

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 4863  
**COMPANY NAME** : Telekom Malaysia Berhad  
**FINANCIAL YEAR** : December 31, 2019

## 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.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<ol style="list-style-type: none"> <li>1. The Board is collectively responsible for meeting the objectives, goals and long term strategy of the Company. Board activities are structured to assist the Board in achieving its goal on management oversight, to support and advise the Executive Director (ED) and Management Team within a transparent governance framework.</li> <li>2. In discharging its roles and responsibilities, the Board is aware of the need to protect the interests of all stakeholders including shareholders. The Board approves the Group's governance framework where specific powers of the Board are delegated to the relevant Board Committees and Management. Dedicated Board Committees have been established with clear Terms of Reference (ToR), as stipulated in the Board Charter which is available in the Company's website at <a href="http://www.tm.com.my">www.tm.com.my</a>. This is to facilitate effective discharge of these responsibilities which include amongst others the financial information review, human capital management, internal controls, risk management, governance, procurement and investment matters.</li> <li>3. The Board assumes, amongst others, the following six principal responsibilities:           <ol style="list-style-type: none"> <li>(i) <b>Reviewing and approving the strategic and annual operating plan (AOP) for the Group.</b></li> </ol> <p>The strategic plan, execution and challenges are reported by Management to the Board throughout the year. The Board provides its guidance, views and inputs to ensure the strategies are well thought out and provide the required support for the Group's business direction.</p> <p>Following the new leadership transition in 2019, a Board Retreat involving the Board and senior management was held in September to deliberate on the review of the Group's long term strategy, business plan and performance. A second Board Retreat was held in November to deliberate on the three (3) years AOP, including allocation and resources required to meet the Company's objectives, whereat in-depth discussions and</p> </li> </ol>

challenge sessions were held. In January 2020, the Board considered internal stretched target as a mean to drive Management towards higher performance for the Group.

The approved AOP and the Company's strategic direction were cascaded to employees through various engagements held locally or nationwide, directly, online or via teleconferences to ensure effective and proper implementation.

**(ii) Overseeing and Evaluating the conduct of the Company's Business.**

The Board oversees the performance of Management in ensuring that the business is properly managed. The approved Headline KPI targets for 2019 and corresponding mid-term and previous year results were announced together with the fourth quarter (4Q) Audited Consolidated Financial Results of the Group in February 2019. The Company's 2020 KPI Framework and Scorecard were deliberated and approved by NRC and Board in February 2020.

Upon approval by the Board, the Group's performance report is monitored on a monthly basis by the Group Chief Executive Officer/Managing Director (GCEO/MD) together with Heads of Lines of Business (LOBs) and divisions.

The Business Performance are shared with the Board on monthly basis where performance is measured and tracked against the approved Scorecard. The Performance Report is presented at every Board meeting for detailed deliberation with Management.

**(iii) Identifying and Managing Principal Risks.**

On 1 October 2019, Chief Risk Officer was appointed and heads the Group Risk Management, previously Group Business Assurance (GBA) division, with enhanced role and continue with the task of identifying risk issues that may jeopardise the Group's business and conduct close monitoring through risk dashboard and updated to the Board Risk Committee (BRC) on quarterly basis.

The Board, through the 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. BRC Report, Directors' Statement on Risk Management and Internal Controls (SORMIC) and Enterprise Risk Management (ERM) Report as provided in the 2019 Integrated Annual Report (IAR) detailed out the overview on the Group's risk management framework and policies.

**(iv) Reviewing the adequacy and integrity of the Company's Internal Controls.**

The Group Internal Audit (GIA) Division manage and monitor the internal control systems throughout the Company. 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 the Board Audit Committee (BAC). Significant findings

from the audit reports are highlighted and deliberated at BAC meetings.

BAC reviews the adequacy, effectiveness and integrity of the 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.

The activities undertaken by BAC in this respect is detailed out in the CG Overview as provided in the 2019 IAR.

**(v) Monitoring Succession Planning.**

Pursuant to its ToR, the NRC has been tasked by the Board to ensure effective succession planning for both the Directors and senior management categorised as Pivotal Positions of TM Group and to report the progress thereof to the Board. The Pivotal Positions have been further expanded to include all C-Suite Management members in an effort to strengthen the leadership bench. NRC also monitors the performance of the Board and Pivotal Positions, and reviews and evaluates the suitability of potential candidates and their experience, to fill any gaps therein.

The CG Overview as stipulated in the 2019 IAR described the activities undertaken by NRC in this respect.

**(vi) Develop and Implement Investor Communication Policy.**

The Board recognises that an effective communication policy is vital in managing the shareholders' interest and other stakeholders' perception of the Company. The Board Charter outlines the Company's policy on communication with stakeholders with strong reference to Internal Communication Policy Guidelines.

The Group Brand and Communication (GBC) division and the Investor Relations (IR) unit have been tasked to undertake this responsibility. The Company continues to engage with its stakeholders in a timely, proactive and transparent manner, to keep them abreast of the Group's strategies, performance and key business activities.

