of "Management" includes women in senior management team, and all Heads of Departments, Units or Sub-Sections.

Employees by Age Distribution

Indicator (%)	■ < 30	■ 30 – 50	■ > 50

2012
- 5
- 26
- 69

2013
- 4
- 23
- 73

2014
- 5
- 20
- 75

Ethnic Diversity

Indicator (%)	■ Malay	■ Chinese[1]	■ Indian[2]	■ Others

2012
- 4
- 16
- 37
- 43
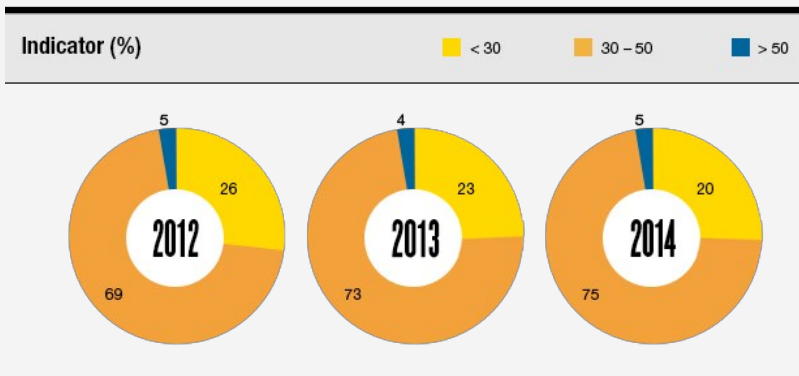
2013
- 5
- 16
- 35
- 44
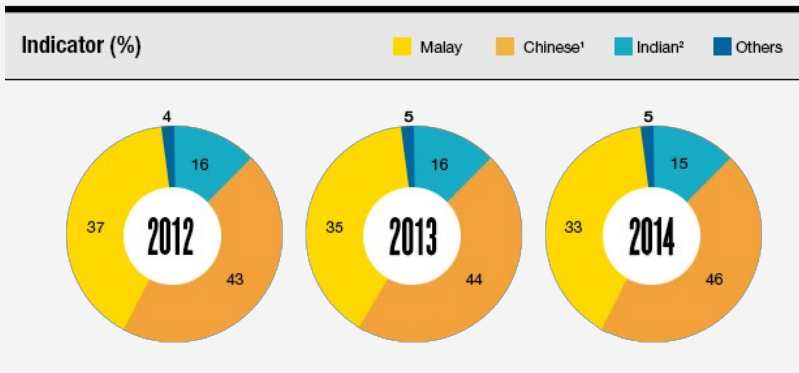
2014
- 5
- 15
- 33
- 46

Notes:

1. Malaysian Chinese.
2. Malaysian Indian.

Health and Safety

Health and Safety Key Performance Indicators

Indicator[1] (%)	2012	2013	2014
Total Recordable Injury Frequency (TRIF) *Number of cases in 1 million work hours*	1.01	0.59	0*
Lost Time Injury Frequency (LTIF) *Number of cases in 1 million work hours*	0.8	0.59	0*
Sickness Absence Frequency[2] *Percentage*	1.3	1.13	1.22
Work Related Fatalities *Number*	0	0	0*

*Ernst & Young reviewed and verified this data.

Notes:

1. Calculation of "working hours", excludes in-house contractors.

Awareness and Training

Indicator	2012	2013	2014
Employees and in-house contractors participating in awareness programmes	1,938	426	270

Health and Safety Committee

Indicator	2012[1]	2013	2014
Management representatives	10	28	41
Employee representatives	75	35	43
Steering Committee Meetings	6	8	12

Note:

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

Employees Development Plan

Indicator (%)	2012	2013	2014
Employees with documented development plans	74	64	69*

*Ernst & Young reviewed and verified this data.

1. Parameter changed to 'Employees with documented goal settings'.

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Climate Change and Environment

CO$_2$ Emissions

Indicator (CO$_2$ tonnes)	2012	2013	2014
Direct CO$_2$ emissions: Scope 1[1] *from fuel and gas consumption[2]*	18,508	19,575	20,730.77*
Network	*16,963*	*19,575*	*19,628.99**
Building	*0*	*0*	*2.42**
Fleet	*1,545*	*1,372*	*1,099.36**
Indirect CO$_2$ Emissions: Scope 2[1] *from electricity consumption*	107.002	104,587	112,193.78*
Network	*101,643*	*98,658*	*105,886.18**
Building	*5,359*	*5,929*	*6,307.60**
Other indirect CO$_2$ Emissions: Scope 3[1] *from travel and transportation*	1,372	1,535	1,332.88*
Flights	*575*	*711*	*607.52**
Mileage	*797*	*824*	*725.36**
Total CO$_2$ Emissions	126,882[3]	125,697[3]	134,257.43[3]*
Carbon Efficiency[4]	*0.020*	*0.019*	*0.019*

*Ernst & Young reviewed and verified this data.

