

CORPORATE GOVERNANCE REPORT

STOCK CODE : 4863
COMPANY NAME : Telekom Malaysia Berhad
FINANCIAL YEAR : December 31, 2021

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.1

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

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| Application | : Applied |
| Explanation on application of the practice | <ol style="list-style-type: none">1. The Board is collectively responsible for the management and oversight of the Company's business and affairs in ensuring the meeting of the objectives and goals of the Company. Throughout 2021, the Board continued to guide and effectively steer the Company with well-planned strategies and monitored Management's implementation of the strategies within a transparent governance framework.2. In order to ensure the effective discharge of its responsibilities, the Board has established the Group's Governance Framework where specific powers of the Board are delegated to the relevant Board Committees and Managing Director/Group Chief Executive Officer/ (MD/GCEO). As at 31 December 2021, there are four (4) Board Committees i.e. Board Audit Committee (BAC), Board Nomination and Remuneration Committee (NRC), Board Risk Committee (BRC) and Board Tender Committee (BTC), assigned to effectively discharge their responsibilities which include amongst others the financial information and performance review, human capital management, internal controls, risk management, governance, procurement and ethics and integrity matters. Two (2) Board Committees i.e. Board Investment Committee (BIC) and the Long Term Incentive Plan (LTIP) Committee were disbanded in 2021. The Terms of Reference (ToRs) of the Board and Board Committees are stipulated in the Board Charter which is available in the Company's website at www.tm.com.my.3. The Board, together with the Management, is committed to promote good corporate governance (CG) culture within the Group which reinforces ethical, prudent and professional behaviour. As guided by the Malaysian Code on Corporate Governance 2021 (MCCG), ASEAN CG Scorecard criteria and the relevant best practices, the Board continuously upholds CG standards and values in the organisation.4. The Board plays an active role in reviewing, challenging and approving the strategy and Annual Operating Plan (AOP) for the Group. The Board provides its guidance, views and inputs to ensure proper formulation of strategies supporting long-term value creation |

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| | <p>and includes strategies on environmental, social and governance (ESG) considerations underpinning sustainability.</p> <p>During the year, three (3) Board Strategy Retreats involving the Board and senior management were held to deliberate, realign and reassess the Group's business direction and strategies in line with TM's transformation plans and ESG initiatives. Following rigorous discussions at the retreats, the Board approved TM Group's mid-term strategic direction and AOP for 2022-2024 in December 2021.</p> <p>5. The Board also oversees the conduct of the Group's businesses to ensure that they are properly managed. Effective management oversight is critical to support the MD/GCEO and Management Team in ensuring the efficient and effective execution of their duties and responsibilities.</p> <p>a) The Company's 2022 Key Performance Indicators (KPI) Framework and Scorecard were deliberated and approved by NRC and the Board in November 2021.</p> <p>b) MD/GCEO together with Heads of Lines of Business (LOBs) and Management Team monitored the Group's performance report where performance is measured and track against the approved Scorecard. Business Performance Report is disseminated to the Board on a monthly basis. Whilst, Quarterly Business Review Reports were tabled and deliberated at Board meetings, highlighting key business performance, areas of growth and concerns and also regulatory updates.</p> <p>6. The Board, supported by the BAC and BRC, ensures that there is a sound framework for internal controls and risk management.</p> <p>a) The Group Internal Audit (GIA) Division manages and monitors the internal control systems throughout the Company. In line with its ToR, GIA has the authority to audit any division or subsidiary of TM Group and to review projects and systems at any time and report its findings directly to BAC. Significant findings from the audit reports are deliberated at BAC meetings and reported to TM Board.</p> <p>b) BAC supports the Board in its oversight responsibilities by providing an unbiased and independent review on the effectiveness and efficiency of the Group's internal control systems to ensure the implementation of appropriate internal control systems, supported by reports from the GIA and the annual review by the external auditor.</p> <p>c) BAC activities in 2021 are set out in the CG Overview segment in the 2021 IAR.</p> <p>7. The Board, through the BRC, oversees the Company's risk management framework and constantly engages the Management on managing, mitigating and eliminating the inherent risks that may have an impact on the Group. The Board understands the principal risks of the business and recognises that business decisions involve the taking of appropriate risks.</p> <p>a) BRC, in 2021, has reviewed and approved the updated Corporate Risk Management Policy and Risk Appetite</p> |
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| | <p>Statement for TM Group and the same was endorsed by TM Board.</p> <p>b) Following the restructuring of TM Board Committees, BIC was disbanded on 23 September 2022 and following thereto, BRC's role was expanded to include review and assessment of risks involving key and strategic investment proposals and mitigation plans. The risk assessment was then tabled to the Board, to enable a holistic view and deliberations on the investment proposals, for the Board's approval.</p> <p>c) The Group Risk Management division (GRM) is tasked with the role of identifying risk issues that may jeopardise the Group's business and sustainability including emerging risk, investment risk, strategic risk etc. The Enterprise Risk Management (ERM) Corporate Risk Report and Sustainability Report are presented to BRC on quarterly basis, and reported to the Board for further deliberation.</p> <p>d) BRC Report, Directors' Statement on Risk Management and Internal Controls (SORMIC) and ERM Report set out in the 2021 IAR detailed out the overview on the Group's risk management framework, policies and status for 2021.</p> <p>8. The Board, through the NRC, is responsible to ensure that there is an effective and orderly succession planning for both of the Board and Pivotal Positions i.e. critical positions to deliver the strategies of the organisation and critical to the business, comprising identified positions reporting to MD/GCEO and any other positions deemed strategic for the Company by the NRC and endorsed by Board from time to time.</p> <p>a) During the year, NRC has undertaken rigorous assessment in identifying and recommending candidates with the required skillsets, experience and competencies as Directors and Pivotal Positions, for the Board's approval.</p> <p>b) External talent search professionals were engaged in 2021 to facilitate extensive searches for new TM Directors and the Pivotal Positions. Korn Ferry was appointed to undertake the search for new TM Directors, whilst Egon Zehnder was engaged to provide and assess candidates for new Pivotal Positions.</p> <p>c) For vacant Independent Non-Executive Director (INED) position, the initial list of candidates who fits the search criteria, as identified from the 2020 Board Effectiveness Evaluation (BEE), was tabled for assessment and shortlisting by NRC. The NRC then conducted a "chat session" to better acquaint with the shortlisted candidates, followed by the Chairman's session with the shortlisted candidates, prior to NRC making any recommendation to TM Board.</p> <p>d) Nomination of nominee directors from TM's Special Shareholder and Major Shareholder was tabled to NRC who is responsible for reviewing and providing feedback on the appointment prior to tabling the same for further consideration and approval by TM Board.</p> <p>e) During the year, the Board, upon NRC's recommendation had approved the appointment of Tan Sri Mohammed Azlan Hashim</p> |
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| | <p>on 1 August 2021 as new Non-Independent Non-Executive Chairman (NINEC) in place of Tan Sri Dato' Seri Mohd Bakke Salleh, Rossana Annizah Ahmad Rashid as new INED on 22 November 2021 to fill the vacancy following the resignation of Dato' Ibrahim Marsidi on 16 October 2021. Whilst, Muhammad Afhzal Abdul Rahman was appointed as nominee director of the Employees Provident Fund (EPF) and TM Non-Independent Non-Executive Director (NINED) on 1 December 2021, in place of Dato' Mohd Naim Daruwish who also resigned on 16 October 2021.</p> <p>f) For Pivotal Positions, the list of candidates was first reviewed, assessed and shortlisted by the Senior Management Interview Panel, prior to proposing them to the NRC. NRC then conducted its own assessment as well as interview sessions, in ensuring a holistic and comprehensive selection process. The final shortlisted candidates were then recommended to TM Board for final decision.</p> <p>g) Upon recommendations by the NRC, TM Board has approved the appointments of the following Pivotal Positions in 2021 i.e. Chief Marketing Officer (CMO), Chief Human Capital Officer (CHCO), Chief Procurement Officer (CPO), Executive Vice President (EVP) of Enterprise Digital Services and EVP TM ONE.</p> <p>h) NRC also monitors the performance of the Directors via the annual BEE, and the Pivotal Positions. The scorecards of the Pivotal Positions were reviewed and deliberated by NRC prior to making its recommendation on their performance as well as short term incentives to TM Board for approval.</p> <p>i) The NRC Report in the CG Overview Statement in the 2021 IAR provides details of the activities undertaken by NRC in this respect.</p> <p>9. The Board recognises that an effective communication policy is vital in managing shareholders' interest and other stakeholders' perception of the Company. The Board Charter outlines the Company's policy on communication with stakeholders, referencing to the Internal Communication Policy Guidelines.</p> <p>a) The Group Strategic Communication (GSC) and the Investor Relations (IR) unit under TM Group Finance, have been tasked to undertake this responsibility.</p> <p>b) Management continues to engage with the stakeholders proactively and in a timely manner, to keep them abreast of the Group's strategies, performance and key business activities.</p> <p>c) Information on engagement with stakeholders is available in the segment titled "The Stakeholders We Rely On" on pages 22 – 24 of the 2021 IAR.</p> <p>10. The Board takes collective responsibility and accountability on the integrity of the Company's financial and non-financial reporting to ensure reliability, timeliness, transparency and compliance with the relevant standards.</p> |
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| | 11. Additional information is provided in the segment titled “Discharging the Board Responsibilities” in page 129 of the CG Overview in the 2021 IAR. | |
| Explanation for departure | : | |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
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Intended Outcome

Every company is headed by a board, which assumes responsibility for the company’s leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.2