4. The Board takes collective responsibility and accountability for the smooth functioning of core processes involving Board governance, business value and ethical oversight. The conduct of TM Board, Management, employees and all stakeholders of the Group is governed by the Code of Business Ethics (CBE), Procurement Ethics Rules and Practices, Integrity Pact, TM Anti-Corruption Guide and Whistleblower Policy. These policies and guidelines aim to uphold the value of Uncompromising Integrity.
5. The Board has assessed its performance on execution of Board Responsibilities including General Responsibilities, Strategic Planning, Performance Management, Risk Management and Internal Controls, Human Capital Management, Corporate Governance (CG) in the 2019 Board Effectiveness Evaluation (BEE). The Board remains optimistic and is committed to improve the overall organisation moving forward. The Board has identified

	the areas of improvement and shared its findings and concerns with Management, to better prepare overcome the challenges in 2020.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ol style="list-style-type: none"><li>1. The Chairman's overarching responsibilities are to provide leadership to the Board and to ensure the Board fulfils its obligations to the Company. He also leads the Board in the oversight of Management as well as 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 <a href="http://www.tm.com.my">www.tm.com.my</a>.</li><li>2. 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.</li></ol>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ol style="list-style-type: none"> <li>1. The Board recognizes the importance of a clear division of responsibilities between the Chairman and ED and/or GCEO in order to balance the equilibrium of power in the Company so no one individual or group can dominate the decision making process.</li> <li>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.</li> <li>3. The Chairman is responsible for the effectiveness and overall functioning of the Board. Whilst, the GCEO is responsible to ensure the smooth running of the Company's day-to-day operations. He is responsible for the implementation of broad policies approved by the Board and is required to report and discuss at Board meetings all material issues currently or potentially affecting the Group and its performance including all strategic projects and regulatory developments.</li> </ol>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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 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.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<ol style="list-style-type: none"><li>1. The Board is assisted by three qualified and experienced Company Secretaries with each having more than 20 years of corporate experience attending to company secretarial, compliance matters and advocating of good CG best practices. One of them is licenced by the Companies Commission of Malaysia whilst the other two are members of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA).</li><li>2. The Group Company Secretary who heads the Group Legal and Secretarial Division (GLSD), supported by the Joint Secretaries and his team from the Company Secretarial Division, is responsible to provide comprehensive support and appropriate advice, guidance and compliance to the Board on policies and procedures, rules and regulations and relevant laws as well as best practices on governance.</li><li>3. The Company Secretaries regularly monitor Board's compliances with CG requirements and Directors are continuously advised on their respective status in ensuring compliance with relevant provisions in the Main Market Listing Requirements (Main LR).</li><li>4. Apart from supporting the Board on CG requirements and advising on principles and best practices in CG, the Company Secretaries also monitor the Board's effectiveness via the annual BEE, analysing and reporting results thereof as well as suggested ways of improvement moving forward.</li><li>5. The Company Secretaries continue to monitor the implementation of Board Performance Improvement Programme (BPIP) and has suggested initiatives to manage Board Operating Mode to enhance Board's effectiveness moving forward.</li><li>6. The Company Secretaries also continue to 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, and report its findings to the NRC.</li><li>7. The Company Secretaries constantly keep themselves abreast with the regulatory changes and development in CG. They have also attended continuous professional development programmes as required by the Companies Commission of Malaysia or MAICSA for practicing company secretaries.</li></ol>



	<p>8. BEE 2019 results show that all Directors are satisfied with the support from the Company Secretaries in terms of effectiveness, adequacy, appropriateness and timely execution of actions.</p> <p>9. The roles and responsibilities of the Secretaries are specified in paragraph 13 of the Board Charter.</p>	
<p><b>Explanation for departure</b></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><b>Measure</b></p>		
<p><b>Timeframe</b></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 1.5

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.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p><b>A. <u>Meeting materials</u></b></p> <ol style="list-style-type: none"><li>1. Board paper guidelines are adopted Group wide. Management Committees and subsidiaries also follow the same guidelines and format for consistency throughout the Group.</li><li>2. Notice of Board Meetings and draft agenda are sent to Directors via email at least seven days prior to the meeting save for Notices and draft agenda for Special Board Meetings of which a shorter timeframe has been agreed with the Board.</li><li>3. Meeting materials and relevant information to TM Directors are distributed and disseminated through the BoardPac, an electronic meeting management system. Directors are supplied with a device so that all notices and proposal papers are uploaded and distributed to directors electronically and instantly, enabling Directors to access the board papers anytime and anywhere. It is also an archival system where Directors are also able to retrieve past information.</li><li>4. A secured cloud solution continued to be used for distributing and sharing proposal papers with the Board, Committee and subsidiaries' meetings known as TMBox. It eases the process of distribution of paper and minimises leakage of sensitive information and also enables the Directors and Management to have access to the proposal papers electronically anytime and anywhere.</li><li>5. The multiple electronic platforms are maintained as each system accommodates different cluster of users. TM BoardPac is predominantly for TM Directors, while TMBox caters for both Management and TM Directors accessible through multiple devices.</li><li>6. In 2019, an average of seven calendar days was recorded for distribution of TM Board papers save for the Special Board Meetings for which a shorter timeframe has been agreed with the Board. In an effort to enhance the distribution of meeting materials for TM Board, five business days timeline was adopted in November 2019.</li><li>7. Noting the comments of the Board via the 2019 BEE findings as well as the engagement forum with the Board on 10 March 2020, Management will continue to enhance the administration of board meetings, preparation and dissemination of proposal papers for 2020.</li></ol>