Notes:

1. Parameter reported based on Greenhouse Gas Protocol (GHG Protocol). Scope 1 represents emissions arising from fuel and gas consumed by Digi, Scope 2 is electricity consumed from the grid 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 CO$_2$ emissions has been updated based on the latest energy to CO$_2$ conversion the International Energy Agency guidelines.
4. Tonnes CO2 / billion RM revenue

Energy Use

Indicator (GWh)	2012	2013	2014
Direct Energy Use *from fuel and gas sources*	77	82	86.53*
Network	64 [1]	69	75.02*
Building	0	0	0.05*
Transportation	13	13	11.46*
Indirect Energy Use *from electricity sources*	162	159	160.61*
Network	154 [2]	150	151.62*
Building	8	9	8.99*
Total Energy Use	239	241	247.14*
Energy Intensity (MWh) per RM revenue	37.6	35.8	35.1

*Ernst & Young reviewed and verified this data.

Notes:

1. Increased due to the roll-out of new 3G sites to off-grid.
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. Parameter reports total energy consumption per revenue unit.

Other Environmental Impacts

Water consumption

Indicator	2012	2013	2014
Consumption (m³)	90,838	96,074 [1]	90,821
Number of buildings [2]	45 [2]	54 [2]	47

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 include only office buildings and exclude network buildings.

Obsolete Electrical & Electronic Equipment

Indicator (tonnes)	2012	2013	2014
Total	495	1,626 [2]	3,338 [2]
E-waste [1]	125	345	3,147

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.
2. Increased due to network modernisation projects. The collected equipment to be resold, re-use or recycle.

Municipal Waste

| Indicator (tonnes) | Total (tonnes) | Recycled (tonnes) |

393
11
2012

348
7
2013

338
5
2014
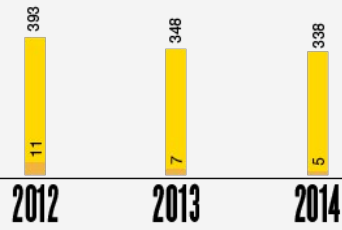
Note:

1. The disposal method for municipal waste is through waste segregation for full or partial recovery by third party vendor.
2. Scheduled waste is stored in our scheduled waste storage facilities and disposed in accordance to the Environmental Quality (Scheduled Waste) regulations.

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Empowerment Through Connectivity

Key ⬤ Achieved ◑ Ongoing

2014 target objectives, and initiatives	Status as at end 2014	2015 Focus Areas and Targets
• Launched a range of products and services at affordable price points to deliver *Internet For All*	◑	• Offer products and services that promote affordable and positive use of the internet
• Completed network modernisation programme • Expanded our 3G network to 86% of polulation coverage. • Rolled out LTE to 32% of population coverage	⬤	• Rollout of LTE to reach 50% of population coverage • Increase sharing of sites to increase coverage
• Completed an additional 10 PI1M centres in rural areas.	⬤	• Extend PI1Ms to 30 rural and 40 urban poor communities • Pilot project retail touch points, support digital entrepreneurship training for SMEs and online education opportunities for young adults in six PI1Ms
• Digi Challenge for Change 5 crowdsourced more than 2,500 ideas • 200 mobile app developers developed 56 full-fledged mobile apps	⬤	• Launch of Empower Society
• Conducted nationwide survey of 14,000 school children on their online behaviour • Conducted Digi CyberSAFE™ in Schools programme to over 38,098 students • Empowered 130 ICT teachers as CyberSAFE ambassadors	⬤	• Develop a child friendly internet package • Develop and partner with Childline to provide free calls to their helpline • Partner with UNICEF, Ministry of Education, Cybersecurity and Childline to promote and engage children on cyber safety • Adapt existing Digi CyberSAFE™ in Schools programme to address research findings

Ethical and Responsible Business

Key ⬤ Achieved ◑ Ongoing

2014 target objectives, and initiatives	Status as at end 2014	2015 Focus Areas and Targets
• Adoption of three additional policies from Telenor Group • Updated 10 policies as part of the annual review • Refresh Code of Conduct to better align with the new Telenor Way of work. Addressed conflict of interest, property and assets and no gift policies	◑	• Strengthen internal awareness and compliance to policies and manuals on privacy, information management and security
• Quarterly network drive tests • Annual Customer First Day • Proprietary application for employees to feedback on network quality	◑	• Continue to embed customer centricity in key customer touch points • Enhance customer centric culture among employees

