

# SUSTAINABILITY

OUR SUSTAINABILITY COMMITMENT IS ROOTED ON BUILDING TRUST AND CREATING SHARED VALUE. WE CONTINUE TO PRIORITISE AND INCULCATE BEST PRACTICE PRINCIPLES, TRANSPARENCY AND ACCOUNTABILITY IN THE WAY WE OPERATE OUR BUSINESS AND MANAGE OUR SUPPLY CHAIN. CONCURRENTLY, WE HAVE MADE SIGNIFICANT EFFORTS TO EXTEND THE BENEFITS OF MOBILE AND DIGITAL COMMUNICATION TO ENABLE DIGITAL INCLUSION AND TO BUILD DIGITAL RESILIENCE THAT HELP REDUCE INEQUALITIES, IN SUPPORT OF UNITED NATION'S SUSTAINABLE DEVELOPMENT GOAL #10.

## RESPONSIBLE BUSINESS

- Ethics and Compliance
- Supply Chain Sustainability
- Winning Team
- Climate Change and Environment

## EMPOWER SOCIETIES

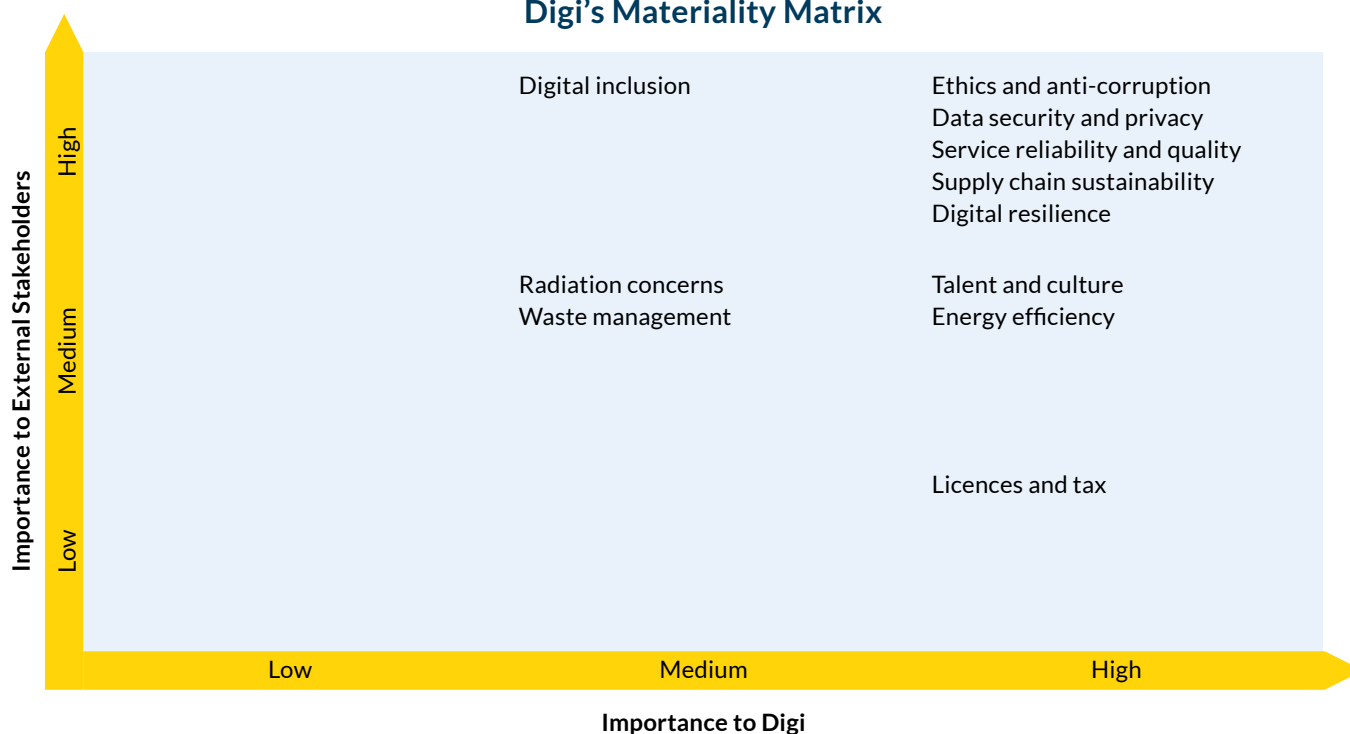
- Digital Inclusion
- Digital Resilience