	<p><b><u>B. Circulation of Minutes of Meeting</u></b></p> <ol style="list-style-type: none"> <li>1. Deliberations and decisions at Board and Board Committee meetings are minuted in a clear, accurate and timely manner. The minutes record the decisions of the Board including deliberations, comments, concerns or dissenting views. The minutes must indicate whether any Director has abstained from voting or recused himself from deliberating on a particular matter of which he/she has interest.</li> <li>2. Upon conclusion of the meeting, Board minutes are circulated to the Chairman and GCEO/MD within seven working days. Draft minutes of Board and Committees are also disseminated to Board via the electronic meeting management system throughout the year for review and information.</li> <li>3. Summary of Board's Deliberations/Key Decisions are shared soonest for Management's information and prompt action.</li> <li>4. Actions proposed by the Board, timelines and persons responsible are specified in Minutes and communicated to Management.</li> <li>5. The Company Secretaries will also follow up with Management on status of actions taken with reference to the previous minutes of meeting and recorded the updates in the matters arising paper tabled at the subsequent board meeting.</li> </ol>	
<p><b>Explanation for departure</b></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><b>Measure</b></p>	<p>:</p>	
<p><b>Timeframe</b></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.

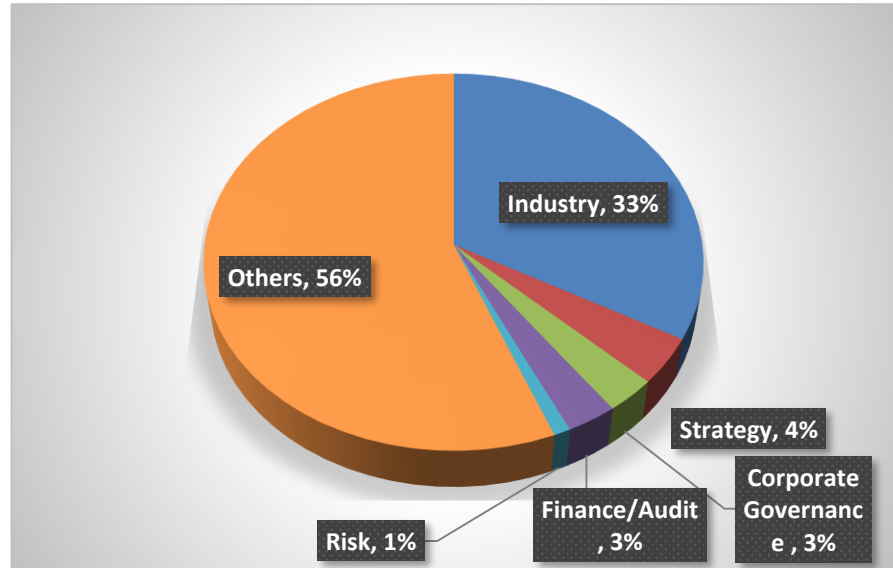
## Practice 2.1

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.

<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	<ol style="list-style-type: none"><li>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, Non-Executive Chairman (NEC), SID, ED, Non-Executive Directors (NEDs) and Management; and issues and decisions reserved for the Board are clearly identified.</li><li>2. Our Board Charter is reviewed from time to time and updated regularly to maintain its relevance and accuracy to current rules and regulations.</li><li>3. During 2019, several updates were made to the Board Charter as approved by the Board were made to further strengthen the governance and management of the Company. This review forms part of the annual exercise under the BPIP, which includes an assessment of the Board's objectives, roles and responsibilities to ensure consistency of governance practices and adherence to the relevant rules and regulations. The Board Charter is accessible on our official website at <a href="http://www.tm.com.my">www.tm.com.my</a>.</li><li>4. As part of its roles and responsibilities, 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 Board Training Programme (BTP) and, through the NRC, has considered the areas/topics of training relating to business operations or capital market development as part of the Directors' continuing education programmes. Via the Self-Peer Evaluation of the BEE, each Director has also been requested to assess as to whether he/she or his/her peers keep(s) abreast of industry developments and trends to stay relevant, informed and focused on current issues.</li><li>5. All newly appointed Directors in 2019 have completed Mandatory Accreditation Programmes (MAP).</li><li>6. Management has also continuously organised in-house trainings and Directors' development initiatives and conducted induction sessions for newly appointed Directors in 2019. This serves as a dual function, which is to familiarise the Directors with TM's business operations, as well as serve as a platform to establish an effective channel of communication and interaction with Key Senior Management.</li></ol>