2014 target objectives, and initiatives	Status as at end 2014	2015 Focus Areas and Targets
• Conducted 421 supplier audits • Terminated two third tier sub-contractors due to non-compliance	●	• Target to conduct 800 supplier audits. • Conduct 2,000 health and safety training hours • Achieve 100% closure of risk identified in self-assessment questionnaire
• Conducted a third party assessment of systems and processes relating to customer privacy and data protection	◔	• Continue to enhance management of compliance to risk assessment and customer privacy and data protection

Passionate employees

Key ● Achieved ◔ Ongoing

2014 target objectives, and initiatives	Status as at end 2014	2015 Focus Areas and Targets
• BOPC resolved 55 issues addressed with management team	●	• Streamline and strengthen issues and resolution process of BOPC
• Increased frequency of fruit distribution to three times a week	●	• Promote healthier lifestyle through awareness and training programmes for employees
• Achieved zero Lost Time Injury Frequency	●	• Target zero Lost Time Injury Frequency
• Delayed in refresh of Digi workspace. To commence in 2nd quarter 2015	◔	• To commence refresh of Digi workspace 2nd quarter 2015

Climate Change and Environment

Key ● Achieved ◔ Ongoing

2014 target objectives, and initiatives	Status as at end 2014	2015 Focus Areas and Targets
• Increased network GWh consumption by 1.1% year-on-year but remain 1.5% lower than network consumption in 2012 • Achieved lower energy intensity per RM revenue but missed target of 34.8MWh per RM revenue	◔	• Improve energy intensity per RM revenue
• Installed an additional seven hybrid solar diesel sites • Delayed in additional conversion of off-grid sites to grid power	◔	• Increase percentage of alternative energy used in operations
• Delayed in improving air conditioning efficiency	◔	• Attain LEED Commercial Interior Gold Certification of D'House

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SUSTAINABILITY REPORT

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

The following are awards and ratings received in the last three years.

THE EDGE BILLION RINGGIT CLUB

2014	Most Profitable Company (for companies with a market capitalisation on of above RM10 billion)
	Most Profitable Company, Trading and Services Category
2013	Company of the Year
	Best Performing Stock (for companies with a market capitalisation of over RM10 billion)
	Most Profitable Company, Trading and Services Category
2012	No.2 Best CSR Initiatives Category

FTSE4GOOD Bursa Malaysia Index

2014	2014 Constituent company in the index

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

2014	Finalist, Stand Alone Category for Best Sustainability Report
2013	Finalist, Stand Alone Category for Best Sustainability Report

CHANNEL NEWSASIA SUSTAINABILITY RANKING 2014 by Channel NewsAsia in partnership with CSR Asia and Sustainalytics

2014	Top 100 Companies in Asia

MYCarbon Awards by Ministry of Natural Resources and Environment in partnership with the United Nations Development Programme (UNDP) Malaysia

2014	Excellence Award, Top Performer for National Corporate Greenhouse Gas (GHG) Reporting

Asia's Best Companies by Finance Asia

2013	No. 1, Best Managed Company Category
	No. 1, Best Corporate Responsibility Category
	No. 1, Most Committed to a Strong Dividend Policy Category
	No. 2, Best Corporate Governance Category
	No. 2, Best Investor Relations Category
2012	No. 5 Best Managed Company Category
2012	No. 5 Best Managed Company Category
	No. 5 Best Corporate Governance Category
	No. 6 Best Corporate Social Responsibility Category

Carbon Disclosure Project

2013	No.1 in Malaysia
	No. 1, Year-on-Year Disclosure Score Change for South East Asia

Malaysia Cyber Security Awards by Cybersecurity Malaysia

2013	Information Security Outreach Provider of the Year
2012	Information Security Outreach Provider of the Year
	CyberSAFE Ambassador for the Year

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SUSTAINABILITY REPORT

This is our sixth Sustainability Report and the fifth Communication on Progress (COP) since becoming a signatory to the UN Global Compact in September 2008. Our last Sustainability Report was published on May 14th, 2014.

Scope

This sustainability report covers the entire operations of Digi Communications Berhad for 1 Jan – 31 Dec 2014. We have published an annual sustainability report since 2010. Since 2011, we have obtained Limited Assurance on our Sustainability Reports. We have chosen to use the Global Reporting Initiative (GRI) Guidelines as the basis of reporting and have adopted the GRI 4.0 for this report.

The report brings together our sustainability initiatives, including current and future directions. It is intended to be useful to all our stakeholders – our customers, employees, shareholders, communities as well as being a communication tool to various interested parties about our approach to the social, environmental and economic aspects of our business.