The procedure of compiling Digi's sustainability disclosure is in accordance with Telenor Group's Non-Financial Reporting Procedures, and Digi's Standard Operating Policy and Procedures on Sustainability Reporting. Digi's materiality issues were built on Telenor Group's materiality assessment and mapped against

Digi's operational priorities, corporate strategy and stakeholder expectations. Key sustainability issues identified are similar to the ones reported a year ago, with developments in key areas outlined in this section, and more details available in our online Sustainability Report.

## Digi's Materiality Matrix



## ETHICS AND COMPLIANCE

We uphold the highest standard of ethical behaviour and integrity in everything we do. Our core principles and ethical standards set the foundation that guides employee conduct and the way we engage with our customers, stakeholders and partners, who share similar beliefs and values of ethical business practices.



**Creating Awareness:** Every employee is guided by the Code of Conduct. The Code of Conduct defines the expected behaviours of a responsible and accountable employee, and underscores the importance of transparency and professionalism in the way we work and conduct business. It is mandatory for all employees to read and acknowledge by signing and resigning the Code of Conduct annually.

In 2017, we introduced a monthly ethics and compliance scenario-based learning, 'Doing Business the RIGHT Way', which highlighted real scenarios related to the Code of Conduct as reference to guide employees in handling work related dilemmas. An internal awareness programme called 'Our Voice of Integrity', was also organised to encourage employees to pledge and uphold the highest level of integrity.



**Encouraging Reporting:** A 'Speak Up' programme was organised to encourage employees to step forward and report acts of non-compliance via the Ethics and Compliance hotline. During the year, we saw a 30% increase on Ethics and Compliance related issues reported compared to 2016.

We also adopted a new approach for incident handling that includes responding to compliance incidence reports within 48 hours of receiving the report, completing investigations within 30 days and ensuring that implementation of recommendations are followed up within the next 30 days.

**Carrying Out Assessments:** We carried out a company-wide ethics and compliance risk assessment exercise to identify possible risks and proposed mitigation plans to address them.

**Managing Third Party Risks:** We implemented a new third party due diligence policy that requires relevant employees to carry out a due diligence assessment on all business partners prior to engagement. This is to ensure that Digi's business relationship with all third parties does not pose unacceptable risks to the company.

**Practicing Human Rights:** In 2017, in continuation of our commitment to respect human rights, and conducting due diligence requirements, Digi partnered with UNICEF to undertake UNICEF's Mobile Operator Child Rights Self-Impact Assessment Tool (MO-CRIA). The tool provided us with a good framework to assess policies, and identify gaps and opportunities to create better business sustainability in consideration of child rights. Digi is the first mobile operator in Asia to complete the UNICEF MO-CRIA process.

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### SAFEGUARDING PRIVACY

Privacy continues to be an integral part of our responsibility to stakeholders, and we are committed to ensuring that all data is collected and processed securely. In line with this, we continue to place stringent processes and security measures in managing information that is entrusted to us, and have taken steps to further strengthen internal controls in all areas of our operations during the year to safeguard the privacy of our customer data.

**Strengthening Processes:** In 2017, we further tightened our governance process, and improved monitoring compliance in our business processes and technical systems. Adopting a risk-based approach, we assessed the adequacy of our privacy notice, data handling procedures and operating systems to ensure compliance to the Personal Data Protection Act 2010, and our Privacy Policy.

**Creating Awareness:** 51 customised training and 68 awareness activities were carried out nationwide in 2017, focusing on employees who deal with personal data on a daily basis in the Contact Center and Retail Stores. Information Handling e-learning continues to be a mandatory training for new employees to understand the importance of safeguarding customer data.

