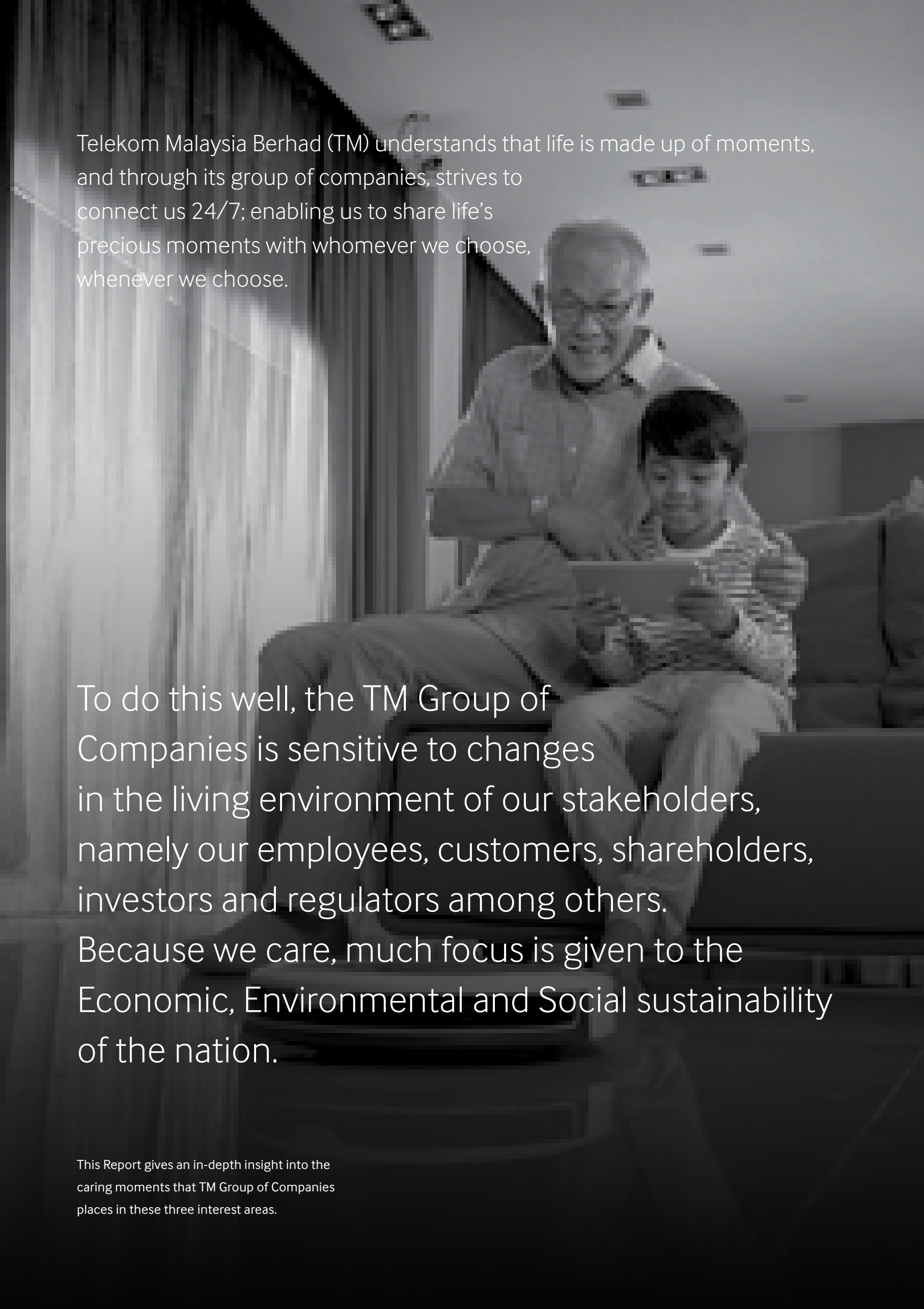TM

Caring
Moments

Sustainability Report 2017

Telekom Malaysia Berhad (TM) understands that life is made up of moments, and through its group of companies, strives to connect us 24/7; enabling us to share life's precious moments with whomever we choose, whenever we choose.

To do this well, the TM Group of Companies is sensitive to changes in the living environment of our stakeholders, namely our employees, customers, shareholders, investors and regulators among others. Because we care, much focus is given to the Economic, Environmental and Social sustainability of the nation.