Reporting period

This is an annual report which covers the period from January 1, 2014 to December 31, 2014 (Fiscal Year 2014). Unless otherwise stated, all data is as at 31 December 2014. We are committed to continuing our reporting journey, and expect to publish a sustainability report biennially. Our report content has been prepared in accordance with GRI 4.0 core guidelines. We referred to the principles for defining report content when planning our report. 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 4.0 Guidelines, Greenhouse 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.

Kick-off meeting with Content Providers*	Data input and verification by Content Providers	Verification by Corporate Responsibility, Finance and Internal Assurance teams for quality assurance	Sign-off on content and internet controls by relevant members senior management	Limited Assurance in accordance with the International Standard Assurance Engagements (ISAE) 3000 by Ernst & Young , for selected key performance indicators & GRI application level
• Briefing on the new SOPP • Briefing on the scope and input parameters • Establishing timelines and accountabilities	• Data entry by Content Providers • Completing the audit trail for all reported parameters			

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

Completeness: Aspects and Boundaries

We have identified 12 aspects to be disclosed in this report. These aspects were identified as issues linked to the materiality matrix and our commitment to the UNGC. Issues relating to these aspects are addressed through our various engagement with our stakeholders.

Material issues	Material Aspect	Boundary	Key stakeholders
Corporate Governance	Compliance	Extends to our external partners	Employees
Service reliability and quality	Compliance	Internal and external	Employees Customers Consumer Forum MCMC
Ethics and anti-corruption	Anti-corruption	Internal and with our external suppliers and parties	Employees Suppliers Partners
Supply chain	Supplier Environmental Assessment Supplier Assessment for Labour Practices	This engagement covers our relationship with our contractors and suppliers.	Contractors Suppliers Vendors
Employees	Occupational Health and Safety Training and Education Diversity and Equal Opportunity Non-discrimination Freedom of Association and Collective Bargaining	Internal	Employees
Energy efficiency	Energy Emissions	Internal	Telenor Carbon Disclosure Project Environmental NGOs
Data security and Privacy	Customer privacy	Internal	Employees
Digital responsibility	Local communities	External	CyberSAFE in Schools
Enabling services	Local communities	Internal and External	Internet For All Challenge For Change Strategic partners Regulatory agencies and ministries

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:
Quah Yean Nie - Head of Communications and Sustainability
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.

VISION, MISSION AND VALUES   CEO'S MESSAGE   APPROACH   STRATEGY   FOCUS AREAS   PERFORMANCE   ACCOLADES   ABOUT THIS REPORT

▶ Governance
▶ Stakeholder Engagement
▶ Material Issues

▶ Empowerment Through Connectivity
▶ Ethical and Responsible Business
▶ Passionate Employees
▶ Climate Change and Environment

▶ Performance Indicators
   • Empowerment Through Connectivity
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SUSTAINABILITY REPORT

We have benchmarked our Sustainability reporting against the Global Reporting Initiative (GRI) Sustainability reporting guidelines.

Index of Conformance with the GRI 4.0 Guidelines – "in accordance" – Core

- Strategy and Analysis
- Organisational Profile
- Identified Material Aspects and Boundaries
- Stakeholder Engagement
- Report Profile
- Governance, Commitments and Engagements
- Ethics and Integrity Performance Indicators
- Economic Performance Indicators
- Environmental Performance Indicators
- Social Performance Indicators
- Human Rights Performance Indicators
- Society Performance Indicators
- Product Responsibility 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.

1.	Strategy and Analysis		Key: ● Full ◗ Partial ○ No ● Not material
	Indicator	**Compliance**	**Cross Reference or Direct Answer**
G4 - 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 (Page 8-11) CEO's Message

2.	Organisational Profile		Key: ● Full ◗ Partial ○ No ● Not material
	Indicator	**Compliance**	**Cross Reference or Direct Answer**
G4 - 3	Name of reporting organisation.	●	About this report : Scope
G4 - 4	Primary brands, products and services.	●	Annual report: Management Discussion and Analysis (Page 12-16) Digi Website
G4 - 5	Location of organisation's headquarters.	●	Annual report: Notes to the Financial Statements (Page 86) About this Report

G4 - 6	Countries of operation.	●	Digi only operates in Malaysia. About this Report
G4 - 7	Nature of ownership and legal form.	●	Annual report: Notes to the Financial Statements (Page 86)
G4 - 8	Markets served (including geographic breakdown, sectors served and types of customers/beneficiaries).	●	Annual report: Management Discussion and Analysis (Page 10-17) About this Report 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.
G4 - 9	Scale of the reporting organisation (including employees, assets, sales and products).	●	Annual report: "Statements of Comprehensive Income" (Page 78), "Statements of Financial Position" (Page 79) Annual report: "Management Discussion and Analysis (Page 10-17) 2014 Highlights Passionate Employees: Performance Indicators
G4 - 10	Organisation's workforce	●	Passionate Employees: Performance Indicators
G4 - 11	Total employees covered by collective bargaining agreements	◕	Passionate Employees
G4 - 12	Organisation's supply chain	●	Ethical and responsible business
G4 - 13	Significant changes during the reporting period regarding size, structure or ownership.	●	Annual report: Chairman's Statement (Page 8) Annual report: Statement of Changes in Equity (Page 81-82)
G4 - 14	Explanation of whether and how the precautionary approach or principle is addressed by the organisation.	●	Climate Change and Environment
G4 - 15	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
G4 - 16	Members in associations and/or national/international advocacy organisations	●	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