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

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| Application | : | Applied |
| Explanation on application of the practice | : | <ol style="list-style-type: none">1. The Chairman's overarching responsibilities are to provide leadership to the Board and ensuring the effective functioning of the Board including the collective oversight of the Management.2. He also leads the Board in instilling good CG practices throughout the organisation. The Chairman's responsibilities are clearly specified in paragraph 4.1 of the Board Charter, which is available on the Company's website at www.tm.com.my.3. The Chairman, besides the Senior Independent Director (SID), also has a tacit role to act as intermediary to resolve any issue or sensitive matter that may arise between members of the Board.4. The Chairman has also play a critical role, aside the MD/GCEO, in the effective communication with the stakeholders and communicated their views and concerns to the Board as a whole.5. Tan Sri Mohammed Azlan Hashim is a highly respected corporate figure with extensive experience, known for upholding CG and integrity. He brings a wealth of corporate, industry and commercial insights, which has broadened and enrich the Board's overall expertise. His profile is set out in the Board of Directors' Profile on page 154 in 2021 IAR.6. Based on the 2021 BEE Result, the Chairman has been rated to be effective. He has demonstrated strong leadership to the Board, encourages participation of all directors as well as dissenting views for robust discussions, and drives open and consultative environment. He balances all views and summarise salient points of discussion to arrive at informed decisions. He is decisive and action oriented whilst effectively delegates responsibilities to the MD/GCEO. He has been able to act as an effective liaison between the Board and MD/GCEO.7. As part of the 2021 BEE process, the Chairman will conduct an individual face-to-face session with the Directors, based on the BEE Result and Directors' Self/Peer Assessment as well as feedback from Senior Management for further improvement of the Board, as a whole, and particularly the Directors concerned. |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |

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| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.3

The positions of Chairman and CEO are held by different individuals.

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| Application | : | Applied |
| Explanation on application of the practice | : | <ol style="list-style-type: none">1. The Board recognizes the importance of a clear segregation of responsibilities between the Chairman and MD/GCEO, in order to balance the equilibrium of power in the Company so that no one individual or group can dominate the decision making process.2. At all times the positions of Chairman and GCEO were held by different individuals with clear and distinct roles as specified in paragraphs 4.1 and 4.2 of the Board Charter.3. Tan Sri Mohammed Azlan Hashim was appointed as TM Chairman on 1 August 2021. He is responsible for the effectiveness and overall functioning of the Board.4. Shazril Imri Mokhtar was appointed MD/GCEO on 1 August 2020. He is responsible to ensure effective functioning of the Company's day-to-day operations, implementation of broad policies as approved by the Board. The MD/GCEO reports and updates the Board on all material issues currently or potentially affecting the Group and its performance. |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.4

The Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee

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| <i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i> | |
| Application | : Applied |
| Explanation on application of the practice | : <ol style="list-style-type: none">1. Pursuant to TM's Guiding Principles on Directors' Participation in Board Committees, the Chairman of the board is not Chairman or member of any Board Committees.2. TM Chairman has never been a Chairman or member of any Board Committees. He has never been invited to participate in any of the Board Committees' meetings.3. Chairman of BAC is Hisham Zainal Mokhtar and Chairperson of NRC is Tunku Afwida Tunku Dato' A.Malik, both are INEDs of the Company. |
| Explanation for departure | : |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | |
| Measure | : |
| Timeframe | : |

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.5

The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

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| Application | : | Applied |
| Explanation on application of the practice | : | <ol style="list-style-type: none">1. The Board is assisted by two (2) qualified and experienced Company Secretaries with each having more than 20 years of corporate experience attending to company secretarial and compliance matters, as well as advocating best CG practices for adoption.2. Hamizah Abidin, the Group Company Secretary, has legal qualification and is licenced by the Companies Commission of Malaysia (CCM). Whilst, Mohammad Yazmi Mat Raschid, the Joint Secretary, is a member of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA). Both are qualified to act as company secretaries under Section 235(2) of the Companies Act 2016 (CA 2016). Both are also registered with CCM under Section 241 of CA 2016 and are issued with practicing certificates by the Registrar of Companies.3. The Company Secretaries constantly keep themselves abreast with the regulatory changes and development in CG. They have attended continuous professional development programmes provided by service providers including CCM and MAICSA.4. The Group Company Secretary, supported by the Joint Secretary and her team from the Group Company Secretarial Division (GCSD), is responsible to provide comprehensive support and appropriate advice and guidance to the Board and Board Committees on their roles and responsibilities, policies and procedures, rules and regulations and relevant laws as well as best practices on governance. These include the management of all board and committee meeting, attendance and minutes drafting of all Board and Committee meetings, and facilitating board communications.5. The Company Secretaries monitors CG development and support the Board on the application of CG principles and best practices, to meet the need of the Board and expectation of stakeholders.6. During the year, in addition to the 2021 BEE, the Company Secretaries have been tasked to conduct the Board Management Effectiveness Programme (BMEP), being one of the scorecard measure for "Customer" under the purview of the respective Pivotal Positions. This is to enhance the relationship between the Board and Pivotal Positions supporting the Board and Board Committees.7. The Company Secretaries continue to monitor the implementation of Board Performance Improvement Programme (BPIP) arising from the recommendation of the 2020 BEE. |

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| | <p>8. The Company Secretaries, with the support of Group Strategy, also organise induction programmes for new Directors by MD/GCEO and relevant Management team. Induction programmes are also held for new Committee members.</p> <p>9. The Company Secretaries also monitor the Board Training Programme (BTP), a structured programme designed to address training needs of Directors and to inject the required knowledge and skills for them to effectively discharge their duties. The findings are reported to the NRC on quarterly basis.</p> <p>10. The Company Secretaries serve as a focal point for stakeholders' communication and engagement on CG issues.</p> <p>11. The Company Secretaries, assisted by the Group Strategic Communication, manage the processes pertaining to the annual general meeting (AGM). The Secretaries play an important role in ensuring the processes and proceedings are in place and properly managed in compliance with the Constitution as well as relevant laws and regulations.</p> <p>12. The roles and responsibilities of the Secretaries are specified in paragraph 13 of the Board Charter.</p> |
| <p>Explanation for departure</p> | <p>:</p> |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | |
| <p>Measure</p> | <p>:</p> |
| <p>Timeframe</p> | <p>:</p> |

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.6

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

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| Application | : Applied |
| Explanation on application of the practice | <p>A. <u>Meeting Calendar, Agenda and Materials</u></p> <ol style="list-style-type: none">1. In facilitating the Directors to discharge their responsibilities efficiently and effectively, an Annual Meeting Calendar is prepared and circulated in advance of each new year. The Calendar provides Directors with scheduled dates for meetings of the Board and Board Committees, and AGM. Separate sessions are held for the Board and Board Committee meetings.2. Key Board and Committee Agendas was also presented to the Board, bi-annually, setting out the tentative Agenda items for the 1H and 2H scheduled meetings during the year. It serves to facilitate the Board and Management's planning in the preparation of matters for discussions at the meetings.3. The Chairmen and Chairpersons of Board and Committee meetings approve the meeting agenda, and ensure adequate time is allocated for the proposals tabled at the meetings.4. Meeting materials are distributed and disseminated to the Directors within a reasonable period prior to the meeting. Under the Board Charter, comprehensive board papers are to be circulated four (4) days prior to the meetings to enable the Board to make informed decisions.5. Meeting materials are disseminated through the BoardPac, an electronic meeting management system. Directors are supplied with an electronic device whereby all notices and proposal papers, including circular resolutions, are uploaded and distributed to directors electronically and instantly, enabling Directors to access the board papers anytime and anywhere. It has also an archival system where Directors are able to retrieve past information.6. In addition, an updated cloud solution is also used for distributing and sharing proposal papers for the Board, Committee and subsidiaries' meetings known via MS Teams platform with the Board and Senior Management. Such solution eases the process of distribution of paper, ensuring security of information and enables ease of access to the Board papers electronically anytime and anywhere.7. The multiple electronic platforms are maintained as each system accommodates a different cluster of users. TM BoardPac is predominantly used for TM Directors, while MSTeam caters for both Management and TM Directors accessible through multiple devices. |

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| | <p>B. Circulation of Minutes of Meetings</p> <ol style="list-style-type: none"> 1. Deliberations and decisions at Board and Board Committees' meetings are minuted clearly and accurately. The minutes record the decisions of the Board including deliberations, comments, concerns or dissenting views. The minutes indicate whether any Director has abstained from voting or recused himself/herself from deliberating on a particular matter of which he/she has interest. Actions proposed by the Board and the identified timelines and persons responsible to undertake the tasks are specified in the Minutes and communicated to Management for their action. 2. A summary of the Board's deliberations/key decisions is given to Management for their information and prompt action. 3. The draft minutes of the Board and Committees' meetings are disseminated and archived in the BoardPac throughout the year for the Board's review and reference. | |
| <p>Explanation for departure</p> | <p>:</p> | |
| | <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | |
| <p>Measure</p> | <p>:</p> | |
| <p>Timeframe</p> | <p>:</p> | |