This Report gives an in-depth insight into the caring moments that TM Group of Companies places in these three interest areas.
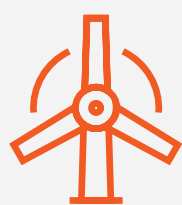
A Moment
In Time

All of us share this world for just a moment in time. And in our moment, it is how we spend it, and how we use it, that makes a difference to how the world is, and will be, in the future.

As a leading national institution, TM has long recognised the value of sustainability. We are constantly pushing the boundaries of communications technology so we can make a positive impact and a positive difference on our economy, on our society and on our future.

Contents

Growing Moments

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Everlasting Moments

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Connecting Moments

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STAY IN TOUCH

@unifi
@helpmeunifi

@tmreachingout
@weareunifi

@tmreachingoutofficial
@unifi

About
This Report

102-1, 102-46, 102-50, 102-52, 102-54, 102-56

About This Report

This is TM's 10th Sustainability Report, which covers sustainability initiatives undertaken by the Group over the course of the year under review, i.e. from 1 January to 31 December 2017, unless otherwise specified.

Other than this Sustainability Report, stakeholders can also refer to our interactive online reports for the latest version; and also our past years' reports, including our previous Sustainability Report 2016 dated 30 March 2016 at tm.com.my/annualreport. For a holistic view of our business, this report should be read in conjunction with our Integrated Annual Report 2017.

The boundaries for the material issues both within and outside the organisation were identified and the disclosures in this report are focused on the impacts that occur within TM.

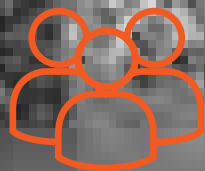### Reporting Standards

This report has been guided by a number of international and industry sustainability standards, such as the Global Reporting Initiative (GRI) Sustainability Reporting, the International Integrated Reporting Council (IIRC)'s Integrated Reporting framework, Bursa Malaysia's Main Market Listing Requirement on sustainability reporting, the Silver Book: Putrajaya Committee Government-Linked Companies (GLC) Transformation Manual, the ACCA Malaysia Sustainability Reporting Guidelines for Malaysian Companies, ISO 26000:2010 Guidance on Social Responsibility, and the United Nations' Sustainable Development Goals (UN SDGs).

Independent Assurance

We have sought independent assurance of the veracity and authenticity of contents of this report via an audit undertaken by SIRIM QAS International Sdn Bhd. We have also obtained independent assurance over our application of the principles of materiality as outlined in the GRI Standards requirements.

The entire Integrated Annual Report has been approved by our Board, assisted by the Board Audit Committee.

United Nations' Sustainable Development Goals

As with the previous year, we have provided mapping within this report to the UN SDGs to provide an indication of how our initiatives relate to these goals. A summary of key initiatives in relation to the SDGs is provided in the Sustainability at TM section in this report.

SCOPE AND FRAMEWORKS

TM believes it is important not only to ensure the sustainability of our organisation through the creation of stakeholder value, but also to be transparent in our actions.

For this reason, we have been producing Sustainability Reports over the last ten years. Through these reports, stakeholders will be able to understand what sustainability means to us; the issues that we believe are important to TM and our stakeholders; how these have been determined; and what we are doing to ensure we meet stakeholders' expectations with regard to these issues.

For greater reading ease, we have presented the contents of this report according to the issues that were determined to be most important to our long-term sustainability via our annual materiality assessment. A total of 15 material issues were identified, which have been categorised under three broad areas according to their Economic, Environmental and Social (EES) impact.

For each material matter, we have provided an overview of our approach and, where possible, detailed progress from the previous year. Where measurements have been made, we have strived for clarity and accuracy. We acknowledge there are still gaps in terms of measurement across various material matters, and wish to assure you these are being addressed. With every year, we hope to provide increasingly more comprehensive data to be able to track our sustainability performance more quantitatively, hence objectively.

How our Capitals Impact TM Group:

Human Capital

This refers to our people's skills and experience which enable us to provide competitive and reliable products and services, ultimately helping us achieve our goals. We prioritise investment in employee engagement as well as development to deliver the best customer experience. We also seek to bring together diverse perspectives reflecting the country's multiracial composition for better market understanding and response. As we seek to become a digital organisation, we are nurturing a digital culture among our people and enhancing our digital capabilities through upskilling our employees and hiring specialist skills.