3.	**Identified Material Aspects and Boundaries**	Key ● Full ◕ Partial ○ No ● Not material	
G4 - 17	Entities included in the organisation's consolidated financial statements or equivalent documents	●	Annual report: Corporate Structure (Page 1)
G4 - 18	Process for defining report content (including materiality, prioritising topics and identifying stakeholders)	●	Materiality
G4 - 19	Material Aspects identified in the process for defining report content	●	Materiality
G4 - 20	Aspect Boundary within the organization	●	About this Report
G4 - 21	Aspect Boundary outside the organization	●	About this Report
G4 - 22	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement.	●	Passionate Employees: Performance Indicators: Employees Leaving Digi
G4 - 23	Significant changes from previous reporting periods in the scope, boundary or measurement methods applied in the report.	●	This is the first time we are reporting using GRI G4 – "in accordance" Core

4.	**Stakeholder Engagement**	Key ● Full ◕ Partial ○ No ● Not material	
G4 - 24	List of stakeholder groups engaged by the organisation.	●	Our Approach to Sustainability : Stakeholder Engagement
G4 - 25	Basis for identification and selection of stakeholders with whom to engage.	●	Our Approach to Sustainability : Stakeholder Engagement
G4 - 26	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	●	Our Approach to Sustainability : Stakeholder Engagement

G4 - 27	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 Our Approach to Sustainability : Material Issues

5. Report Profile

Key: ● Full ◐ Partial ○ No ● Not material

	Indicator	Compliance	Cross Reference or Direct Answer
	Report Profile		
G4 - 28	Reporting period for information provided.	●	About this Report: Reporting Period
G4 - 29	Date of most recent previous report.	●	About this Report: Reporting Period
G4 - 30	Reporting cycle.	●	About this Report: Reporting Period
G4 - 31	Contact point for questions regarding the report or its contents.	●	About this Report:Feedback
G4 - 32	Table identifying the location of the Standard disclosures in the report.	●	This page
G4 - 33	Policy and current practice with regard to seeking external assurance for the report.	●	Assurance Statement

6. Governance

Key: ● Full ◐ Partial ○ No ● Not material

G4 - 34	Organisation's governance structure	●	Annual Report : Governance (Pg 32) Governance

7. Ethics and Intergrity

Key: ● Full ◐ Partial ○ No ● Not material

G4 - 56	Organisation's values, principles, standards and norms of behaviours	●	Vision and Mission Ethical and Responsible Business

8. Economic

Key: ● Full ◐ Partial ○ No ● Not material

	Management Approach		Digicontributes 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 Empowerment Through Connectivity
	Indicator	Compliance	Cross Reference or Direct Answer
	Economic Performance		
G4 - 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 (Page 18) Annual report: Statements of Comprehensive Income (Page 79) Empowerment Through Connectivity : Performance Indicators
G4 - EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change.	●	CEO's Message Climate Change and Environment Telenor Group's Carbon Reporting
G4 - EC3	Coverage of the organisation's defined benefit plan obligations.	●	Annual report: Notes to the Financial Statements Note 2(n) Significant Accounting Policies: Employee Benefits (Page 93-96) Note 7 Profit Before Tax (Page 105) Note 23 Defined Benefit Plan (Page 128)
G4 - EC4	Significant financial assistance received from government.	●	Annual report: Statements of Cash Flows (Page 84)
	Market Presence		
G4 - 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.
G4 - EC6	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

Indirect Economic Impact

G4 - EC7	Development and impact of infrastructure investments and services provided	🟡	Empowerment Through Connectivity
G4 - EC8	Understanding and describing significant indirect economic impacts, including the extent of impacts.	🟡	Empowerment Through Connectivity

Economic Performance

G4 - EC9	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	◔	Empowerment Through Connectivity : Performance Indicators: Local Suppliers by Percentage

9.	Environmental Performance	Key 🟡 Full ◔ Partial ○ No ⬤ Not material

	Management Approach	Our Approach to Sustainability Climate and Environment

	Indicator	**Compliance**	**Cross Reference or Direct Answer**

Materials

G4 - EN1	Materials used by weight or volume.	⬤	Digi is not involved in manufacturing.
G4 - EN2	Percentage of materials used that are recycled input materials.	⬤	Digi is not involved in manufacturing.