Intended Outcome

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

Practice 2.1

The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

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| Application : | Applied |
| Explanation on application of the practice : | <ol style="list-style-type: none">1. The Board Charter embodies the Company's governance practices. It provides reference for the Directors in relation to the Board's roles, powers, duties and functions. It outlines processes and procedures for the Board and its Committees in discharging their stewardship. The respective roles and responsibilities of the Board, Board Committees, NINEC, SID, Executive Director (ED), Non-Executive Directors (NEDs) and Management; and issues and decisions reserved for the Board are clearly identified.2. Our Board Charter is reviewed from time to time and updated regularly to maintain its relevance and accuracy to current rules and regulations.3. In FY 2021, as part of the annual review and pursuant to the recommendation from the 2020 BEE, amendments were made to the Board Charter arising from the disbandment of BIC and LTIP Committee. The ToR of BRC was enhanced to include review and assessment of risks involving key and strategic investment proposals and its mitigation plans. Key changes were also made to the ToR of BAC primarily on the enhancement of its independent function. Reviews to the NRC's ToR were also made in line with the updated MCCG and Main LR as well as adoption of updated internal principles and guidelines. The Board Charter is accessible on our official website at www.tm.com.my.4. As part of its roles and responsibilities, and in accordance with paragraph 15.08(3) of the Main LR, the Board is also responsible to ensure continuous training for the Directors. The Board has in place the BTP and, through the NRC, has considered the areas/topics of training relating to business operations, new technologies or capital market development as part of the Directors' continuing education programmes.5. All newly appointed Directors in 2021 have completed the Mandatory Accreditation Programmes (MAP) except for Muhammad Afhzal Abdul Rahman who was appointed on 1 December 2021. He has obtained extension of time to complete his MAP by 25 May 2022.6. Management has also continuously organised in-house trainings and Directors' development initiatives for the Directors as well as conducted induction sessions for newly appointed Directors in 2021. This serves as a dual function, which is to familiarise the Directors with TM's business operations, as well as a platform to establish an effective channel of communication and interaction with Senior Management. |

7. The status of BTP as at 31 December 2021 was tabled at NRC Meeting on 24 January 2022. The analysis on the total number of Directors' training hours (TH) in 2021 is shown in Table 1 below, whilst the list of conferences, seminars and training programmes attended by Directors in 2021 are tabulated in Table 2:

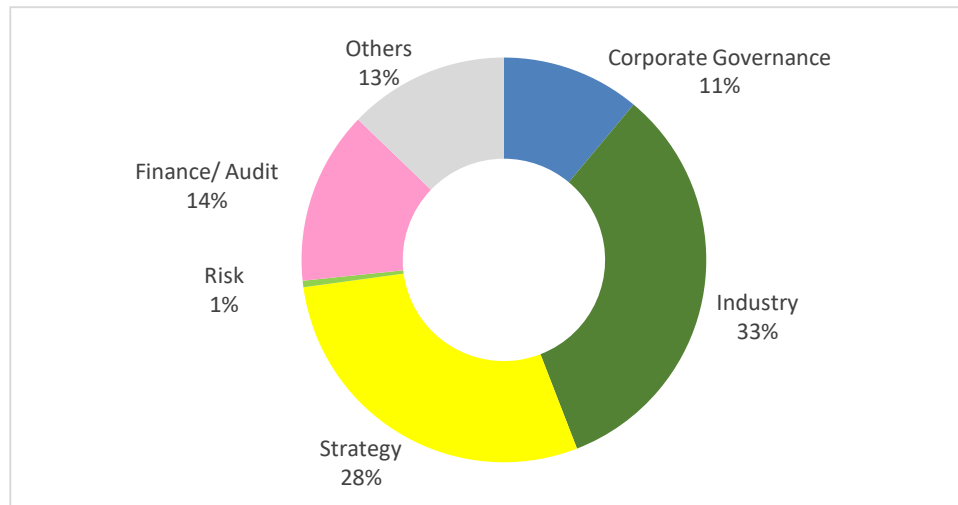


Table 1: BTP TH for 2021

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| Industry (33%) | <ul style="list-style-type: none"> ▪ Next generation Reinvention for Telecoms Operators. ▪ Propelling TM's B2B Digital Services Growth. ▪ Mobile World Congress 2021. ▪ TM Deloitte TMT Predictions 2021 & Enterprise Solutions. |
| Strategy (28%) | <ul style="list-style-type: none"> ▪ Agile Organisation ▪ ESG / Purpose ▪ Propelling TM's B2B Digital Services Growth ▪ Mobile Strategy ▪ Content: To OTT or not to OTT ▪ Telco Reinvention and Closing |
| Corporate Governance (11%) | <ul style="list-style-type: none"> ▪ TM Integrity Day 2021 |
| Finance/Audit/Accounting (14%) | <ul style="list-style-type: none"> ▪ FIDE update by BNM ▪ Finance for change Conference |
| Risks (1%) | <ul style="list-style-type: none"> ▪ A Business Case: Integrating EES+G Risks for Sustainable Business |
| Others (13%) | <ul style="list-style-type: none"> ▪ Site visit – 10TH (27%) ▪ Human capital management – 6TH (16%) ▪ Performance Management – 9TH (24%) ▪ Integrity – 9TH (24%) ▪ Procurement – 3TH (8%) |

Table 2: Trainings attended in 2021

Explanation :
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departure

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

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| Measure : | | |
| Timeframe : | | |

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.1

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

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| Application | : Applied |
| Explanation on application of the practice | <ol style="list-style-type: none">1. The Board has put in place a comprehensive Code of Conduct and Business Ethics (CBE) for the Company. CBE is internalised in TM as a tenet for proper comportment of the Board of Directors. Through disclosure of interest at every meeting, Directors have implemented the principle relating to transparency, integrity and responsibility.2. The CBE and Anti-Corruption Guide (ACG) act as primary references for all Directors, Management and all employees when dealing with various internal and external stakeholders. The policies of CBE have been integrated into company-wide management practices. The CBE also articulates expected standards of behaviour from the Directors, Management, employees and business partners of the Company and TM Group of companies, aligning with TM's vision and mission and KRISTAL values. Frequent reminders are also communicated for employees to stay alert on what is permissible under our CBE.3. Both CBE and ACG and other internal guidelines, underline the Company's intolerance towards corrupt practices and undesirable behaviour within and in relation to the Group as well as upholding the Company's value on Uncompromising Integrity, which is a collective effort between the Group Human Capital Management (GHCM), GIA, Group Procurement and Group Integrity and Governance (GIG) Divisions.4. GIG, headed by the Chief Integrity and Governance Officer (CIGO), is tasked to manage internal investigation, systematically manage complaints and whistleblower, and provide advisory and awareness on ethics and integrity matters within TM Group. CIGO reports to the BAC on all its activities in relation to ethics and integrity matters, and salient updates are then reported to TM Board.5. The CBE is subject to periodic review by the Board and published at regular intervals as and when changes arise to ensure that the best practices in governance are constantly updated and embraced by all stakeholders. The revised CBE version 5.0 was adopted on 1 January 2021. The CBE is accessible via TM's official website at www.tm.com.my |

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| Explanation for departure : | | |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure : | | |
| Timeframe : | | |

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.2

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

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| Application | : | Applied |
| Explanation on application of the practice | : | <ol style="list-style-type: none"> 1. TM has established the Whistle Blowing Policy pursuant to the initiative under TM's CBE allowing TM Group employees, business partners and public at large to report concerns about alleged unethical behaviour, as well as actual or suspected fraud within the Group via a reporting channel known as TM Ethics Line or Talian Etika TM. The complaints and information received from whistleblowers and stakeholders ensure the enforcement of policies, procedures and guidelines. 2. All information received is transparently investigated to determine the validity and severity of potential misconduct. During the year, 83 complaints were received through whistleblowing channel, whereby 92% of complaints resolved, with pending 8% to be resolved in 2022. 3. TM Board is committed to internalise whistle-blowing program by introducing a safe and acceptable platform for the employees, business partners and public at large to channel concerns about improper conduct not limited to illegal, unethical, improper business conducts affecting the Company and/or business improvement opportunities. 4. Employees may make a disclosure of improper conduct whether based on his or her reasonable belief that any person is engaged, is engaging or is preparing to engage in improper conduct. The disclosure of the improper conduct does not necessary lead to any disciplinary action or prosecution against the person whom the disclosure is made. Assurance is given to the employees that they will not be at risk to any form of employer's harassment which is not limited to threats, victimisation, retribution or retaliation from their superiors or from any of the Management. 5. Reports received through TM Ethics Line email (ethic@tm.com.my) or TM Ethics Line Toll Free (1-800-88-2377) will be assessed for further investigation by GIG to enable appropriate actions to be taken. |
| Explanation for departure | : | |

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

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| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.1

The board together with management takes responsibility for the governance of sustainability in the company including setting the company's sustainability strategies, priorities and targets.

The board takes into account sustainability considerations when exercising its duties including among others the development and implementation of company strategies, business plans, major plans of action and risk management.

Strategic management of material sustainability matters should be driven by senior management.

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| Application | : | Applied |
| Explanation on application of the practice | : | <ol style="list-style-type: none"> 1. Starting 2021, TM has embedded sustainability (ESG) as part of Group's strategic direction namely TM Compass as well as our AOP for effective implementation. It has been embedded in one of the four (4) strategic pillars: Our Purpose. 2. A structured Sustainability Governance Structure has been established with clear roles and responsibilities from operational level up to the oversight by BRC and ultimately by the Board. TM's Sustainability management in TM is spearheaded by the Chief Risk Officer (CRO). 3. The Board has approved TM ESG Roadmap 2022-2024 with clear commitments, targets and action plans. The roadmap sets a clear path for the Group to achieve its sustainability ambitions, acting as a blueprint for the leadership team, employees, partners and other stakeholders to work together in creating a more sustainable world. 4. To support TM ESG Roadmap, KPI on Sustainability has been embedded in all TM's Pivotal Positions Scorecards. It was also imposed on selected non-pivotal positions commencing in 2022. |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.2

The board ensures that the company's sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.