7. Status of BTP as at 31 December 2019 was tabled at NRC Meeting in January 2020. The analysis on the total number of Directors' training hours (TH) in 2019 is as depicted in Table below, whilst the list of conferences, seminars and training programmes attended by Directors in 2019 are tabulated as follows:



Industry (33%)	<ul style="list-style-type: none"> <li>▪ Digital Innovation Conference.</li> <li>▪ APOS 2019 : Powering Asia's Digital Ecosystem</li> <li>▪ Mobile World Congress 2019 – “Intelligent Connectivity”</li> <li>▪ Global telecoms trends, with a specific focus on 5G and its implication on industry structure - Mr Ashish Sharma, Partner, TMT, Strategy &amp; xLOS Leader, Telecoms, PwC, India.</li> <li>▪ Vendor presentation on 5G Technologies.</li> <li>▪ Business Trend &amp; Outlook – Dr. Nikolai Dobberstein, A.T.Kearney</li> </ul>
Strategy (4%)	<ul style="list-style-type: none"> <li>▪ Khazanah Megatrends Forum 2019 - From the Past to the Future : “Building Our Collective Brain”.</li> </ul>
Corporate Governance (3%)	<ul style="list-style-type: none"> <li>▪ Directors' Duties and Responsibilities.</li> <li>▪ Assessment of the Board, Board Committees &amp; Individual Directors</li> <li>▪ Pelancaran Pelan Strategic Unit Integrity &amp; Governans SPRM</li> </ul>
Finance/Audit (3%)	<ul style="list-style-type: none"> <li>▪ FinTech and its impact to Capital Markets</li> <li>▪ Internal Audit for Board and Audit Committee</li> </ul>
Risks (1%)	<ul style="list-style-type: none"> <li>▪ Effective Enterprise Risk Management (ERM) and Best Practices – Mr Ranjit Singh of Axcelasia</li> </ul>
Others (56%)	<ul style="list-style-type: none"> <li>▪ Visit – 29TH (3%)</li> <li>▪ Leadership – 122TH (14%)</li> <li>▪ Integrity – 14TH (2%)</li> <li>▪ IT – 6TH (1%)</li> <li>▪ Employee Engagement 298TH (33%)</li> <li>▪ Procurement 32TH (3%)</li> </ul>

**Explanation for departure** :

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

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ol style="list-style-type: none"><li>1. The Company Directors' Code of Ethics 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.</li><li>2. Apart from the above, the conduct of TM Board, Management, employees and all stakeholders of the Group is governed by the Code of Business Ethics (CBE), Procurement Ethics Rules and Practices, Integrity Pact, TM Anti-Corruption Guide and Whistleblower Policy. These policies and 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 GIA, Group Human Capital Management, Group Procurement and Group Integrity and Governance (GIG).</li><li>3. The CBE is accessible via TM's official website at <a href="http://www.tm.com.my">www.tm.com.my</a>.</li><li>4. TM's annual CBE declaration for its suppliers is a constant reminder of the Group's policy towards integrity.</li><li>5. Employees, Board members and suppliers involved at any level of procurement activity in TM are required to sign the Integrity Pact.</li><li>6. In support of the Strategic Plan of Integrity and Governance Unit (IGU) 2019 - 2021 by Malaysian Anti-Corruption Commission (MACC), TM established the Group Integrity and Governance Division (GIG) headed by the Chief Integrity &amp; Governance Officer. The main purpose of GIG is to comprehensively manage internal investigation, systematically manage complaints and whistleblower, and provide advisory and awareness on ethics and integrity matters within TM Group.</li></ol>
<b>Explanation for departure</b>	:	

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



### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ol style="list-style-type: none"> <li>1. TM has established the Whistleblower Policy pursuant to the initiative under TM's CBE, allowing TM Group employees to report concerns about alleged unethical behaviour, as well as actual or suspected fraud within the Group.</li> <li>2. TM Board is committed to internalise whistle-blowing program by introducing a safe and acceptable platform for TM Employees and Business Partners to channel concern about improper conduct not limited to illegal, unethical, improper business conducts affecting the Company and/or business improvement opportunities.</li> <li>3. The CBE is subject to periodical review by the Board or as and when changes arise to ensure that the best practices in governance are constantly updated and embraced by all stakeholders.</li> <li>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.</li> <li>5. Reports received will be assessed for further investigation by Group Integrity and Governance (GIG) Division to enable appropriate actions to be undertaken.</li> </ol>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
------------------	---	--	--

### Intended Outcome

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

### Practice 4.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ol style="list-style-type: none"><li>1. As at 19 March 2020, six (6) Independent Non-Executive Directors (INEDs) form the majority on the Board of 11 directors.</li><li>2. All six INEDs satisfy the independence test as per paragraph 1.01 of the Main LR. Apart from the criteria, the independence of all TM Directors, including the NEDs, is assessed annually through the BEE. 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. The NRC also determines, according to character and judgement, whether there are relationships or circumstances which could affect, or appear to affect, the Independent Directors' judgement.</li></ol>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

## Practice 4.2

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 justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.