**Setting Standards:** Digi collaborated with industry peers to prepare the Personal Data Protection Code of Practice 2017 (Code of Practice) for licensees under the Communications and Multimedia Act 1998. This Code of Practice serves as a guide to set effective standards and measures in relation to the processing of a Data Subject's personal data, and to ensure that the processing of personal data does not infringe customers' or employees' rights under the Personal Data Protection Act 2010.

**Competition Law:** 1,365 employees whose job scope exposes them to potential risks have completed a mandatory, 'Say Yes to Competition' e-learning. This 3-month programme was important to maintain a business environment that promotes fair and healthy competition.

### IMPROVING CUSTOMER EXPERIENCE

We continue to engage customers across all touchpoints including Digi Stores, Contact Centre, Social Media and Live Chat for feedback, to better understand their challenges or for ideas on how we can improve user experience and offer them what matters most. Employees are encouraged to participate in various initiatives such as network drive tests and mystery shopper exercises to gain first hand feedback on our network performance and products offered.

**Focusing on Service Reliability and Quality:** The results of the Malaysian Communications and Multimedia Commission (MCMC)'s Network Performance Report 2017 mirrors Digi's focus on building a network that provides better and more consistent experience. The report outlines a nationwide network performance measurement based on key metrics such as data throughput speeds and network latency (the timing of data transfer on a network), in line with the Mandatory Standards for Quality of Service for Wireless Broadband Access services.

Key Metrics/Year	2017	2016
(Throughput) Average Download Speed	15.57 Mbps	16.55 Mbps
(Throughput) Speeds over 650 Kbps	98.80%	98.88%
(Network Latency) % of the time latency $\leq$ 250 milliseconds	99.61%	88.18%
(Network Latency) Packet Loss	0.52%	0.52%

Source: MCMC Network Performance QoS Report 2017

**Digitising Customer Care:** We saw a 40% reduction in total calls to our customer service for all services. This corresponds to the 28% increase in digital interaction via Digi Live Chat, where customers are able to chat with our customer service consultants in real-time. We have also started using a chatbot over our Live Chat channel which looks to address simple customer queries after office hours.

**Embracing Customer First Mindset:** We celebrated our annual Customer First Day 2017 with employees nationwide going out to the streets to engage with customers. Customers were introduced to the various digital entertainment services that are available via affordable subscription plans and were also shared tips on how to make internet safer for their families.



## SUPPLY CHAIN SUSTAINABILITY

Our commitment to responsible, fair and safe workplace extends to the over 75,000 individuals estimated to be working in our supply chain. This is aligned to our pledge to reduce inequalities by raising standards and building capacity for our supply chain.

During the year, there was an increase of 38.7% in the number of suppliers signing the Agreement on Responsible Business Conduct (ABC), bringing us to a total of 165 suppliers committing to embrace ethical conduct, best practises in sustainability and environmental responsibility.

**Building Capacity through Training:** Multiple workshops amounting to 2,690 man-hours were conducted for capacity building among our contractors and sub-contractors on safety awareness, and proper ways to use equipments. We also included the 'Say No to Corruption' learning module in the workshops, including the obligation to report any breach of our Code of Conduct.

**Enhancing Standard through Industry Collaboration:** Digi continues to lead the industry in driving the highest standards in health and safety. In 2017, industry players began unannounced joint inspections. We also started implementing joint enforcements on non-compliant contractors and sub-contractors, and have terminated or suspended those who failed to meet the agreed safety standards.