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| Application | : | Applied |
| Explanation on application of the practice | : | <ol style="list-style-type: none"> 1. Sustainability material matters, risks and opportunities are discussed in designated platform such as Sustainability Working Group, sub-working group, TM's Management Meeting and also by BRC. Sustainability risk has also been embedded into TM's ERM framework to ensure sustainability risks and opportunities consideration within operations. 2. Periodic communication with internal stakeholders is conducted through the Company's internal communication platforms i.e. Group Town hall (Sesi Jom Bersama TM), email, bulletin/ snippet and Management/ Operational meeting. 3. For external stakeholders, communication is made periodically via our annual reporting/sustainability disclosure (i.e. IAR), press release, quarterly engagement with investor communities and regulators/authorities. These initiatives will continue in 2022. 4. TM continues to participate in the CEO Action Network (CAN) in building and communicating sustainability/ESG aspirations across the industries at national level. 5. TM's Sustainability report as provided on pages 78 – 125 in the Corporate Overview Book of the IAR 2021 detailed our commitment, sustainability progress and initiatives. |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.3

The board takes appropriate action to ensure they stay abreast with and understand the sustainability issues relevant to the company and its business, including climate-related risks and opportunities.

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| Application | : | Applied |
| Explanation on application of the practice | : | <ol style="list-style-type: none">1. Since 2020, sustainability has become a permanent agenda in quarterly BRC meeting as part of progressive efforts to enhance TM's sustainability practices. The agenda covers sustainability initiatives progress, challenges, and sustainability risks including climate-related risks, actions and opportunities as well as sharing of findings/gap analysis issued by independent rating agencies (e.g. FTSE Russell).2. To better equip BRC members with sufficient understanding and knowledge of sustainability issues relevant to the Company and its business, a knowledge sharing session on "A Business Case: Integrating EES+G Risks for Sustainable Business" was conducted by an appointed consultant with BRC.3. The Board has been kept abreast of sustainability issues and development via BRC Report and during the Board Strategy Retreats in 2021.4. NRC also takes into consideration Director's skillset in sustainability matters in assessing suitable candidates moving forward. |
| Explanation for departure | : | |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.4

Performance evaluations of the board and senior management include a review of the performance of the board and senior management in addressing the company’s material sustainability risks and opportunities.

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| Application | : | Applied |
| Explanation on application of the practice | : | <ol style="list-style-type: none"> 1. TM Corporate Scorecard was developed based on the guiding principles to ensure alignment and effective implementation of strategies under the 2022 – 2024 AOP. In this respect, targets with respect to sustainability strategies or initiatives have been included as KPIs in the Corporate Scorecard. 2. The Board has also approved TM ESG Roadmap 2022-2024 with clear commitments, targets and action plans. Appropriate KPI has been established and imposed on all TM’s pivotal positions/senior management and selected non-pivotal positions starting in 2022. In 2021, ESG-related KPIs are carried by the MD/GCEO and CRO. 3. In the 2021 BEE exercise, Directors’ feedback was also sought on the enhancement of ESG metrics as part of TM’s strategic direction. The Board, inter alia, agrees to continue keeping abreast of developments by participating in continuous ESG programmes to enable greater understanding and acceptance of ESG considerations. This in turn will lead to better clarity and ability to incorporate ESG in all aspects of TM activities. 4. Considering the Directors’ industry experience from presiding in other Public Listed Companies (PLCs), Management, in its BEE feedback, welcomed the Board’s guidance and insights on ESG matters as well as benchmarking TM ESG blueprint and metrics with other organisations. |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.5- Step Up

The board identifies a designated person within management, to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the company.

Note: The explanation on adoption of this practice should include a brief description of the responsibilities of the designated person and actions or measures undertaken pursuant to the role in the financial year.

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| Application | : | Adopted |
| Explanation on adoption of the practice | : | <ol style="list-style-type: none">1. A designated person, Mohamad Mohamad Zain, TM's CRO, is responsible for the management of TM's sustainability covering governance, strategy, monitoring, tracking and reporting. CRO reported to the BRC who has oversight on sustainability matter.2. Since 2020, sustainability has become a permanent agenda in quarterly BRC meeting as part of progressive efforts to enhance TM's sustainability practices.3. Starting 2021, TM has embedded sustainability as part of the Group's strategic direction. Sustainability risk has also been embedded into TM's ERM framework.4. Sustainability material matters, risks and opportunities are discussed in designated platforms such as Sustainability Working Group, sub-working group, TM's Management Meeting and also by BRC.5. Periodic communication with internal and external stakeholders conducted.6. TM continues to participate in CAN in building and communicating sustainability/ESG aspirations across the industries at national level.7. The Board has approved TM ESG Roadmap 2022-2024 in December 2021 with clear commitments, targets and action plans. To support TM ESG Roadmap, KPI on Sustainability has been embedded in all TM's Pivotal Positions Scorecards.8. TM ESG KPI performance is being tracked on weekly basis under the Transformation Office platform where challenges and risk were facilitated to ensure performance on target.9. TM's Sustainability report as provided on pages 78 – 125 in the Corporate Overview Book of the IAR 2021 detailed our commitment, sustainability progress and initiatives. |

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.1

The Nomination Committee should ensure that the composition of the board is refreshed periodically. The tenure of each director should be reviewed by the Nomination Committee and annual re-election of a director should be contingent on satisfactory evaluation of the director's performance and contribution to the board.

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| Application | : | Applied |
| Explanation on application of the practice | : | <ol style="list-style-type: none">1. NRC is responsible to assist the Board, inter alia, in the development and implementation of the policies on the nomination and appointment of Directors and Committee members on the Board and Board Committees, as well as on TM Group of companies.2. Formal and transparent appointment procedure is in place for reference by the NRC. These procedures ensure that all nominees to the Board are first considered by the NRC, taking into account the required mix of skills and experience and other qualities, prior to recommendation to the Board. NRC is also empowered to undertake screening and conduct initial selection, which includes external search and evaluating the candidates' ability to discharge their duties, before making a recommendation to the Board.3. Upon rigorous assessments and selection process, Tan Sri Mohammed Azlan Hashim, Rossana Annizah Ahmad Rashid and Muhammad Afhzal Abdul Rahman were appointed during the year. Pursuant to Clause 106(2) of TM's Constitution, they are eligible for re-election at the forthcoming 37th AGM and have consented to be re-elected at the AGM.4. Pursuant to Clause 112 of TM's Constitution, Dato' Mohamed Nasri Sallehuddin, YM Tunku Afwida Tunku Dato' A.Malek and Balasingham A. Namasiwayam are to retire at the 37th AGM. They have also consented to be re-elected at the 37th AGM.5. NRC and TM Board, save for the abovenamed Directors, have considered the performances of the Directors due for retirement, and are satisfied with their contributions. They had accordingly agreed to recommend the abovenamed Directors' re-elections for shareholders' approvals as these Directors have strengthened the Board Skills Matrix and complemented the Board composition. |
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| Explanation for departure | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure : | | |
| Timeframe : | | |

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.2

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

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| Application | : | Applied |
| Explanation on application of the practice | : | <ol style="list-style-type: none">1. TM Board comprises eleven (11) Directors, six (6) of whom are INEDs. The INEDs constitute 55.0% of the Board.2. All six (6) INEDs satisfy the independence test stipulated in paragraph 1.01 of the Main LR.3. Apart from the criteria, the independence of all Directors, including the NEDs, is assessed annually through the BEE via the Self and Peer Assessment. The NRC, as part of its ToR, undertakes the annual review of INEDs' independence status and tables its findings and recommendations to the Board. The Directors' skills, experience, contributions as well as their backgrounds, economic and family relationships are considered. Thereafter, NRC determines whether the Directors can continue to bring independent and objective judgement to the Board, and whether there are relationships or circumstances which could affect, or appear to affect, the INEDs' judgement. |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.3

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should provide justification and seek annual shareholders' approval through a two-tier voting process.

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| Application | : | Not applicable - Step Up 5.4 adopted | |
| Explanation on application of the practice | : | | |
| Explanation for departure | : | | |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.4 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years without further extension.

Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.

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| Application | : | Adopted |
| Explanation on adoption of the practice | : | <ol style="list-style-type: none">1. TM Board has adopted the policy which limits the tenure of its INEDS to nine (9) years since November 2019, to ensure continued effective functioning and progressive refreshing of the Board.2. None of TM Directors has served a cumulative period of nine (9) years on TM Board. Three (3) Directors have served within one (1) year, four (4) Directors served between one (1) to three (3) years and four (4) Directors have served between three (3) to six (6) years. |

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.5

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

Directors appointed should be able to devote the required time to serve the board effectively. The board should consider the existing board positions held by a director, including on boards of non-listed companies. Any appointment that may cast doubt on the integrity and governance of the company should be avoided.