Intellectual Capital

This refers to our strong brand, our organisational knowledge and experience, our R&D capabilities and the technologies we have created, as well as the processes and procedures we have that enable our smooth functioning. During the year, we have focused on further building our brand with an organisational restructuring of the three business clusters, namely unifi, TM ONE and TM GLOBAL. We have also been building our technological capabilities through partnerships and by encouraging greater innovation within TM itself, with the setting up of a Group Digital Centre (GDC) spearheading our efforts.

Natural Capital

Radio spectrum is a natural capital and a key enabler in industry. The regulator provides access to this spectrum in a fair and transparent manner. We also depend on reliable access to energy to operate our network and run our premises. We have a material impact on the country's natural capital – the environment – through our activities, and strive to reduce our energy consumption to minimise our carbon footprint. We also support the work of NGOs to protect the environment and the country's rich biodiversity.

Social and Relationship Capital

Social and relationship capital are the relationships we rely on for smooth operations, such as with our suppliers and vendors; as well as our impact on the nation's social fabric. This includes direct contributions to growth of our suppliers and vendors, and our contributions to national development through the payment of taxes. It also encompasses our contributions to social inclusion by empowering marginalised communities (such as single mothers) and the provision of services to rural locations; our efforts to enhance educational opportunities among underprivileged children and to promote digital entrepreneurship among entrepreneurs. We work to foster relationships that are built on trust, and so ensure our social licence to operate. This encompasses interactions with all our stakeholders – our employees, customers, shareholders, investors, NGOs, communities, regulators, suppliers, the government, industry partners and the media.

Financial Capital

We depend on equity and retained earnings generated by our operations to maintain and grow our business. Our financial capital enables us to create and manage stakeholder value – including dividends for shareholders, salaries for employees and investment in communities – while driving sustainable growth, by developing new opportunities in smarter solutions – data, internet, broadband, mobile and WiFi services and content.

Manufactured Capital

We leverage our physical assets – i.e our submarine cable networks, new-generation all-IP network, data centres, exchange buildings, Long-Term Evaluations (LTE) base stations – to serve our customers. We also rely on IT equipment and software, our office buildings and our retail network of TMpoint outlets and call centres, as well as other telecoms equipment and public infrastructure to run our business. We are in the process of extending the reach of the nation's high-speed broadband network, developing more submarine cable networks and enhancing our capabilities via Tier III data centres.

DATO' SRI MOHAMMED SHAZALLI RAMLY
Group Chief Executive Officer

TAN SRI DATO' SERI DR SULAIMAN MAHBOB
Chairman

DATUK BAZLAN OSMAN
Deputy Group Chief Executive Officer

Message from Chairman, Group Chief Executive Officer & Deputy Group Chief Executive Officer

Dear Stakeholders,

Sustainability has long been ingrained in TM, influencing our business operations and entrenching our relationships with the communities we belong to; while also helping us preserve the environment that we operate in. Our approach to sustainability is guided by what our stakeholders say to us during our frequent engagement with them; and from feedback obtained through material assessments that are conducted on an annual basis. All inputs obtained are taken to heart and help to shape our strategies, ensuring that everything we do is carried out holistically and responsibly.

Message from Chairman, Group Chief Executive Officer & Deputy Group Chief Executive Officer

True to our vision of life and business made easier for a better Malaysia, we have converged sustainability into our business and Annual Operating Plans so it is embedded in all our current and future actions. For TM, our sustainability lies with our concerted efforts to remain relevant to our customers, create value for all our stakeholders whilst playing a unique role in nation building and as a protector of national interest. At the macro level, we believe this will translate to Smarter Living, Smarter Businesses, Smarter Cities, Smarter Communities and, ultimately, a Smarter Nation enabling Malaysia's Digital Economy.

Sustainability is necessarily an ongoing journey, and we are committed to continuously enhancing our approach in order to deliver better stakeholder outcomes. In 2016, for example, we took our efforts to a level higher by mapping our initiatives against the UN SDGs. In February 2017, Management approved the setting up of a governance structure for sustainability. This paves the way for the establishment of a sustainability function, with formal oversight on all sustainability matters.

In the interim, TM's leadership – whom we represent – has always taken interest in sustainability issues both with respect to business operations and how we impact society, the economy and the nation at large. In the past, we have focused most intently on corporate governance, ensuring that TM maintains a high level of integrity and transparency.