## HEALTH AND SAFETY

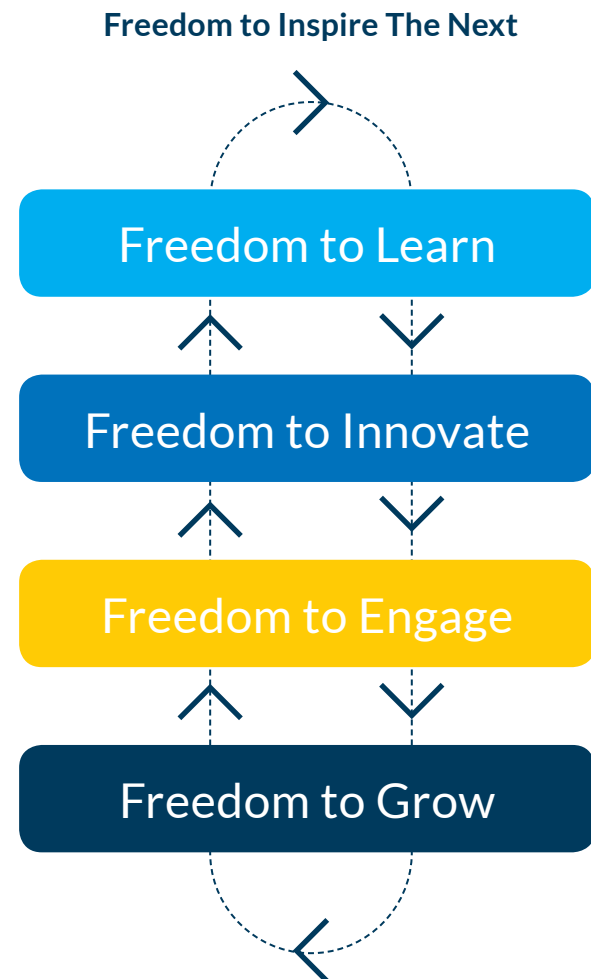
**Adopting International Best Practices:** We have been certified OHSAS 18001-2007 and recorded zero lost time injury frequency (LTIF) in 2017.

In line with our continuous effort to ensure the health and safety of employees, we introduced a dedicated hotline number, 29588, for emergency incidences such as fire or health related cases with immediate assistance by trained individuals before emergency medical personnels are available on site. 35 employees have been certified as First Aider volunteers.

## WINNING TEAM

Our people are our most valuable asset. Our focus in the year was to continue building a work culture that is open, dynamic and nurtures a supportive environment, creating opportunity for each employee to freely voice their opinions and fresh ideas that inspire everyday innovation of new, exciting products and

services. This is accomplished through the four pillars of our employer promise of 'Freedom to Inspire The Next'.



### Freedom to Learn

We are purposeful in transforming the way our employees learn and enhance their skills and competencies, with a focus on future relevant functional and leadership skills, whilst creating a culture of 'permission-less' learning.

**Functional Learning:** Five competence areas namely new product development, digital marketing, service design, applied analytics, and digital channel and partnerships have been identified as critical capabilities for the future workforce and we are providing employees equal opportunity to upskill and grow in any of the identified competencies.



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**Permission-less Learning:** With open access to the world's best content provided through three digital learning platforms, employees are empowered to manage their own career growth anytime, anywhere. To date, 36 employees have graduated and received their expert certifications on Coursera and another 93 completed their nanodegrees from Udacity. More than 1,800 employees completed 7,845 hours of learning on Lynda.com.

### Freedom to Innovate

We promote a culture of everyday innovation where Digizens are allowed to try new things, experiment with their own ideas and challenge the status quo to create impact across the organisation. To drive this innovation 360° mindset, various platforms are created for employees to explore new products, services and solutions.

**Disrupt@Digi:** 47 Digizens from 19 departments formed 12 teams and participated in this annual 30-hour hackathon, where they developed growth ideas for Digi and our customers based on three unique business challenges. D'Geek, a recommendation platform that uses predictive analytics to suggest personalised lifestyle offerings to users was selected as the winner in 2017.

**Telenor Ignite:** An intrapreneur programme for employees across Telenor's 12 business units aimed to identify great ideas for new end-user products and services. Six ideas from Digi were submitted to Telenor, and one team with an idea to develop storage and analysis of drone flight data was shortlisted to pitch at the finale in Singapore.