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| Application | : Applied |
| Explanation on application of the practice | <ol style="list-style-type: none">1. The current recruitment and appointment process of directors (including re-appointment) is adequate as it takes into consideration the required skills-set, experience, competency, regional and industry experience, and knowledge of the candidate, in addition to the candidate's gender and age and how these add to the Board's diversity.2. While the Board is responsible for the appointment of new Directors, the NRC is delegated with the role of screening and conducting an initial selection, which includes an external and independent search, before making the recommendation to the Board. NRC evaluates the candidates' ability to discharge their duties and responsibilities before recommending their appointment as Directors to the Board for approval.3. In February 2022, the Board approved the amendments to the ToR of NRC, inter alia, on the establishment of the Directors' Fit and Proper Policy to ensure that any person to be appointed or re-elected as TM Director shall possess the following criteria, to enable the discharge of the responsibilities in the most effective manner:<ol style="list-style-type: none">a) Character and integrity – probity, personal integrity, financial integrity, reputationb) Experience and competence – Qualifications, training and skills, relevant experience and expertise, relevant past performance or track recordc) Time and commitment - ability to discharge role having regard to other commitments, participation and contribution in the boardd) Diversity – age, gender, cultural background; ande) Any other criteria deemed fit.The policy is incorporated in the Board Charter which is available on the website.4. Disclosures on the Board Skills and Expertise is provided in page 134 whilst Board Diversity, Board Appointment, and Directors' Retirement and Re-election are provided in pages 135 - 136 of the CG Overview Statement of the Corporate Overview Book of the 2021 IAR. |

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| | <p>5. NRC is also responsible in appointing senior management positions identified as Pivotal Positions and, if it deems fit, to review any other positions that are deemed strategic for the Company, including the position of the Company Secretary. Appointments made are based on objective criteria, merit and with due regard for diversity in terms of skills, experience, age, cultural background and gender.</p> | |
| <p>Explanation for departure</p> | | |
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| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | |
| <p>Measure</p> | : | |
| <p>Timeframe</p> | : | |

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.6

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

If the selection of candidates was based on recommendations made by existing directors, management or major shareholders, the Nominating Committee should explain why these source(s) suffice and other sources were not used.

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| Application | : Applied |
| Explanation on application of the practice | <ol style="list-style-type: none">1. TM maintains a formal and transparent procedure for the appointments of new Directors. Appointment to the Board is made either by the Minister of Finance (Incorporated) (MOF Inc.), being the Special Shareholder pursuant to Clause 15 of the Company's Constitution, or by the Board of Directors pursuant to Clause 106(1) of the Constitution.2. Clause 15 provides that the Special Shareholder has the right to appoint not less than two (2) nor more than six (6) Appointed Directors. Whilst, Clause 125 (1) stipulates that the Special Shareholder shall appoint the Chairman of the Board of Directors.3. All nominees to the Board are first considered by the NRC, taking into account the mix of skills, competencies, experience and other qualities required to manage a highly regulated telecommunication business, before they are recommended to the Board.4. While the Board is responsible for the appointments of new Directors, the NRC is delegated with the role of screening and conducting an initial selection, which includes an external search, before making a recommendation to the Board. As stipulated in the Board Charter, NRC has the authority to obtain the services of professional recruitment firms or consultant to source for suitably qualified candidates for directorships.5. NRC evaluates the nominees' abilities to discharge their duties and responsibilities before recommending their appointments as Directors to the Board for approval.6. TM has also established a registry on Directors' Pool, where candidates are identified from independent sources such as Institute of Corporate Directors Malaysia, Women Directors' Registry and sources from external consultant. The Directors' Pool is continuously updated by GCSD.7. In July 2021, upon receipt of the nomination letter from MOF Inc. on the change of TM NINEC, the NRC has considered the nomination and recommended the appointment of Tan Sri Mohammed Azlan as TM NINEC on 1 August 2021 given his extensive experience in the |

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| | <p>corporate sector and well-known for upholding governance and integrity.</p> <p>8. In May 2021, a professional search consultant was engaged on the appointment of TM INED. Upon rigorous search and assessment by NRC, TM Board approved the appointment of Rossana Annizah Ahmad Rashid as new TM INED on 22 November 2021.</p> <p>9. Following the retirement of Dato' Mohd Naim Daruwish from EPF in October 2021, EPF, TM's major shareholder, has nominated its nominee on TM Board. NRC and the Board have considered the nomination and advised that the nominee fulfils the gap in the board skillset on digital and technology as per the BEE 2020 result. Following thereto, NRC and TM Board endorsed the appointment of Muhammad Afhzal Abdul Rahman, EPF's Chief Digital and Technology Officer as TM NINED on 1 December 2021.</p> | |
| <p>Explanation for departure</p> | <p>:</p> | |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | |
| <p>Measure</p> | <p>:</p> | |
| <p>Timeframe</p> | <p>:</p> | |

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.7

The board should ensure shareholders have the information they require to make an informed decision on the appointment and reappointment of a director. This includes details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the listed company as a whole. The board should also provide a statement as to whether it supports the appointment or reappointment of the candidate and the reasons why.

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| Application | : | Applied |
| Explanation on application of the practice | : | <ol style="list-style-type: none">1. The process of appointment and reappointment of TM Directors are elaborated under Practice 5.1, 5.5 and 5.6 of this CG Report. Disclosure on Board Appointment is as per page 135 of CG Overview Statement.2. All six (6) Directors seeking re-elections have consented to be re-elected and they have confirmed that they do not have any conflict of interest that could affect the execution of their roles and they have committed to disclose and declare the nature and extent of any conflict of interest, with the Company and subsidiaries, if any. Further details on the assessment conducted on these Directors are provided on page 136 of CG Overview Statement and Explanatory Notes B and C to the Notice of AGM on page 211 of the Corporate Overview book of the 2021 IAR.3. NRC and TM Board, save for the abovenamed Directors, have considered the performances of the Directors due for retirement, and are satisfied with their contributions. They had accordingly agreed to recommend the abovenamed Directors' re-elections for shareholders' approvals as these Directors have strengthened the Board Skills Matrix and complemented the Board composition. |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
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Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.8

The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

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| Application | : | Applied | |
| Explanation on application of the practice | : | <ol style="list-style-type: none"> 1. TM has a combined Nomination and Remuneration Committee known as the Board Nomination and Remuneration Committee (NRC). 2. For FY 2021, NRC is continuously chaired by SID, YM Tunku Afwida Tunku Dato' A.Malek who was appointed TM's SID on 1 November 2020. | |
| Explanation for departure | : | | |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
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Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.9

The board comprises at least 30% women directors.

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| Application | : | Applied | |
| Explanation on application of the practice | : | The number of women directors on the Board as at 31 December 2021 is four (4) representing 36% of the total number of directors of eleven (11), an increase from the three (3) members compared to FY 2020. | |
| Explanation for departure | : | | |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
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Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.10

The board discloses in its annual report the company's policy on gender diversity for the board and senior management.

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| Application | : | Applied |
| Explanation on application of the practice | : | <ol style="list-style-type: none">1. TM Board acknowledges that having a diverse range of skills, background, expertise and experience are critical elements in ensuring a vibrant, effective and robust Board. The Board however does not set specific targets on gender diversity nor formally adopted the policy on 30% women directors for the Company but endeavours to improve the number of women directors, where consideration shall be based on pre-determined skill sets and competencies.2. The Group's approach to ensure Board diversity as stipulated in the Board Charter is as follows:<ol style="list-style-type: none">a) recruiting from a diverse pool of candidates for the position of director;b) reviewing succession plans to ensure an appropriate focus on diversity;c) identifying specific factors for consideration in the recruitment and selection processes; andd) developing programmes to build a broader pool of skilled and experienced Board candidates.3. Testament to the above approach, the NRC and the Board upon considering their respective skills, background and expertise, have appointed Rossana Annizah Ahmad Rashid as new TM director during the financial year. With the appointment, the number of women directors increased from three (3) to four (4) in FY 2021, representing 36% of the total number of directors.4. The Company's promotes diversity which refers to gender, age, backgrounds, ethnicity, skills and abilities. It is applicable to all levels of employees inclusive senior management. Additionally, improving female representation of Management is part of sustainability's target. For FY2021, there was 40% women workforce with 30.3% women in Management. In addition, as the date of this report, 4 women senior management have been appointed and designated as Pivotal Positions, namely the CMO, CHCO, EVP TM ONE and Chief Procurement Officer.5. The sustainability principles and strategy are stated in the "Driving our Sustainability Agenda" in the 2021 IAR to be read with page 34 of Our Capitals (Human Capital) and 41 (Our People: Warga TM). |
| Explanation for departure | : | |
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Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

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Intended Outcome

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

Practice 6.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out its outcome, actions taken and how it has or will influence board composition.

For Large Companies, the board engages an independent expert at least every three years, to facilitate objective and candid board evaluation.

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| <i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i> | |
| Application | : Applied |
| Explanation on application of the practice | : <ol style="list-style-type: none">1. The Board undertakes a formal and objective annual evaluation of its own performance, committees and individual directors. The BEE exercise is conducted annually and independent consultant is appointed at least every three (3) years to facilitate objective and candid board evaluation.2. As the 2020 BEE was conducted by an independent consultant, the Board has agreed for the 2021 BEE to be conducted internally by the GCSD. The NRC has oversight of the entire process and methodology. Nine (9) directors who have served for a minimum period of 4 months in FY2021 and eight (8) Senior Management team participated in 2021 BEE.3. The 2021 BEE was structured into the following three (3) sections for a holistic and balance evaluation: Section 1: Board Leadership and Effectiveness Section 2: Board Committee Assessment Section 3: Board & Directors' Self/Peer Assessment4. 2021 BEE was designed to ascertain the overall level of effectiveness of the Board and identify areas of improvement. Key focus areas covered are Corporate Strategy and Direction Setting, Board Governance and Oversight, Boardroom Composition, Boardroom Conduct and Dynamics, Board Management and Operations, and Board Remuneration.5. Overall, based on the 2021 BEE result, and feedback from Management, the Board is effective and provides effective governance as well as strategic execution monitoring. The Board recognizes the need to continuously strengthen the composition, structure and diversity in line with its strategic direction whilst ensuring the processes enhance the efficiency and effectiveness of the Board and its committees. |

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| | 6. Relevant disclosure on the results of 2021 BEE is provided on page 137 of the CG Overview Statement of the Corporate Overview book of TM's 2021 IAR. | |
| . Explanation for departure | : | |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 7.1

The board has remuneration policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The remuneration policies and practices should appropriately reflect the different roles and responsibilities of non-executive directors, executive directors and senior management. The policies and procedures are periodically reviewed and made available on the company's website.