We chose the theme Caring Moments for our tenth Sustainability Report because as we embed sustainability into all our actions, we want to showcase what the impact of these actions truly

mean. This can be seen in the way we intend to be there for all our stakeholders and their key moments of need. In the way, we service our customers, capturing their meaningful moments and helping them share these with their loved ones, at all times. It is also seen in the way we endeavour to keep our employees motivated and engaged; and in our sense of responsibility to share our profits with shareholders. Our concern further extends to our communities, where we undertake numerous programmes to uplift lives and empower the under-served. It also ensures that we protect the environment which is so important to all of us.

The culture of caring influences the choices we make in our daily business. It determines not only what we do with our profits, but also how we make them.

As Malaysia's Convergence Champion, we stand for the betterment of broadband and the digital economy for the nation. TM is entrusted to ensure the safety and security of the nation's strategic and critical infrastructure, and in accelerating the broadband reach for all Malaysian. We have made great business strides in the year under review, consolidating the products and services of all our customer-facing business clusters to be more targeted and comprehensive, enabling us to gain more trust in our ability to serve customers' every digital need. unifi will no longer be a household name for fixed broadband only; it will be associated with serving the WiFi, mobility and entertainment needs of Malaysians too, at every point of their day – whether at work, rest or play. We also pushed our commitment in the enterprise and public sector segments, with 'Consider It Done!' as the tagline for TM ONE. It depicts perfectly our focus and commitment to customers. More of these commitments to gaining the trust of Malaysians can be found in our Management Discussion and Analysis (MD&A) section of our Integrated Annual Report, themed Life's Moments.

We believe that education is the best way to inculcate strong values and to empower the marginalised.

We chose the theme Caring Moments for our tenth Sustainability Report because as we embed sustainability into all our actions, we want to showcase what the impact of these actions truly mean.

We are especially pleased with the results of initiatives taken on the environmental front. At TM itself, we are reducing our carbon footprint through greater energy efficiencies, such as the use of LED lighting and greener equipment in all our buildings. Going forward, we have plans to further minimise our electricity consumption through the use of solar energy panels in our buildings and exchanges.

Externally, one of the major environmental projects undertaken in 2017 was MyCoral: Marine Education Initiative, organised in collaboration with Yayasan Coral Malaysia. This forms part of a three-year journey of ensuring the coral of Pulau Bidong in Terengganu and Pulau Tinggi in Johor have a better chance of propagating and multiplying. We are particularly proud of this initiative because we opted to champion the preservation of coral, which serves a critical ecological role in protecting the shoreline and nurturing marine biodiversity. Our specific interest in marine conservation has been inspired by the realisation that the telecommunications industry may have harmed underwater life in the process of installing international connectivity in collaboration with submarine cable network consortium partners over the years. Through this marine project, TM hopes to raise further awareness to this global cause.

We are also proud of the meaningful work we do to promote education and to reduce the educational gap that exists between urban and rural areas. We believe that education is the best way to inculcate strong values and to empower the marginalised. Through our fully-owned Multimedia University (MMU), we are nurturing talent geared to meet 21st century digital economy needs, especially in the areas of engineering, ICT and innovation. We also provide the financial means for deserving students to continue their tertiary education at the best universities abroad and in Malaysia through our foundation, Yayasan TM. At the primary and secondary levels, we give our bursary assistance and adopt under-served schools throughout Malaysia to help them improve the students' academic outcomes.

Our contributions, especially in innovative teaching methodologies and cutting-edge technologies, are changing the way young Malaysians think, enabling them to approach challenges more effectively. The robotics and 3D printing projects that we offer to school children are some of the stories you can read about in this Sustainability Report.

Besides investing in education, TM contributes to various local initiatives such as the Group Digital Centre's (GDC) local business project in Terengganu and #TMScaleUp project, tailored specifically to enhance the capabilities of entrepreneurs. In

the spirit of #KeajaibanUniFi celebrating our one millionth unifi customer, we extend the #KeajaibanRamadhan by donating of RM1,000,000 to 100 selected Non-Government Organisations (NGOs) nationwide with a variety of charitable causes, in the name of our Miracle Million. In conjunction with #KemeriahanSyawal, we share the happiness by contributing our Raya celebration funds to another 15 identified NGOs. As the next step, we intend to further engage these NGOs for digital education programmes targeted at local communities in the future to bring about more sustainable development.

Besides investing in education, TM contributes to various local initiatives such as the Group Digital Centre's (GDC) local business project in Terengganu and #TMScaleUp project, tailored specifically to enhance the capabilities of entrepreneurs.

Recently, the Prime Minister has recommended all GLCs to contribute 1% Profit Before Tax (PBT) on CR spending. We are proud that our CR spending has always been more than this recommendation. This demonstrates our continuous commitment in being a model and responsible Corporate Citizen to the society.