<b>Application</b>	:	Applied - Annual shareholders' approval for independent directors serving beyond 9 years
<b>Explanation on application of the practice</b>	:	<ol style="list-style-type: none"> <li>1. The Board adopted Practice 4.2 whereby any retention of INED who served for more than nine years is to be put up for shareholders' consideration. Tenure is calculated on a cumulative basis starting from the first day the director was appointed to the board as an independent director.</li> <li>2. As at 19 March 2020, none of our INEDs' tenure exceed the cumulative term limit of nine (9) years.</li> <li>3. In ascertaining the independence status of the Directors, the Board continues to believe that tenure should not form part of the assessment criteria. It is of the view that the fiduciary duties of Directors are the primary concern of all Directors, regardless of their status. The Board firmly believes that the ability of a Director to serve effectively is dependent on his/her calibre, qualification, experience and personal qualities, particularly his/her integrity and objectivity. It also believes there are significant advantages to be gained from long-serving Directors who possess insight and knowledge of the Company's business and affairs in view of the continuous challenges faced by the Company.</li> <li>4. The disclosure on Board Independence including the Directors' length of service is stated in pages 117 to 118 in the CG Overview of the Corporate Overview book of TM's 2019 Integrated Annual Report (IAR).</li> </ol>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 4.3 - Step Up**

The board has a policy which limits the tenure of its independent directors to nine years.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	TM BOD adopted policy of limiting the tenure to nine (9) years for Independent Non-Executive Directors in November 2019.

### Intended Outcome

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

### Practice 4.4

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ol style="list-style-type: none"> <li>1. The Board believes that the existing appointment process for selecting new Board member is adequate as it takes into consideration the required skills-set, experience, competency, regional and industry experience, and knowledge of the individual candidate, in addition to the candidate's gender and age and how these add to the Board's diversity.</li> <li>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.  Further disclosure on the Directors' Skills and Experience is provided in page 116 whilst Board Diversity, Board Appointment, Directors' Retirement and Re-election are provided in pages 117 to 118 in the CG Overview of the Corporate Overview book of the 2019 IAR.</li> <li>3. NRC is also responsible in appointing the 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 skills, experience, age and cultural background and gender.</li> </ol>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

## Practice 4.5

The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>As at 19 March 2020, the Board comprises 11 Directors, of whom two are women, representing 18% female representation.</p> <ol style="list-style-type: none"> <li>1. Whilst the policy on 30% women directors has yet to be formally adopted by the Company, the Board has agreed for the initiatives in this regards.</li> <li>2. TM Board does not set specific targets on gender diversity for the Company but endeavour to improve the number of women directors on the Board; however consideration shall also be based on pre-determined skill sets and competencies.</li> <li>3. The Group's approach to ensure Board diversity as stipulated in the Board Charter are as follows:             <ol style="list-style-type: none"> <li>(i) recruiting from a diverse pool of candidates for the position of director;</li> <li>(ii) reviewing succession plans to ensure an appropriate focus on diversity;</li> <li>(iii) identifying specific factors for consideration in the recruitment and selection processes; and</li> <li>(iv) developing programmes to build a broader pool of skilled and experienced Board candidates.</li> </ol> </li> </ol> <p>On Management front, to-date there are eleven women appointed to senior positions as Vice President and Executive Vice President, seven (7) of them are serving as nominee directors on the Boards of TM Group within the organisation. The Board regards these as consistent steps in cultivating talented women employees in TM as future directors in support of the government's initiative.</p>
		N/A
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	TM is committed to improve gender diversity but it shall not detract on its principles on selecting member based on all elements of diversification rather than gender alone. In advancing the gender diversity agenda, the Board has taken several initiatives such as:

	<ul style="list-style-type: none"> <li>(i) increase of maximum number of Directors allowable on the Board as per the Constitution of the Company;</li> <li>(ii) prominent, suitable and qualified women have also been identified and included in the Directors' Pool for possible nomination as part of the succession plan for TM Directors; and</li> <li>(iii) continuously identify and select qualified women in Senior Management to undergo training to equip them with relevant knowledge to serve as Directors on the Boards of TM's subsidiaries and associate companies.</li> </ul>	
<b>Timeframe</b>	:	Within 2 years