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|---|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <ol style="list-style-type: none">1. The Board has established the Directors' and Subsidiaries' Board Remuneration Frameworks which ensure that the remuneration mix is equitable and competitive compared to the market. The aim of the remuneration policy is to align compensation with our strategic thrusts and value drivers, attract and retain Directors of such calibre who are able to provide the necessary skills and experience, commensurate with the responsibilities for the effective management of TM Group as well as support the philosophy of value-based management. The remuneration framework is provided in the Board Charter, which is available in the Company's website.2. The policy and framework for the overall remuneration of the ED and NEDs are periodically reviewed against market practices by the NRC, following which recommendations are submitted to the Board for approval prior to the same being tabled for shareholders' approval.3. In addition, the remuneration guiding principle and framework for Top and Senior Management have been approved by NRC and the same is available on TM's website.4. The performances of the ED (as well as that of the Pivotal Positions and the Company Secretary) are reviewed annually by the NRC, and recommendations are submitted to the Board on specific adjustments in their remuneration and/or reward payments, reflecting their contributions for the year as well as the performance of the Company.5. Disclosure on the remuneration of the Directors and top five (5) Senior Management is provided on pages 139 to 140 of the CG Overview Statement of the Corporate Overview book of the 2021 IAR. |

| | | |
|--|--|--|
| Explanation for departure : | | |
| | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure : | | |
| Timeframe : | | |

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 7.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

| | | |
|--|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <ol style="list-style-type: none">1. NRC has dual roles since its inception. Both roles i.e. nomination and remuneration have been combined for purpose of convenience and practicality, whereby the same members are entrusted with both functions. In addition to these function, NRC also oversees board governance matters.2. The Committee's main objective is to implement policies and procedures on remuneration of the Board and Pivotal Positions or anyone that the NRC deems fit.3. As part of the review to improve the effectiveness of Board Committees, the Board has approved for the Board LTIP Committee to be disbanded on 24 June 2021 to become a leaner organisation and avoid duplication of process. The key functions of the LTIP Committee will be overseen by the NRC as part of its remuneration function.4. Disclosures on the activities of the NRC and LTIP Committees in 2021 are provided in pages 141 to 143 of the CG Overview Statement of the Corporate Overview book of the 2021 IAR.5. The ToR of NRC is provided in the Board Charter available on the Company's website at www.tm.com.my. |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |

| | | | |
|------------------|---|--|--|
| Timeframe | : | | |
|------------------|---|--|--|

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 8.1

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

| | | |
|---|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <ol style="list-style-type: none">1. In line with best CG practice, Directors' remuneration on a named basis, which include their fees, salary, bonus, benefits in-kind and other emoluments, has been disclosed in the IAR.2. Detailed disclosure of the Directors' remuneration is provided in pages 139 to 140 the CG Overview of the Corporate Overview book of the 2021 IAR. |

| No | Name | Directorate | Company ('000) | | | | | | | Group ('000) | | | | | | |
|----|---------------------------------------|--|-----------------|-----------------|-----------------|-----------------|------------------|------------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|------------------|-------|
| | | | Fee | Allowance | Salary | Bonus | Benefits-in-kind | Other emoluments | Total | Fee | Allowance | Salary | Bonus | Benefits-in-kind | Other emoluments | Total |
| 1 | Shazril Imri Mokhtar | Executive Director | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | 60 | 2,294 | 179 | 240 | Input info here | 2,773 |
| 2 | Tan Sri Mohammed Azlan Hashim | Non-Executive Non-Independent Director | 150 | 28 | Input info here | Input info here | Input info here | Input info here | 178 | 150 | 28 | Input info here | Input info here | 24 | Input info here | 202 |
| 3 | Anis Rizana Mohd Zainudin @ Zainuddin | Non-Executive Non-Independent Director | 240 | 105 | Input info here | Input info here | Input info here | Input info here | 345 | 240 | 105 | Input info here | Input info here | 66 | Input info here | 411 |
| 4 | Dato' Mohamed Nasri Sallehuddin | Non-Executive Non-Independent Director | 240 | 130 | Input info here | Input info here | Input info here | Input info here | 370 | 240 | 130 | Input info here | Input info here | 11 | Input info here | 381 |
| 5 | Muhammad Afhzal Abdul Rahman | Non-Executive Non-Independent Director | 20 | Input info here | Input info here | Input info here | Input info here | Input info here | 20 | 20 | Input info here | Input info here | Input info here | 0.19 | Input info here | 20.19 |
| 6 | Tunku Afwida Tunku Dato' A.Malek | Independent Director | 360 | 210 | Input info here | Input info here | Input info here | Input info here | 560 | 480 | 214 | Input info here | Input info here | 98 | Input info here | 792 |
| 7 | Balasingham A.Namasiwayam | Independent Director | 420 | 180 | Input info here | Input info here | Input info here | Input info here | 600 | 540 | 189 | Input info here | Input info here | 73 | Input info here | 802 |
| 8 | Hisham Zainal Mokhtar | Independent Director | 240 | 133 | Input info here | Input info here | Input info here | Input info here | 373 | 420 | 133 | Input info here | Input info here | 100 | Input info here | 653 |

| | | | | | | | | | | | | | | | | |
|----|--------------------------------------|--|-----------------|-----|-----------------|-----------------|-----------------|-----------------|-----|-----------------|-----|-----------------|-----------------|------|-----------------|-------|
| 9 | Suhendran Sockanatan | Independent Director | 240 | 98 | Input info here | Input info here | Input info here | Input info here | 338 | 240 | 98 | Input info here | Input info here | 143 | Input info here | 481 |
| 10 | Datuk Siti Zaayah Md Desa | Independent Director | 240 | 105 | Input info here | Input info here | Input info here | Input info here | 345 | 240 | 105 | Input info here | Input info here | 112 | Input info here | 457 |
| 11 | Rossana Annizah Ahmad Rashid | Independent Director | 26 | 3 | Input info here | Input info here | Input info here | Input info here | 29 | 26 | 3 | Input info here | Input info here | 0.48 | Input info here | 29.48 |
| 12 | Iszad Jeffri Ismail | Non-Executive Non-Independent Director | Input info here | 5 | Input info here | Input info here | Input info here | Input info here | 5 | Input info here | 5 | Input info here | Input info here | 19 | Input info here | 24 |
| 13 | Tan Sri Dato Seri' Mohd Bakke Salleh | Non-Executive Non-Independent Director | 210 | 49 | Input info here | Input info here | Input info here | Input info here | 259 | 315 | 53 | Input info here | Input info here | 95 | Input info here | 463 |
| 14 | Dato' Mohd Naim Daruwish | Non-Executive Non-Independent Director | 190 | 63 | Input info here | Input info here | Input info here | Input info here | 253 | 190 | 63 | Input info here | Input info here | 61 | Input info here | 314 |
| 15 | Dato' Ibrahim Marsidi | Independent Director | 190 | 94 | Input info here | Input info here | Input info here | Input info here | 284 | 285 | 97 | Input info here | Input info here | 72 | Input info here | 454 |

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 8.2

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

| | | | |
|--|---|--|--|
| Application | : | Applied – the company discloses the remuneration of members senior management who are not members of the board | |
| Explanation on application of the practice | : | 1. Details of the remuneration of the top five (5) Senior Management (including salary, bonus, benefits in kind and other emoluments) for FYE 2021 are provided in bands of RM50,000 on a named basis as per page 140 of the CG Overview of the 2021 IAR. 2. The remuneration framework for senior management is also available on TM's website at www.tm.com.my . | |
| Explanation for departure | : | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

| No | Name | Position | Company | | | | | |
|----|-----------------------------|--|---------------------|-----------------|-----------------|-----------------|------------------|---------------------|
| | | | Salary | Allowance | Bonus | Benefits | Other emoluments | Total |
| 1 | Ir Ts Azizi A Hadi | Chief Operating Officer (Commercial and Technology) | 1,650,001-1,700,000 | Choose an item. | Choose an item. | Choose an item. | Choose an item. | 1,650,001-1,700,000 |
| 2 | Razidan Ghazalli | Group Chief Financial Officer | 1,450,001-1,500,000 | Choose an item. | Choose an item. | Choose an item. | Choose an item. | 1,450,001-1,500,000 |
| 3 | Shanti Jusnita Johari | Chief Marketing Officer | 1,250,001-1,300,000 | Choose an item. | Choose an item. | Choose an item. | Choose an item. | 1,250,001-1,300,000 |
| 4 | Tengku Muneer Tengku Muzani | Chief Strategy Officer | 1,100,001-1,150,000 | Choose an item. | Choose an item. | Choose an item. | Choose an item. | 1,100,001-1,150,000 |
| 5 | Sarinah Abu Bakar | Chief Human Capital Officer | 600,001-650,000 | Choose an item. | Choose an item. | Choose an item. | Choose an item. | 600,001-650,000 |

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 8.3 - Step Up

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

| | | |
|--|---|---|
| Application | : | Not Adopted |
| Explanation on adoption of the practice | : | The NRC and Board deemed that the current practice of disclosing the top five (5) Senior Management (including salary, bonus, benefits in kind and other emoluments) in bands of RM50,000 and on a named basis is adequate. |

| No | Name | Position | Company ('000) | | | | | |
|----|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|-----------------|
| | | | Salary | Allowance | Bonus | Benefits | Other emoluments | Total |
| 1 | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here |
| 2 | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here |
| 3 | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here |
| 4 | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here |
| 5 | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here |

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 9.1

The Chairman of the Audit Committee is not the Chairman of the board.