**Maker Lab:** A platform created to nurture innovators and drive the innovation 360° culture among Digizens. It encourages critical thinking, problem solving and collaboration through hands-on learning and experimentation on various project-based and cross-disciplinary ideas. Examples of ideas that emerged include Smart Carpark, an Internet-of-Things (IoT) project on

real-time carpark availability, and Toilet Kiosk, a quality control project utilising user rating for improvements.

**Digital Day:** A one-day event to inspire Digizens to learn and discover new technologies and digital services.

**Digitising HR Tools:** *alt.hr*, a one-stop mobile app for all human resource needs was introduced in line with efforts to digitise our workplace processes and engagement with employees.

### Freedom to Engage

At the core of our DNA is a culture of empowerment, trust and fairness that creates a sense of belonging for each of our employees. We value the ideas and commitment that employees can bring to the table regardless of their positions in the company. The open office and hot-desking concept embodies our value of openness, and is a key part of who we are.

**Employee Engagement Survey (EES):** An annual survey that collects employees' feedback to determine the areas that are critical in encouraging employee engagement at the team or organisational level. We achieved a 74% engagement score in 2017, surpassing the Telenor Group average and the benchmark of high performing companies. The results point towards a strong culture of loyalty and innovation amongst Digizens with a solid understanding of the company's business strategy and governance framework.

**Employee Representation:** Employees are represented by two platforms, the Best on People Council (BOPC) and the Digi Telecommunications Sdn Bhd Employee Union (DGEU) where elected members will work together with the Management to enable changes that matter to employees. This year, BOPC resolved 38 issues concerning employee welfare, way of work, and work environment which were raised by the employees to the Management.

**Management Engagement:** Digi Management Team makes regular visits to all regions to engage with employees and stakeholders, and also to deepen understanding of local operations.

### Freedom to Grow

It is our ambition to unlock the potential of our employees who are empowered to take charge of their own career development. If Digizens are willing to give their 100% every day, dare to challenge the norm, be willing to take on additional goals and responsibilities, and deliver results, the company will support their growth in every direction – from world-class leadership programmes to accelerating them into positions of responsibility.

**Inclusive Talents:** Approximately 86% of our top 49 leaders are from our internal succession programme, including four out of the seven Management team members.

We believe that gender balance and diversity are critical for competitive advantage and shareholder value. Through the Women Inspiration Network (WIN), we continue to groom more women in the company for top management roles. 16 women were selected in 2017 and provided the opportunity to develop to their full potential through exposure and engagement with external women leaders, direct mentorship with senior Management, and a platform to learn and share with other women leaders.

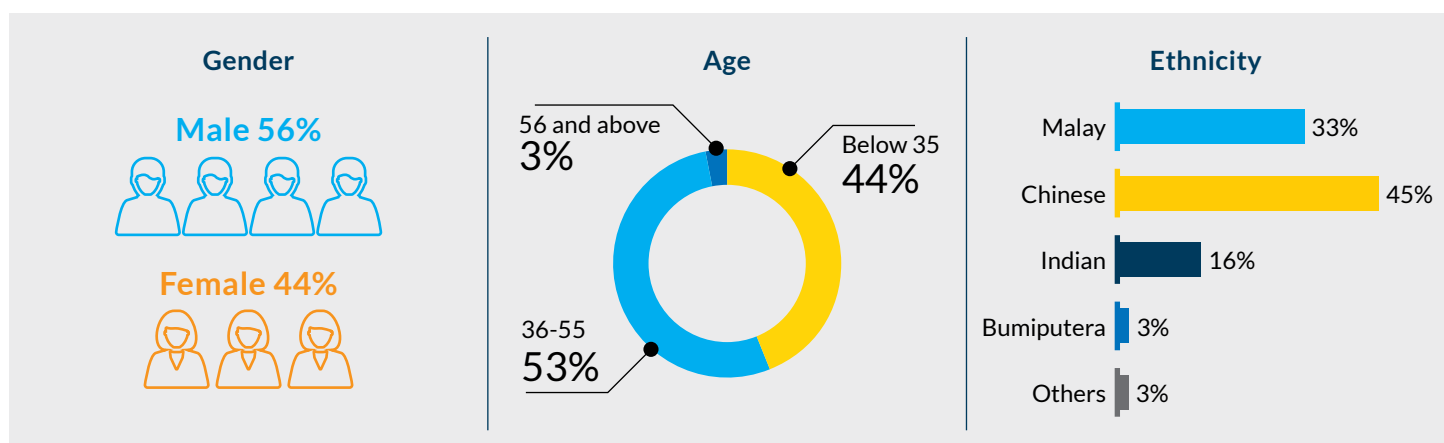
**Globalising Local Leaders:** Employees are also provided the chance to work in other Telenor business units worldwide through the Mobility Programme. This programme allows selected Digizens to not only share their expertise and knowledge with other business units but more importantly, the chance to develop their professional and leadership skills, contributing to their career development. In 2017, Digi mobilised 11 employees to business units in Bangladesh, Myanmar, Norway and Thailand.