### Intended Outcome

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

### Practice 4.6

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ol style="list-style-type: none"><li>1. TM maintains a formal and transparent procedure for the appointment of new Directors. Appointment to the Board is made either by the Minister of Finance (MOF), 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.</li><li>2. Based on Clause 118, the Special Shareholder may also appoint one or more Executive Directors (EDs) of the Company for such period and upon such terms as it may think fit and appoint another in his or their place(s).</li><li>3. 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 communication business, before they are recommended to the Board.</li><li>4. 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 search, before making a recommendation to the Board. NRC has the authority to obtain the services of professional recruitment firms to source for candidates for directorship or seek independent professional advice whenever necessary.</li><li>5. NRC evaluates the nominees' ability to discharge their duties and responsibilities before recommending their appointment as Directors to the Board for approval.</li><li>6. TM has also established a registry on Directors' Pool, where candidates are sourced from independent sources such as Institute of Corporate Directors Malaysia, Women Directors Registry and external consultant when required. The Directors' Pool is continuously being updated by Cosec.</li><li>7. As stipulated in the Board Charter, TM may engage an external consultant to assist NRC in identifying suitably qualified candidates for succession planning of the Board.</li></ol>
<b>Explanation for departure</b>	:	

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

<b>Measure</b> :		
<b>Timeframe</b> :		

**Intended Outcome**

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

**Practice 4.7**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The NRC was chaired by Datuk Zalekha Hassan, TM's Senior Independent Director (SID), who was appointed as SID on 1 February 2019.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 5.1

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 and its outcome.

For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ol style="list-style-type: none"><li>1. The Board undertakes a formal and objective annual evaluation of its own performance, committees and individual directors.</li><li>2. The BEE, adopted since 2004, was conducted internally since 2011. It assesses the Boards' responsibilities, composition, ways to foster commitment, administration and process, conduct, interaction and communication with Management and stakeholders, and its evaluation on the Chairman and ED.</li><li>3. Relevant disclosure on the results of 2019 BEE is provided on pages 118 to 119 in the CG Overview of the Corporate Overview book of TM's 2019 IAR.</li><li>4. The Board has agreed for appointment of an independent expert to conduct the 2020 BEE to facilitate an objective and candid board evaluation in line with this practice.</li></ol>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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 6.1

The board has in place 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 policies and procedures are periodically reviewed and made available on the company's website.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ol style="list-style-type: none"> <li>1. The Board has established the Directors' and Subsidiaries' Board Remuneration Framework which ensure that the remuneration mix is market competitive and equitable. 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.</li> <li>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.</li> <li>3. In addition, the remuneration guiding principle and framework for Top and Senior Management have been approved by NRC in 2018 and the same is available on TM's website.</li> <li>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.</li> <li>5. Disclosure on the remuneration of the Directors and top five (5) Senior Management is provided on pages 120 to 121 in of the CG Overview of the Corporate Overview book of the 2019 IAR.</li> </ol>
<b>Explanation for departure</b>	:	

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

<b>Measure</b> :		
<b>Timeframe</b> :		

### 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 6.2

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ol style="list-style-type: none"> <li>1. The Board has a Remuneration Committee, via the NRC, to implement its policies and procedures on remuneration of the Board and Pivotal Positions or anyone that the NRC deems fit.</li> <li>2. NRC has dual roles since its inception. Both roles have been combined for purpose of convenience and practicality, whereby the same members are entrusted with both functions. In addition to the nomination and remuneration function, NRC also oversees governance matters.</li> <li>3. The Long Term Incentive Plan (LTIP) Committee, a sub-committee of the NRC oversees implementation of the LTIP pursuant the LTIP By-Laws.</li> <li>4. Disclosure on NRC's activities in 2019 is provided in pages 122 to 123 in the CG Overview of the Corporate Overview book of the 2019 IAR.</li> <li>5. The ToR of NRC is stipulated in the Board Charter available on the Company's website at <a href="http://www.tm.com.my">www.tm.com.my</a>.</li> </ol>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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 7.1

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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	1. In line with best CG practice, the disclosure of the Directors' remuneration on a named basis, which include their fees, salary, bonus, benefits in-kind and other emoluments, have been made in the CG Overview of the IAR over the years.  2. Detailed disclosure of the Directors' remuneration is provided in pages 120 to 121 in the CG Overview of the Corporate Overview book of the 2019 IAR.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



### 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 7.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ol style="list-style-type: none"><li>1. Details of the remuneration of the top five (5) Senior Management (including salary, bonus, benefit in kind and other emoluments) for FYE 2019 are provided in bands of RM50,000 on a named basis as per page 121 in the CG Overview of the 2019 IAR.</li><li>2. The remuneration framework for senior management is also available on TM website <a href="http://www.tm.com.my">www.tm.com.my</a>.</li></ol>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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 7.3 - Step Up**