Energy

G4 - EN3	Energy consumption within the organisation.	🟡	Climate Change and Environment : Driving Energy Efficiency Climate Change and Environment : Performance Indicators: Energy Use
G4 - EN4	Energy consumption within the organisation.	🟡	Climate Change and Environment : Driving Energy Efficiency Climate Change and Environment : Performance Indicators: Energy Use
G4 - EN5	Energy intensity	🟡	Climate Change and Environment : Driving Energy Efficiency Climate Change and Environment : Performance Indicators: Energy Use
G4 - EN6	Energy saved due to conservation and efficiency improvements.	🟡	Climate Change and Environment : Driving Energy Efficiency Climate Change and Environment : Performance Indicators: Energy Use
G4 - EN7	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 we focus on driving energy efficiency in our network.

Water

G4 - EN8	Total water withdrawal by source.	◔	Climate Change and Environment: Performance Indicators: Water Consumption
G4 - 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.
G4 - 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

G4 - 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.
G4 - 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.
G4 - EN13	Habitats protected or restored.	N/A	There are no significant adverse effects on biodiversity resulting from Digi's activities, products and services.
G4 - EN14	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

G4 - EN15	Direct and indirect greenhouse gas emissions (Scope 1).	🟡	Climate Change and Environment: Performance Indicators: CO_2 Emissions
G4 - EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	🟡	Climate Change and Environment: Performance Indicators: CO_2 Emissions

G4 - EN17	Others indirect greenhouse gas emissions (Scope 3).	● (yellow)	Climate Change and Environment: Performance Indicators: CO2 Emissions	
G4 - EN18	Greenhouse gas emission intensity	● (yellow)	Climate Change and Environment: Performance Indicators: CO2 Emissions	
G4 - EN19	Reduction of greenhouse gas (GHG) emissions	● (yellow)	Climate Change and Environment: Performance Indicators: CO2 Emissions	
G4 - EN20	Emissions of ozone-depleting substances (ODS)	○	Not reported	
G4 - EN21	NOx, SOx, and other significant air emissions by type and weight.	○	Not reported	
	Effluent and Waste			
G4 - EN22	Total water discharge by quality and destination.	● (grey)	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.	
G4 - EN23	Total weight of waste by type and disposal method.	● (yellow)	Climate and Environment: Performance Indicators: Municipal Waste	
G4 - EN24	Total number and volume of significant spills.	● (yellow)	There were no spills in 2014.	
G4 - EN25	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.	
G4 - EN26	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organisation's discharges of water and runoff.	● (grey)	Digi's activities, products and services do not discharge large amounts of water.	
	Products and Services			
G4 - EN27	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	◑ (partial)	Climate Change and Environment	
G4 - EN28	Percentage of products sold and their packaging materials that are reclaimed by category.	○		
	Compliance			
G4 - EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	● (yellow)	There were no cases of non-compliance in 2014.	
	Transport			
G4 - EN30	Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations, and transporting members of the workforce.	● (yellow)	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	
	Overall			
G4 - EN31	Total environmental protection expenditures and investments by type.	◑ (partial)	Environmental protection is taken into consideration in overall capital expenditure decisions.	
	Suppliers environmental assessment			
G4 - EN32	Percentage of new suppliers that were screened using environmental criteria	● (yellow)	Digi evaluates current and prospective suppliers to identify risks of violations of Supplier Conduct Principles, which include clauses on precautionary approach. Ethical and Responsible Business : Supply Chain Sustainability Supplier Conduct Principles	
G4 - EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	● (yellow)	There were none reported in 2014	
	Environmental grievance mechanisms			
G4 - EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	● (yellow)	There were none filed in 2014	

10.	**Social Performance**

Labour Practices and Decent Work	Key: ● Full ◑ Partial ○ No ● Not material
Management Approach	Our Approach to Sustainability Passionate Employees Supply Chain Sustainability