We have described all these initiatives, and more, in this Sustainability Report. Our aim, with this report, is to convey our commitment to creating more value for our stakeholders through sustainability, as well as to create a platform for discussion for you to be more involved in our sustainability projects in the future. We hope you enjoy reading our report, and look forward to your feedback on how we can further improve.

Tan Sri Dato' Seri
Dr Sulaiman Mahbob
Chairman

Dato' Sri Mohammed
Shazalli Ramly
**Managing Director/Group
Chief Executive Officer**

Datuk Bazlan Osman
**Executive Director/
Deputy Group Chief
Executive Officer**

Facts at a Glance

BOOSTING **ECONOMIC** IMPACT

Nation

We connect Malaysia via more than **540,000km fibre-optic cables nationwide** and **190,000km** of **submarine cables worldwide** that give access to knowledge and business opportunities

We provide a seamless connectivity via **9,400 unifi Wifi hotspots nationwide**

Suppliers

We work with close to **7,000 active registered vendors** in a **diversified supply chain environment**

Shareholders

We create shareholders' value through **Total Dividend Payout of RM808.0 million** for 2017

MINIMISING **ENVIRONMENTAL** IMPACT

Environment

We reduced carbon footprint by **8.6% in fuel consumption[1]** and **12.6% in electricity consumption[2] in 2017** compared to the previous year

[1]   data from fuel consumption nationwide
[2]   data from the selected TM buildings

We **reduced more than 11% in solid and scheduled waste generation** at TM's selected buildings

We grow and **replant 400 mangrove saplings** to spur the **growth of mangroves** at Pulau Tinggi, Johor

We **propagate and restore 400 corals** at Pulau Bidong, Terengganu to kick **start our marine life educational initiative** for the next three years

CREATING POSITIVE **SOCIAL** VALUES

Employees

We **scored 83% of Organisational Health Index (OHI)**, which fall amongst the **top 25% organisations** in South-East Asia, leading to a more **productive workforce**

We are developing industry-ready graduates through **Skim Latihan 1Malaysia (SL1M)** by giving work experience to **2,313 SL1M trainees** since 2011

Customers

We assist our customers via Live Chat with **204% monthly** average volume increase from 2016

We scored **more than 73 TRI*M Index** for customer satisfaction, outstripping **the industry average of 66, for the 7th consecutive year**

Education

We disbursed **more than RM500.0 million of scholarships** to **15,216 students** via Yayasan TM, since 1994

We benefited more than **3,000 students and teachers nationwide** in the subject areas of Science, Technology, Engineering and Mathematics, with **our TM 3Ducation Programme**