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

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

**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 8.1**

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

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

**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 8.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<ol style="list-style-type: none"> <li>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 was a former key audit partners for TM Group. As such, there is no such person being appointed as a member of BAC.</li> <li>2. The policy on the cooling-off period of at least two years of a former key audit partner prior to being appointed as a member of BAC is provided in ToR of the BAC of the Board Charter. In addition, the BAC member must not be employed, engaged or attached to any audit firm at the point of appointment.</li> </ol>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### 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 8.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ol style="list-style-type: none"> <li>1. Assessments of the effectiveness of the external auditor are conducted by the relevant Management members and the BAC, coordinated by Group Internal Audit (GIA). The external auditor's qualifications and performance, quality of communication and interaction, and independence, objectivity and professional scepticism are assessed.</li> <li>2. The external auditor has declared that they have maintained their independence during the course of audit for TM Group for the year in accordance with the firm's requirement and the By-Laws on Professional Independence of the MIA. They further declared that upon review of the non-audit services to TM, none of the services provided compromise their independence as the Group's external auditor.</li> <li>3. Apart from the written assurance, BAC has also relied on the result of the assessment of the effectiveness of the external auditor undertaken by GIA.</li> <li>4. The current external auditor, which has been TM's external auditor since 1999 will be retiring at the forthcoming 35<sup>th</sup> AGM. In line with good corporate governance of revisiting the appointment of auditors from time to time, a resolution on appointment of new external in place of the retiring auditor will be tabled at the forthcoming AGM.</li> <li>5. Disclosure on BAC Report for FYE 2019 is provided in pages 129 to 133 in the CG Overview of the 2019 IAR.</li> </ol>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



**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 8.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	Effective 1 January 2019, BAC comprises solely of Independent Directors. Membership of the BAC is provided in pages 141 to 145 in the CG Overview of the Corporate Overview book of the 2019 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 8.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ol style="list-style-type: none"><li>1. BAC members collectively possess a wide range of necessary skills to discharge its duties. The Chairperson, Hisham Zainal Mokhtar is a Certified Financial Analysts 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. Dato' Ibrahim Marsidi was a former managing director and CEO of a public listed company. Balasingham A. Namasiwayam is a qualified professional engineer of the Board of Engineers, Malaysia.</li><li>2. All BAC members, Hisham Zainal Mokhtar, Tunku Afwida Tunku Dato' A.Malek, Balasingham A. Namasiwayam and Dato' Ibrahim Marsidi, as shown by their profiles pages 141 to 145, are able to read and understand financial statements, and ask pertinent questions about the Company's financial reporting process. They have sound judgement, objectivity, independent attitude, management experience, professionalism, integrity and knowledge of the industry. With diverse skills and experience, they were able to discharge their duties responsibly.</li><li>3. In 2019, BAC members have attended various conferences, seminar and training programmes to enhance their knowledge in order to efficiently discharge their duties.</li></ol>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



**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 9.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<ol style="list-style-type: none"> <li>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.</li> <li>2. The Group’s nature and scope of risk management and internal controls during the financial year 2019 is detailed in SORMIC as provided in pages 156 to 160 to be read together with Enterprise Risk Management (ERM) Report and Business Continuity Management (BCM) in pages 163 to 167 of the Corporate Overview book of the 2019 IAR.</li> </ol>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### 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 9.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ol style="list-style-type: none"> <li>1. Corporate risk issues that could jeopardise the Group’s business, identified by the Group Risk Management are monitored through risk dashboard and updated to the BRC on 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.</li> <li>2. The Board has also established an appropriate control environment with a control 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.</li> <li>3. SORMIC, which provides an overview of the state of internal controls within the Group, is enumerated on page 158 to be read together with ERM Report and BCM in pages 163 to 167 in the Corporate Overview book of the 2019 IAR.</li> </ol>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### **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 9.3 - 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.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	<ol style="list-style-type: none"><li>1. The 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.</li><li>2. In carrying out its duties and responsibilities, the BRC's authority is accorded through its ToR in the Board Charter.</li><li>3. As at 31 December 2019, BRC comprises of a majority of independent directors i.e. four (4) out of five (5) members are INEDs and chaired by an INED.</li><li>4. Disclosure on BRC and its activities during the financial year under review is provided in pages 127 to 128 in the CG Overview of the Corporate Overview book of the 2019 IAR.</li></ol>

### 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 10.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ol style="list-style-type: none"> <li>1. GIA reports directly to the BAC to preserve its independence and objectivity. 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.</li> <li>2. GIA provides independent, objective assurance and consulting services designed to enhance and protect organizational value. The Chief Internal Auditor (CIA) periodically reports on activities performed by GIA as well as key strategic and control issues observed to the BAC.</li> <li>3. BAC approves and periodically reviews GIA's and the CIA's performance to observe their progress and achievements. Disclosure on BAC's activities in regards to internal audit is illustrated on page 130 to be read with SORMIC on pages 156 to 160 as well as the Statement of Internal Audit on pages 161 to 162 in the Corporate Overview book of the 2019 IAR.</li> </ol>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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 10.2