	Indicator	Compliance	Cross Reference and Direct Answer
	Employment		
G4 - LA1	Total number and rate of employee hires and turnover by age group, gender, and region.		Passionate Employees: Performance Indicators: Employees Leaving Digi
G4 - LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation		Digi hires temporary employees from third party agencies and they are not entitled to any benefits given to Digi's full-time employees. Passionate Employees: Competitive and Performance-Based Rewards
G4 - LA3	Return to work and retention rates after parental leave, by gender		Passionate Employees: Performance Indicators:Employees on Parental Leave
G4 - LA4	Total number and rate of employee hires and turnover by age group, gender, and region.		Passionate Employees: Performance Indicators: Employees Leaving Digi
	Labour/Management Relations		
G4 - LA4	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.
	Occupational Health and Safety		
G4 - LA5	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.		Passionate Employees: Performance Indicators: Health and Safety Comittee
G4 - LA6	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.		There were no work-related fatalities in 2014. Passionate Employees : Performance Indicators: Health and Safety Key Performance Indicators
G4 - LA7	Workers with high incidence or high risk of diseases related to their occupation		Digi organises education, training, counseling, prevention and risk-control programmes for employees, whenever there is an outbreak of serious diseases. Passionate Employees: Engaging and Supportive Work Environment Ethical and Responsible Business : Supply Chain Sustainability
G4 - LA8	Health and safety topics covered in formal agreements with trade unions.		Health and safety aspects apply to all employees regardless of whether they are union members
	Training and Education		
G4 - LA9	Average hours of training per year per employee by employee category.		Due to changes in organisation structure, training hours were not fully captured in this year's report. An online tracking and reporting system will be implemented in 2015
G4 - LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.		Passionate Employees : Most Attractive Career Development
G4 - LA11	Percentage of employees receiving regular performance and career development reviews.		Passionate Employees : Performance Indicators: Employees Development Plan
	Diversity and Equal Opportunity		
G4 - LA12	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 (Page 32-35) Passionate Employees: Performance Indicators: Diversity and Inclusion
	Equal remuneration for women and men		
G4 - LA13	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
	Supplier assessment for labour practices		
GA - LA 14	Percentage of new suppliers that were screened using labour practices criteria		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
GA - LA 15	Significant actual and potential negative impacts for labour practices in the supply chain and actions taken		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
	Labour practices grievance mechanisms		
GA - LA 16	Number of grievances about labour practices filed, addressed, and resolved through formal grievance mechanisms		There were none filed in 2014

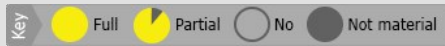| 11.	**Human Rights**	Key ● Full ◔ Partial ○ No ● Not material	
	Management Approach		Our Approach to Sustainability Ethical and Responsible Business : Corporate Governance Ethical and Responsible Business : Supply Chain Sustainability Digi Code of Conduct
	Indicator	**Compliance**	**Cross Reference or Direct Answer**
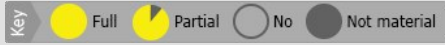
Investment and Procurement Practices

G4 - HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	(Partial)	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: Supply Chain Sustainability Supplier Conduct Principles
G4 - HR2	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.	(Partial)	Ethical and Responsible Business: Performance Indicators: Corporate Governance

Non-discrimination

G4 - HR3	Total number of incidents of discrimination and actions taken.	(Full)	There have been no incidents of discrimination in 2014. Digi is opposed to discriminatory practices, and is committed to do its utmost to promote equality in all employment practices. This is stated in Digi's code of conduct. Digi Code of Conduct

Freedom of Association and Collective Bargaining

G4 - HR4	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.	(Partial)	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

Child Labour

G4 - HR5	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.	(Partial)	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

Forced and Compulsory Labour

G4 - HR6	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.	(Partial)	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

Security Practices

G4 - HR7	Percentage of security personnel trained in the organisation's policies or procedures concerning aspects of human rights that are relevant to operations.	(Partial)	All security personnel have been trained in basic health, safety and security, as part of the requirements in the Supplier Conduct Principles. Supplier Conduct Principles

Indigenous Rights

G4 - HR8	Total number of incidents of violations involving rights of indigenous people and actions taken.	(Full)	There have been no violations in 2014.

Assessment

G4 - HR9	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	(Partial)	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

Supplier human rights assesment

G4 - HR10	Percentage of new suppliers that were screened using human rights criteria	(Partial)	Digi evaluates current and prospective suppliers to identify risks of violations of Supplier Conduct Principles, which include clauses on respecting human rights. Ethical and Responsible Business : Supply Chain SustainabilitySupplier Conduct Principles
G4 - HR11	Significant suppliers and contractors that have undergone screening on human rights and actions taken.	(Partial)	Ethical and Responsible Business : Supply Chain Sustainability Business Assurance

Human Rights Grievance Mechanisms

G4 - HR12	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.	(Full)	There have been no filed grievances in 2014. Digi Code of Conduct

12.	**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**
	Local Community		
G4 - S01	Percentage of operations with implemented local community engagement, impact assessments, and development programmes.	(Partial)	Digi assesses its operational impact on community, and carries out relevant development and engagement programmes to address such impacts. Empowerment Through Connectivity: Community Development Ethical and Responsible Business : Consumer Centricity

G4 - S02	Operations with significant potential or actual negative impacts on local communities.		Ethical and Responsible Business Ethical and Responsible Business : Consumer Centricity Empowerment Through Connectivity : Safer Internet for Children	

Anti Corruption

G4 - S03	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.
G4 - S04	Percentage of employees trained in organisation's anti-corruption policies and procedures.		Ethical and Responsible Business : Performance Indicators: Corporate Governance
G4 - S05	Actions taken in response to incidents of corruption.		Ethical and Responsible Business

Public Policy

G4 - S06	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.		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

G4 - S07	Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes.		There were no legal actions in 2014.