**Talent Platforms:** The second edition of the Digi CXO Apprentice Programme hit a record high of 1,100 applications, 25% more than the inaugural launch in 2016. Seven individuals were selected to apprentice with our respective Management team members, giving them a 12-month opportunity to experience first-hand high-level decision making, dealing with real business challenges and the empowerment to innovate in a culture that provides the freedom to inspire the next generation of products and services for millions of customers in Malaysia.



**Diverse and Dynamic Workforce:** Digi believes in a diverse and dynamic workforce at all levels of the organisation regardless of nationality, age, gender or competence. Our goal is to foster a workplace that embraces differences, and provides equal opportunity to everyone.

In 2017, women represented 45% of Digi's leadership team. On 11 July 2017, women representation at the Board dropped from 43% to 29% with the resignation of Ms. Kristin Muri Möller, as the Non-Independent and Non-Executive Director of Digi.Com Bhd. With the appointment of Ms. Tone Ripel to the Board as Non-Independent and Non-Executive Director on the 23 January 2018, the composition of women board members is reinstated to 43%.



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### CLIMATE CHANGE AND ENVIRONMENT

Our commitment towards stabilising Digi's energy consumption continues to drive our energy efficiency initiatives across our network and facilities. Our environmental programmes are governed by internationally recognised management and reporting systems.

#### Stabilising Energy Growth

In 2017, we worked towards stabilising our energy consumption through various initiatives on the back of expanded network coverage. We continue to track energy used from the grid and generators for our network, buildings, flights, fleet and rental vehicles. We utilised 304 GWh of energy across our operations, a 6.5% increase year-on-year. Being aware of where our most significant emissions are produced, we continue to explore new avenues to reduce our emissions while delivering business goals.

**Network:** One primary initiative is to reduce our dependency on diesel. We progressively transform a significant number of our transmission sites located off the national electricity grid (off-grid) to run on electricity rather than diesel-powered generator sets. We have also converted more than 600 cabin sites from air-conditioning to fan cooling and utilised more robust outdoor equipment to stabilise our electricity consumption.

Our energy intensity per RM revenue rose to 0.051 KWh due to lower revenues, while our KWh per customer is at 26 KWh, above the Telenor Group average of 17.6 KWh. Our total carbon emission equivalent is at 157,970 tonnes (10.7% year-on-year rise), a direct result of increased electricity usage from our network expansion while our carbon emission per customer rose to 13.5 kg CO<sub>2</sub>e. However, we achieved carbon savings in Scope 1 and Scope 3 as we reduced our diesel consumption and transportation by flights.

#### Total Energy Use by Type (GWh)

	2017	2016	2015
Network (Grid)	187	160	155
Network (Diesel)	96	101	86
Building	7	8	8
Transport	13	15	14
<b>TOTAL</b>	<b>304</b>	<b>284</b>	<b>263</b>

#### Emissions By Scope (Tonnes CO<sub>2</sub>e)

	2017	2016	2015
<b>Scope 1</b> Direct emissions from owned or controlled sources (eg. fuel)	24,262	26,351	22,048
<b>Scope 2</b> Indirect emissions from generation of purchased energy (eg. electricity)	131,926	114,573	111,586
<b>Scope 3</b> All indirect emissions not included in Scope 2 that occur in the value chain incl. upstream and downstream (eg. transportation, flight)	1,782	1,912	1,628
<b>TOTAL</b>	<b>157,970</b>	<b>142,835</b>	<b>135,262</b>

\* Our boundary for carbon reporting only covers emissions from Digi Telecommunications Sdn Bhd. Emissions from our network, which accounts for our largest emissions, operate under this company. It does not include subsidiaries, outsourcing services or joint ventures.