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ol style="list-style-type: none"><li>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.</li><li>2. The Chief Internal Auditor (CIA) has an administrative reporting line to the GCEO which enables the requisite stature and authority of Internal Audit to fulfil its responsibilities. Haikel Ismail is a Certified Internal Auditor and a Certified Fraud Examiner. His profile is on page 154 of the Corporate Overview book of 2019 IAR.</li><li>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.</li><li>4. GIA adopts the International Professional Practices Framework (IPPF)<sup>®</sup> 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 – to manage its functions and perform the audit engagements.</li><li>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.</li><li>6. Statement of Internal Audit is provided on pages 161 to 162 in the Corporate Overview of 2019 IAR.</li></ol>
<b>Explanation for departure</b>	:	

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

## 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 11.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ol style="list-style-type: none"><li>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.</li><li>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.</li><li>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 IR Unit under the patronage of Group CFO. Shareholders and market observers are also welcomed to raise queries at any time through GBC and the IR Unit.</li><li>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.</li><li>5. Communication and feedback from investors can also be directed to investor@tm.com.my or  VP, Corporate Finance &amp; Investor Relations Level 11 North Wing, Menara TM, Jalan Pantai Baharu 50672 Kuala Lumpur Malaysia</li><li>6. TM also embraces social media as an important communication channel, 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.</li><li>7. 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.</li></ol>

	Comprehensive and timely information is provided to shareholders to encourage active participation at the AGM and EGM.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



**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 11.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	1. TM first embarked on our integrated reporting journey in 2017. 2. TM's 2019 IAR has evolved and been refined to reflect best reporting practices, particularly the principles of the International Integrated Reporting Framework (IIRF) prescribed by the International Integrated Reporting Council (IIRC).	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 12.1**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ol style="list-style-type: none"> <li>1. TM dispatches the notice of the AGM to shareholders at least 28 days before the AGM, well in advance of the 21 days requirement under the Companies Act 2016 and the Main LR of Bursa Securities.</li> <li>2. The notice is also published in The Star and Berita Harian newspapers and made available on the Company's website.</li> <li>3. The additional time given to shareholders allow them ample time to make the necessary arrangements to attend and participate in person or through corporate representatives, proxies or attorneys. It also enables the shareholders to consider the resolutions and make an informed decision in exercising their voting rights at the AGM.</li> <li>4. In line with MCCG 2017's principle in encouraging shareholders' engagement with Board and Senior Management of the Company and participation in general meetings, the AGM notice has been enhanced to include all relevant information with regard the resolutions proposed for shareholders' approval.</li> </ol>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 12.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ol style="list-style-type: none"> <li>1. At the 34<sup>th</sup> AGM held on 29<sup>th</sup> May 2019, all ten (10) Directors were present in person and have engaged directly with shareholders and proxies.</li> <li>2. Apart from Directors, Management and CEOs of subsidiaries also attended the said meeting.</li> <li>3. Attendance at the Company's AGM continues to be high as evidenced by the presence of 4,341 members, comprising shareholders, proxies and corporate representatives, representing 2,962,713,614 ordinary shares or 78.84% of the total paid-up capital of TM, registered for the 34<sup>th</sup> AGM as per the Attendance Record issued by TM's Share Registrar.</li> <li>4. During the AGM, the Chairman invited members to raise any questions and seek clarifications on the proposals tabled. Members have encouragingly taken the opportunity to raise questions on the agenda items of the AGM. Appropriate answers and/or clarification are provided by the Board members, Committee chairmen or Senior Management in order to allow the members to make informed voting decisions at the meeting.</li> <li>5. The proceedings of the AGM are recorded in minutes of the meeting and have been disclosed on the Company's website.</li> </ol>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 12.3

Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate–

- including voting in absentia; and
- remote shareholders' participation at General Meetings.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>TM has yet to facilitate voting in absentia and remote participation by shareholders at general meetings.</p> <p>TM Board has agreed for Management to study the possibility of adopting secured electronic voting in absentia with a timeline of between 3 to 5 years.</p> <p>Resolutions during the AGM were arrived at via e-polling to enable all shareholders to cast their votes. A Poll Administrator was appointed to conduct the polling process.</p> <p>The general meetings of the Company is always held in a centrally located and easily accessible venue with ample modes of public transport which enables shareholders to reach the meeting venue easily. Shareholders who prefer to drive to the venue are given free parking which are sufficient and easily accessed.</p> <p>The shareholders continued to be given the option to appoint any persons as their proxies to attend, participate, speak and vote in their stead at the general meetings and are given ample notice to do so, in lieu of their presence at the general meetings.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	<p>TM will continue to explore and consider the recommendations in the MCGG 2017 for remote shareholders' participation and voting in absentia.</p> <p>In view of the Covid-19 pandemic and the Movement Control Order issued by the Government of Malaysia ("MCO") in March 2020, the Board will consider conducting remote meeting for the forthcoming 35<sup>th</sup> AGM to be held at a later date this year.</p>
<b>Timeframe</b>	:	Others
		Between 3 to 5 years

**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.*

Click or tap here to enter text.