| | | | |
|--|---|---|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | <ol style="list-style-type: none"> 1. BAC is chaired by Hisham Zainal Mokhtar who was appointed on 30 May 2019. He is a certified financial analyst (CFA) and is not the Chairman of the Board. 2. The BAC ToR specified that the Chairmanship of the BAC must not be chaired by the Chairman of the Board. | |
| Explanation for departure | : | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 9.2

The Audit Committee has a policy that requires a former partner of the external audit firm of the listed company to observe a cooling-off period of at least three years before being appointed as a member of the Audit Committee.

| | | | |
|--|---|--|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | 1. The Board recognises the need to uphold the independence of the External Auditors from the Board and Management. None of the members of the Board is a former key audit partner for TM Group. Hence, there is no such person being appointed as a member of BAC. 2. The policy on the cooling-off period of at least three (3) years of a former key audit partner prior to being appointed as a member of BAC, and the BAC member must not be employed, engaged or attached to any audit firm at the point of appointment, are provided in the ToR of the BAC of the Board Charter. | |
| Explanation for departure | : | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 9.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements.

| | | |
|--|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <ol style="list-style-type: none">1. Assessments of the external auditor's effectiveness are conducted by the relevant Management members and BAC members, coordinated by GIA. The external auditor's quality of service, sufficiency of resources, quality of communication and interaction, independence, objectivity and professionalism are assessed to safeguard the quality and reliability of the quarterly reports and audited financial statements.2. The external auditor, Ernst & Young PLT (EY), has declared that it has maintained its independence during the course of the audit for TM Group for the year in accordance with the firm's requirement and the By-Laws on Professional Independence of the Malaysian Institute of Accountant (MIA). EY has further declared that upon review of the non-audit services to TM, none of the services provided compromise the form's independence as the Group's external auditor.3. Apart from the written assurance, BAC has also noted the assessment of the effectiveness of the external auditor undertaken by GIA for FY2021. BAC was satisfied with the suitability of EY as TM's external auditor for FY2022. BAC has further agreed that the provision of non-audit services by EY to the Group in FY2021 did not in any way impair their objectivity and independence as external auditors of TM.4. Having regard to the outcome of the annual assessment of the external auditors, the Board has in February 2022 approved BAC's recommendation for shareholders' approval to be sought at the forthcoming 37th AGM on the appointment of EY as external auditors for the Company for the FY ending 31 December 2022. |
| Explanation for departure | : | |
| | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |

| | | | |
|------------------|---|--|--|
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.
The company's financial statement is a reliable source of information.

Practice 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

| | | |
|--|---|--|
| Application | : | Adopted |
| Explanation on adoption of the practice | : | <ol style="list-style-type: none">1. TM BAC comprises solely of Independent Directors.2. Membership of the BAC is provided in page 146 of the CG Overview of the Corporate Overview book of the 2021 IAR. |

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 9.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate, competent and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

| | | |
|--|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <ol style="list-style-type: none">1. BAC members collectively possess a wide range of necessary skills to discharge its duties. The Chairperson, Hisham Zainal Mokhtar is a CFA Charterholder. While Tunku Afwida Tunku Dato' A.Malek is a member of the MIA and a qualified Chartered Accountant with the Institute of Chartered Accountants in England and Wales. Balasingham A. Namasiwayam (resigned as Member on 1 February 2022) is a qualified professional engineer of the Board of Engineers, Malaysia. The new members, Saheran Suhendran is an experienced corporate and commercial lawyer whilst Rossana Annizah Ahmad Rashid is a member of the Certified Practicing Accountant (CPA) Australia.2. All BAC members are financially literate and have carried out their duties in accordance with the ToR of BAC. They have sound judgement, objectivity, independent attitude, management experience, professionalism, integrity and sufficient knowledge of the Company's business, and able to ask pertinent questions about the Company's financial reporting process. With diverse skills and experience, they are able to discharge their duties responsibly.3. In 2021, BAC members have attended various conferences, seminar and training programmes to enhance their knowledge in order to efficiently discharge their duties. |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |

| | | | |
|------------------|---|--|--|
| Timeframe | : | | |
|------------------|---|--|--|

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 10.1

The board should establish an effective risk management and internal control framework.

| | | |
|--|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <ol style="list-style-type: none"> 1. TM Board is responsible for the establishment as well as oversight of the Group's risk management framework and internal control systems that are designed to manage the Group's risk appetite within acceptable levels of tolerance, to achieve the Group's goals and objectives in generating returns to shareholders. 2. The BRC and BAC have been tasked to oversee the Company's risk management and internal control framework respectively. 3. The Group's nature and scope of risk management and internal controls during the financial year 2021 are detailed in SORMIC as provided in pages 175 to 182 to be read together with Statement of Internal Audit, ERM: Risk Committee Report and Business Continuity Management (BCM) illustrated in pages 183 to 194 of the Corporate Overview book of the 2021 IAR. |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 10.2

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

| | | |
|--|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <ol style="list-style-type: none"> 1. Corporate risk issues that could jeopardise the Group's business, identified by the GRM are monitored through risk dashboard and updated to the BRC on a quarterly basis. The Board, delegating the task to BRC, ensures appropriate risk management framework and constantly monitors the review and management of principal risks by evaluating TM's corporate risk appetite and tolerance level for the Company's business sustainability. 2. The Board has also established an appropriate control environment with a framework to review the effectiveness, adequacy and integrity of the Group's system of internal controls. It is designed to manage the risk of non-achievement of the Group's objectives and provide adequate assurance against the occurrence of any material misstatement or loss. 3. SORMIC, which provides an overview of the state of internal controls within the Group, is enumerated in pages 175 to 182 to be read together with Statement of Internal Audit, ERM: Risk Committee Report and BCM illustrated in pages 183 to 194 of the Corporate Overview book of the 2021 IAR. |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 10.3 - Step Up

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

| | | |
|--|---|--|
| Application | : | Adopted |
| Explanation on adoption of the practice | : | <ol style="list-style-type: none">1. BRC was established pursuant to TM Board's approval on 25 March 2010 to focus on risks issues. The role of the BRC is to assist the Board in ensuring that the Company has in place a sound and robust ERM framework and such framework has been effectively implemented to enhance the Company's ability to achieve its strategic objectives.2. In carrying out its duties and responsibilities, the BRC's authority is accorded through its ToR in the Board Charter.3. BRC is chaired by an INED.4. As at 14 March 2022, BRC comprises a majority of independent directors i.e. three (3) out of five (5) members are INEDs.5. Disclosure on BRC and its activities in FY 2021 is provided in pages 149 in the CG Overview of the Corporate Overview book of the 2021 IAR. It should be read together with SORMIC, ERM: Risk Committee Report and BCM as provided in the 2021 IAR. |

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 11.1

The Audit Committee should ensure that the internal audit function is effective and able to function independently.

| | | | |
|--|---|---|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | <ol style="list-style-type: none"> 1. TM has established an in-house internal audit function for TM Group i.e. GIA, which is led by the Chief Internal Auditor (CIA) who reports directly to the BAC and administratively to the MD/GCEO. 2. CIA and GIA's audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence. The internal audit charter approved by BAC defines GIA's purpose, authority and responsibility. 3. GIA provides independent, objective assurance and consulting services designed to enhance and protect organizational value. CIA periodically reports on GIA activities and key strategic and control issues observed to the BAC. 4. BAC approves and periodically reviews GIA's and the CIA's performances to observe their progress and achievements. Disclosure on BAC's activities regarding internal audit is illustrated in page 148 to be read with SORMIC in pages 175 to 182 and the Statement of Internal Audit in pages 183 to 185 in the Corporate Overview book of the 2021 IAR. | |
| Explanation for departure | : | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 11.2

The board should disclose–

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

| | |
|---|--|
| Application | : Applied |
| Explanation on application of the practice | <ol style="list-style-type: none">1. GIA reports directly to the BAC to preserve its independence and objectivity and ensure audit personnel are free from any relationships or conflicts of interest which could impair their objectivity and independence.2. The CIA has an administrative reporting line to the GCEO, enabling the requisite stature and authority of Internal Audit to fulfil its responsibilities. Haikel Ismail is a Certified Internal Auditor with the Global Institute of Internal Auditors (USA). His profile is provided in page 173 of the Corporate Overview book of 2021 IAR.3. BAC reviews and approves GIA's audit plans, annual budget and human resources requirements to ensure resources with the right competencies are sufficient to carry audit functions aligned with the Group's objectives.4. To manage its functions and perform the audit engagements, GIA adopts the International Professional Practices Framework (IPPF)® inclusive of the mandatory elements, Core Principles for the Professional Practice of Internal Auditing, International Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors (IIA), the definition of Internal Auditing and Code of Ethics.5. GIA is also guided by the internal policies, procedures and framework as well as the Internal Control Framework of the Committee of Sponsoring Organisations of the Treadway Commission (COSO) and Control Objectives for Information and Related Technology (COBIT) in assessing and reporting on the adequacy and effectiveness of the design, implementation and efficiency of the Group's overall system of internal controls, risk management and governance.6. The number of resources in the internal audit department and the qualification of the person responsible for internal audit is included in the Statement of Internal Audit, which is provided in pages 183 to 185 in the Corporate Overview of 2021 IAR. |

| | | |
|--|--|--|
| Explanation for departure : | | |
| | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure : | | |
| Timeframe : | | |

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 12.1

The board ensures there is effective, transparent and regular communication with its stakeholders.