### Energy and Carbon Emission Per Customer (KWh/Kg CO<sub>2</sub>e )

	2017	2016	2015
KWh (Digi)	26.0	23.1	21.8
KWh (Telenor Average*)	17.6	18.6	15.7
Kg CO <sub>2</sub> e (Digi)	13.5	11.6	11.2
Kg CO <sub>2</sub> e (Telenor average*)	5.9	6.0	4.9

\* Includes recalculation of Telenor Group data (ex-India) for Telenor average for the period 2015-2016

**Improving Environmental Management Systems:** In 2017, we upgraded our Environmental Management System (EMS) to the latest ISO 14001:2015 standard which includes key improvements to remain relevant in the marketplace and adhere to the best international practice.

**Building a Sustainable Workplace:** We became the first operator in Malaysia to receive the Leadership in Energy and Environmental Design (LEED) Gold certification from the US Green Building Council (USGBC) for Digi's refurbished headquarters in Subang Jaya. This achievement includes 100% electrical energy star rated equipment and light fittings which have helped reduced power density by 60% annually. We have also seen a 42% saving in water usage per annum by upgrading to water saving closet and toilet flushing systems.

The LEED certification is the second environmental certification Digi has received for our buildings, the first being the Gold Certification from the Green Building Index for Digi's Technology Operations Centre received in 2011, making it the first green data centre in Malaysia.



**Improving Waste Management:** We continue to manage our water and waste efficiently, resulting in about 15% reduction in water usage across all our operations nationwide in 2017. We also continue to recycle our municipal waste and e-waste by reusing and recycling electrical and electronic equipments through professional service providers who guarantee that the waste is processed, sorted, resold, recycled and disposed in an environmentally sound manner. These include the collection of mobile devices and batteries through our Mobile e-waste collection initiative at our retail stores.

### EMPOWER SOCIETIES

We believe that the internet is a great equaliser. Our outreach programmes are designed to enable digital inclusion and to build digital resilience in delivering on our commitment to help reduce inequalities among the underprivileged and underserved communities.

#### Enabling Digital Inclusion

In enabling digital inclusion, we worked with partners who share our common vision to equip identified communities with internet connectivity and empower them through digital solutions.

**Learning Sign Language for Everyone:** We jointly developed EDDY, a sign language mobile app for the deaf community and anyone looking to learn the Malaysian Sign Language. EDDY is designed as an education aide, and also a communications tool that is able to translate sign language on-the-go. EDDY is downloadable from the Google Play Store for free.





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**Easy Access to Local Information for Cancer Patients:** In collaboration with the National Cancer Society Malaysia (NCSM), Digi built a virtual resource and support mobile app known as Stronger than Cancer, to empower patients, caregivers, family and friends affected by cancer. It is a one-stop community mobile platform to facilitate quicker, reliable and trustworthy sharing of information related to cancer.

**Digital Learning for Hospitalised Children:** Together with a Technology social enterprise SOLS 24/7, we equipped 15 Sekolah Dalam Hospital (SDH) nationwide with 30 laptops, 15 tablets, and internet connectivity to enable digital learning for children who are undergoing long-term treatment at hospitals to ensure they are not left behind in their studies. More than 700 children were engaged in the first pilot school programme.



**Learning Robotic for Rural Students:** In partnership with Petrosains, we organised a robotic programme, Young PI1M Inventors Challenge, to provide secondary school students in rural communities with basic designing, coding and proximity sensor training. Hosted at 1Malaysia Internet Centres (PI1Ms), this eight-month programme engaged about 144 students from 48 schools located around 48 PI1Ms.