Compliance

G4 - S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.		Performance Indicators : Ethical and Responsible Business

Supplier assessment for impacts on society

G4 - S09	Percentage of new suppliers that were screened using criteria for impacts on society		Digi evaluates current and prospective suppliers to identify risks of violations of Supplier Conduct Principles, which include clauses on respecting human rights. Ethical and Responsible Business : Supply Chain SustainabilitySupplier Conduct Principles
G4 - S010	Significant actual and potential negative impacts on society in the supply chain and actions taken		Ethical and Responsible Business : Supply Chain Sustainability Business Assurance

Grievance mechanisms for impacts on society

G4 - S011	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms		There were no cases of filed in 2014

13.	**Product Responsibility**		Key [Full] [Partial] [No] [Not material]
	Management Approach		Our Approach to Sustainability Ethical and Responsible Business Empowerment Through Connectivity : Safer Internet for Children
	Indicator	**Compliance**	**Cross Reference or Direct Answer**
G4 - PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement		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 : Addressing RF Emissions Empowerment Through Connectivity : Safer Internet for Children
G4 - 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 2014.
	Product and Service Labeling		
G4 - 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 : Customer Centricity
G4 - 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 2014.
G4 - PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.		Ethical and Responsible Business : Customer Satisfaction
	Marketing Communications		
G4 - PR6	Sale of banned or disputed products		We do not sell banned or disputed products

G4 - 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.		There was no incident of non-compliance in 2014
Customer Privacy			
G4 - PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.		There were no complaints in 2014
Compliance			
G4 - PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.		Ethical and Responsible Business: Performance Indicators: Compliance to Laws, Regulations and Codes

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SUSTAINABILITY REPORT

This report serves as our fifth 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

Passionate Employee

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

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GLOSSARY

SUSTAINABILITY REPORT

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: • Where the penetration rate for broadband subscribers in Malaysia is below the national broadband penetration rate or where broadband access services are not sufficient.

| **Underserved areas** | • 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

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 2014 ('the Report') as detailed in the 'Subject Matter' below.

The Management's responsibility

The Sustainability Report 2014 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 organization. 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 subject matters set out within the Sustainability Section of the Annual Report 2014 and our responsibility does not include:

- Any work in respect of sustainability information published elsewhere on Digi Telecommunications Sdn Bhd's website;
- Sustainability information prior to 01 January 2014 and after 31 December 2014; 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, the Subject Matter for assurance was verified for adherence to the Global Reporting Initiative (GRI G4) principle of accuracy and non-financial reporting guidelines applicable to the Telenor Group. We consider this reporting criterion 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 3000 Assurance Engagement Other Than Audits or Reviews of Historical Financial Information.

This standard requires that we comply with the ethical requirements, and plan and perform the assurance engagement under consideration of materiality to express our conclusion with limited assurance.

We have also considered the Global Reporting Initiative GRI G4 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.

Subject Matter

The Subject Matter for our limited assurance engagement is:

Statements and claims related to the following indicators for 2014 in relevance to Digi Telecommunications Sdn Bhd's focus areas presented in the Report:

- Empowerment through Connectivity: Number of students attending the Digi CyberSAFE Program;
- Ethical and Responsible business: Number of new employees signing off "Code of Conduct" policy; Suppliers signing the Agreement of Business Conduct
- Best on people: Lost time due to injury; number of employees with documented development plan; and
- 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 aim to verify the plausibility of information. 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 below:

1. **Interviewed Digi Telecommunications Sdn Bhd's executives** including the Head of Communications and Corporate Sustainability 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;
3. **Reviewed Digi Telecommunications Sdn Bhd's'** processes for data collection, aggregation, analysis and quality control;
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; and
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 Sustainability Section of the Annual Report 2014.

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 Telecommunications Sdn Bhd's procedures on the reporting of its sustainability performance.

Our independence

EY has provided independent assurance services in relation to the Sustainability Report 2014. 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 Singapore Chartered Accountants and Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities. 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 set out below.

Conclusion

Based on the procedures performed and evidence obtained for the Subject Matter nothing has come to our attention that causes us to believe that the information in the Report does not comply in all material respects with the above mentioned reporting criteria.

K SADASHIV
Partner
Climate Change and Sustainability Services
Ernst & Young LLP
08 May 2015

Note:

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