| | | |
|---|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <ol style="list-style-type: none">1. The Board acknowledges the importance of an effective, transparent and regular communication with its stakeholders, institutional investors and the investing public at large to provide a clear picture of the Group's performance and position. TM is committed in maintaining high standards in the dissemination of relevant and material information on the Group in order to maintain effective, comprehensive, timely and continuing disclosure of information.2. TM maintains an effective investor relations and shareholders' communication programme and policy that ensures effective communication of TM's operations to its shareholders and stakeholders, and accommodates feedback from them.3. A sound IR programme is vital in managing the interests of shareholders, stakeholders and investors in the Company. Continuous engagement is maintained with the investing community through a planned IR programme managed by the Corporate Finance and Investor Relations (CFIR) Unit under the patronage of Group Chief Financial Officer (GCFO). Shareholders and market observers are also welcomed to raise queries at any time through GSC and the CFIR Unit.4. An alternative communication line is presented to the investing community and other stakeholders through the SID. This is an important channel for minority shareholders and relevant stakeholders to air their concerns to the Company and Management.5. TM also embraces social media, apart from the Company's website, as an important communication channel with stakeholders as these channels allow immediate and easy access to information as well as providing a platform to gain feedback from stakeholders.6. The Board also ensures that the AGM and Extraordinary General Meeting (EGM) of the Company are conducted in an efficient manner and serve as crucial mechanisms in shareholder communications. Comprehensive and timely information is provided to shareholders to encourage active participation at the AGM and EGM. |
| | : | |

| | | |
|--|--|--|
| Explanation for departure | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure : | | |
| Timeframe : | | |

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 12.2

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

| | | |
|---|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <ol style="list-style-type: none">1. TM has since 2014 embarked on the journey towards Integrated Reporting and successfully published its first IAR ahead of schedule in 2016.2. TM's 2021 IAR has since been continually refined to reflect best reporting practices. This includes the principles of the International Integrated Reporting Framework (IIRF) prescribed by the International Integrated Reporting Council (IIRC), covering Transparency, Materiality, Balance, Comparability and Potential.3. Major improvements made in IAR 2021 is the alignment of TM's sustainability commitments with its business strategy. The report reflects the Group's commitment and progress in integrating ESG considerations into its operations. This include improving the report's Global Reporting Initiative (GRI) disclosures and describing TM's contributions to the United Nation's Sustainable Development Goals (SDGs). Additionally, IAR 2021 continues to enhance the quality of disclosures by showcasing TM's performance and trade-offs between the six capitals, which demonstrates the Group's ability to create financial and non-financial value for stakeholders.4. The 2021 IAR is measured through regular materiality exercises, as well as internal and external assessments. We evaluate the market landscape and changing stakeholder dynamics and expectations to understand our operating context. Our reporting content focuses on the risks, opportunities and challenges that are material to both our stakeholders and our business, which consequently impacts our financial and non-financial performance.5. By adopting an integrated approach, TM IAR 2021 aims to address the information requirements of all stakeholders. The report articulates our risk management strategies and long-term approach to sustainable growth.6. The 2021 IAR reflects our commitment to creating stakeholder value while enabling a full-fledged Digital Malaysia by 2030 – towards a more digital society, digital business and digital Government.7. The IAR 2021 has been duly approved by the Board of Directors upon recommendation by the BAC in April 2022. |

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| Explanation for departure : | | |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure : | | |
| Timeframe : | | |

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.1

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

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| Application | : | Applied |
| Explanation on application of the practice | : | <ol style="list-style-type: none">1. Notice of the fully virtual 37th AGM or 2021 AGM was issued electronically to shareholders with valid email address, and via post 31 days prior to the AGM, beyond the 21 days' requirement stipulated in CA 2016 and the Main LR of Bursa Securities. The notice was also published in The Star and Berita Harian newspapers and made available on the Company's website.2. Whilst, notice of the virtual 37th AGM or 2022 AGM is issued electronically to shareholders with valid email address, and via post 29 clear days prior to the AGM, well in advance of the regulatory requirements. The notice is also published in The Star and Berita Harian newspapers and available on the Company's website.3. The additional time given to shareholders allows them ample time to make the necessary arrangements to attend and participate in our AGM remotely. It also enables the shareholders to familiarise with the Remote Participation and Electronic Voting (RPEV) provided by our Share Registrar, Boardroom Share Registrars Sdn Bhd.4. The additional notice period also enables the shareholders to consider the resolutions and make an informed decision in exercising their voting rights at the AGM.5. In line with MCCG's principle in encouraging shareholders' engagement with Board and Senior Management of the Company and participation in general meetings, the AGM notice is continuously enhanced to include all relevant information with regard the resolutions proposed for shareholders' approval. |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.2

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

| | | |
|--|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <ol style="list-style-type: none"> 1. The 36th AGM was held on 25 May 2021 as a fully virtual meeting via live streaming. The Chairman, BAC Chairman, NRC Chairman, Group CEO, Group CFO and Group Company Secretary were present in person at the Broadcast Venue and rest of the Directors attended the meeting remotely at the AGM location. 2. Apart from Directors, several key Senior Management, EY Partner, and the Scrutineers were also present at the Broadcast Venue to provide the necessary support during the AGM proceedings. 3. Shareholders were allowed to submit questions via a dedicated email from the date of issuance of the 2020 IAR up to 24 hours prior to the AGM date i.e. 24 May 2021. The availability of the dedicated email was disseminated to the shareholders in the Administrative Details of the 36th AGM. This practice has been implemented since 2018 and will continue to be implemented for the Company's AGMs in the future. 4. In addition, upon commencement of the 36th AGM, the Chairman duly advised the shareholders that they were allowed and encouraged to submit their questions or queries throughout the AGM proceedings. Members have encouragingly taken the opportunity to raise questions on the agenda items of the AGM. Appropriate answers and/or clarification were provided by the Board members during the AGM and post AGM via email, where applicable. |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.3

Listed companies should leverage technology to facilitate–

- voting including voting in absentia; and
- remote shareholders' participation at general meetings.

Listed companies should also take the necessary steps to ensure good cyber hygiene practices are in place including data privacy and security to prevent cyber threats.

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| Application | : | Applied |
| Explanation on application of the practice | : | <ol style="list-style-type: none">1. The 36th AGM was conducted in a fully virtual manner pursuant to the Guidance and FAQs on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission dated 18 April 2020 (Guidance on General Meetings).2. TM has leveraged on technology to facilitate shareholders' participation in the AGM remotely via live streaming and online voting using the RPEV facilities managed by our Share Registrar.3. Proactive measures were put in place to address any infringement of data privacy and potential cyber threats during the virtual AGM. The Share Registrar has in place due process which ensured only registered shareholders are allowed to attend and participate in the virtual AGM. These were also monitored by our Group Information Technology and Group Information Security teams. |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.4

The Chairman of the board should ensure that general meetings support meaningful engagement between the board, senior management and shareholders. The engagement should be interactive and include robust discussion on among others the company's financial and non-financial performance as well as the company's long-term strategies. Shareholders should also be provided with sufficient opportunity to pose questions during the general meeting and all the questions should receive a meaningful response.

Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.

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|--|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <ol style="list-style-type: none">1. At the 36th AGM held on 25 May 2021, both the Chairman and MD/GCEO in their welcoming address and presentation to shareholders provided an overview of the Group's performance and outlook including the Company's long-term strategies. In addition, the replies to the Minority Shareholders Watch Group's questions were included in the MD/GCEO's presentation.2. A total of 935 shareholders and proxies registered and participated remotely via live streaming and online voting via the Boardroom Lumi AGM system. Questions to the Board were keyed-in directly via the system and responses to relevant questions were provided live or via email after the AGM.3. TM's CIA was appointed as the independent adjudicator for the question and answer session (Q&A Session) with shareholders during the AGM.4. All pertinent questions were answered live by the Chairman and MD/GCEO. Responses via email were provided to questions which were not answered live during the AGM and a summary of the Q&A Session were posted on the Company's website at www.tm.com.my |
| Explanation for departure | : | |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |

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| Timeframe | : | | |
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Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.5

The board must ensure that the conduct of a virtual general meeting (fully virtual or hybrid) support meaningful engagement between the board, senior management and shareholders. This includes having in place the required infrastructure and tools to support among others, a smooth broadcast of the general meeting and interactive participation by shareholders. Questions posed by shareholders should be made visible to all meeting participants during the meeting itself.

Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.

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| Application | : | Applied |
| Explanation on application of the practice | : | <ol style="list-style-type: none">1. The 36th AGM was held on fully virtual basis at the Broadcast Venue located at the TM Convention Centre, Menara TM which enabled the Company to ensure the required infrastructure and tools are in place for a smooth broadcast throughout the AGM proceedings. The Company has put in place adequate bandwidth for the broadcasting of the proceedings including back-up for any unforeseen circumstances.2. TM has also leveraged on technology to facilitate shareholders' participation in the AGM remotely via live streaming and online voting via the Boardroom Lumi AGM system using the RPEV facilities managed by our Share Registrar, Boardroom Share Registrars Sdn Bhd.3. All pertinent questions posed by shareholders and answered live were displayed on the broadcast screen and made visible to all participants during the meeting. Shareholders were provided ample time to pose their question to ensure meaningful engagement with the Board and Management. |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |

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| Timeframe | : | | |
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Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.6

Minutes of the general meeting should be circulated to shareholders no later than 30 business days after the general meeting.

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| <i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i> | |
| Application | : Applied |
| Explanation on application of the practice | : 1. The minutes of the 36 th AGM detailing the meeting proceedings including the issues or concerns raised by shareholders and responses by the Company, were made available to shareholders by posting on the Company's website on 24 June 2021, within 30 business days after the AGM. |
| Explanation for departure | : |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | |
| Measure | : |
| Timeframe | : |

**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT
CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

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