### Building Digital Resilience

With more children accessing the internet at an early age, we have the responsibility as a connectivity provider to advocate safe and responsible use of the internet. Our goal is to help build digital resilience among children in Malaysia through our cybersafety awareness, and cybergrooming and cyberbullying intervention programmes to create safer online experiences. In 2017, we engaged more than 140,887 students nationwide through different programmes which were carried out in collaboration with the government and partners such as the Ministry of Education, Malaysian Communications and Multimedia Commission (MCMC), CyberSecurity Malaysia, Royal Malaysian Police (PDRM), Federation of Reproductive Health Association Malaysia (FRHAM), UNICEF, R.AGE (TheStar), WOMEN:girls (NGO), Petrosains and NagaDDB Tribal.

**Capacity Building on Safe Internet Use:** We developed a 'Digital Citizenship' module for use in MyDigitalMaker Clubs in schools, and produced a cyberbullying teaching aide for the Ministry of Education's counseling and discipline unit.

We also launched a national #Be Smart About Cyberbullying Survey 2017 which seeks to gather the largest repository of online bullying behaviour among secondary schoolchildren, including the impact and effectiveness of actions taken to overcome this challenge, sourcing from more than 5,000 secondary school students nationwide.

In a partnership with the Malaysia Digital Economy Corporation (MDEC), we helped build the cybersafety content for their Mobile Learning Unit, a customised bus fitted with digital making tools, and information on digital technology and safe use of the internet, which travelled to 92 rural schools. For the third year, we collaborated with the Ministry of Education and CyberSecurity Malaysia to run a CyberSAFE™ in Schools national video competition and school debate to encourage dialogue on digital citizenship among school children.

**Cultivating Digital Citizenship:** We established a Digital City Showcase in Petrosains, featuring interactive activities to educate children who visit the science center around the themes of cyberbullying and cybergrooming.

We also jointly created a Public Service Announcement (PSA) video, 'Fight Against Predator', to inform parents on the role they can play in identifying risks and mitigating the increasing prevalence of cybergrooming.

Together with partners such as UNICEF, we organised #SayaSayangSaya townhalls aimed at developing digital resiliency to prevent children from being exploited by online predators. 1,541 students from 318 schools (in addition to the 42,100 viewers who tuned in to our Facebook Live stream) were engaged through eight townhall sessions. Each townhall had expert speakers covering topical issues and a Q&A session where youth were given a safe space to share their experiences, concerns and solutions on internet-related sexual violence.

**Spearheading Cybersafe Advocacy:** Together with UNICEF and MCMC, Digi organised the ASEAN Child Online Protection (COP) 2D1N youth camp. We also facilitated a child panel

discussion and participated as one of the expert panelists alongside Facebook and Google APAC. At the ASEAN Child Online Protection Seminar, Digi was also recognised by the Ministry of Education as an industry leader in advocating safer internet.

Other advocacy initiatives include partnering UNICEF to organise two full day research workshops with 30 youths as part of their global annual publication of the 'State of the World Children's Report', and the participation of Digi's CyberSAFE™ champion, Philip Ling, as one of the speakers at the PERMATA-led #CyberSAFE™ Conference organised by three Ministries.



Digi Digital City Showcase in Petrosains



CyberSAFE™ in Schools Video Competition



ASEAN Child Online Protection Seminar



#SayaSayangSaya Nationwide Townhalls

This is a summary of key sustainability initiatives undertaken by Digi in 2017. For more detailed information on sustainability governance, material issues, stakeholder engagement, management approach, initiatives, and data trends, please go to our Sustainability Report [www.digi.com.my/sustainability](http://www.digi.com.my/sustainability) and our public website [www.digi.com.my/aboutus](http://www.digi.com.my/aboutus)

KPMG has provided a limited external assurance of select indicators presented in this section of the Annual Report. The limited external assurance opinion can be found on pages 171 to 173 of this Annual Report.