Community

We contributed **more than RM1.0 million** to **115 Non-Profitable Organisation, nationwide**, in conjunction of our #keajaibanunifi and #keajaibanramadan celebration.
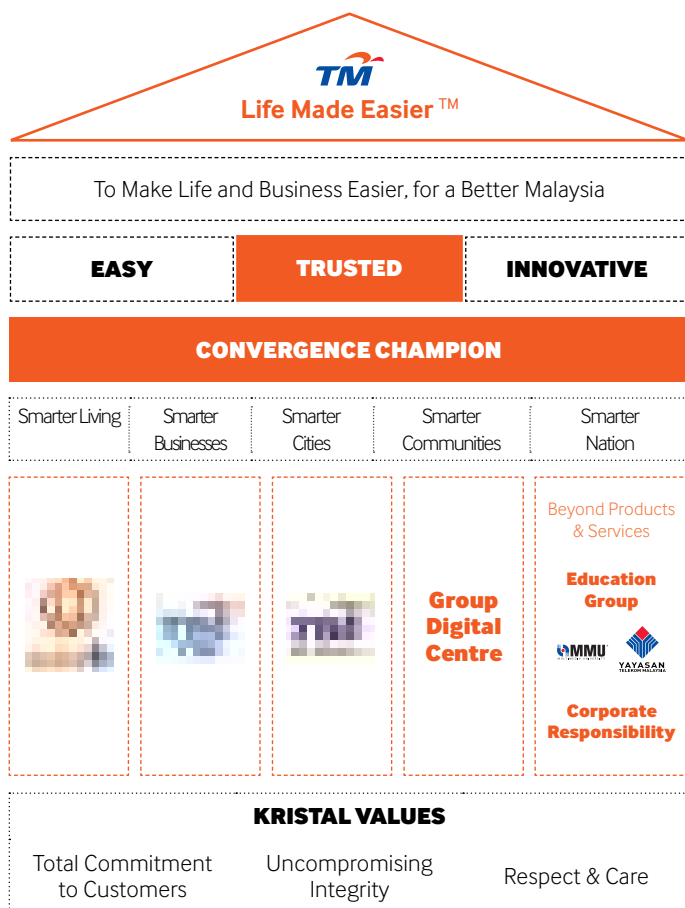
We continuously contribute **more than 1% Profit Before Tax (PBT)** to support **Malaysia's nation building initiatives**
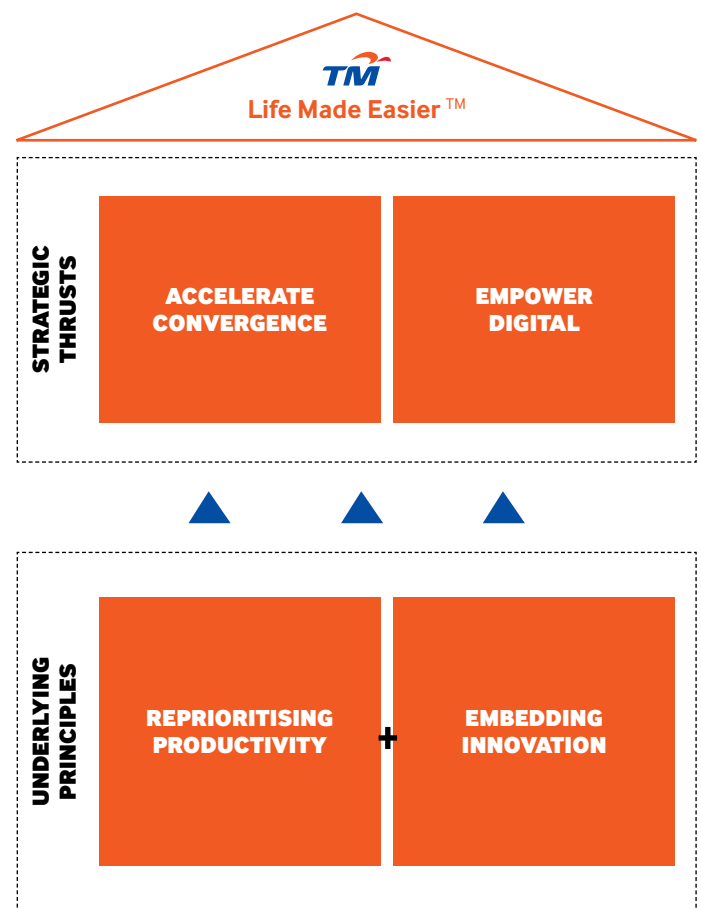
Strategy at a Glance

 STRATEGIC THRUSTS

Our Overall Strategic Focus

TM
Life Made Easier ™

To Make Life and Business Easier, for a Better Malaysia

EASY	TRUSTED	INNOVATIVE

CONVERGENCE CHAMPION

Smarter Living	Smarter Businesses	Smarter Cities	Smarter Communities	Smarter Nation

Group Digital Centre

Beyond Products & Services

Education Group

MMU   YAYASAN TELEKOM MALAYSIA

Corporate Responsibility

KRISTAL VALUES

Total Commitment to Customers	Uncompromising Integrity	Respect & Care

Key focus Area 2018 - 2020

TM
Life Made Easier ™

STRATEGIC THRUSTS

ACCELERATE CONVERGENCE	EMPOWER DIGITAL

UNDERLYING PRINCIPLES

REPRIORITISING PRODUCTIVITY	+	EMBEDDING INNOVATION

Our overall strategic framework has evolved over time (please refer to TM Integrated Annual Report 2016 for further reference). We continue to deliver convergence across the five pillars of Smarter Living, Smarter Business, Smarter Cities, Smarter Communities and Smarter Nation. These pillars represent our contribution as Convergence Champion to our customers and the nation, in line with our TRUSTED brand value and vision. However we have united and consolidated our business clusters and brands into unifi, TM ONE and TM GLOBAL to better serve our customers. These business clusters are supported by digital enablement via our newly established Group Digital Centre as well as beyond products and services namely our Education Group and Corporate Social Responsibilities. The foundation of the framework is enabled by our people who remain guided by our KRISTAL values.

Our overall strategy remains intact where we have defined our key focus areas for the next three years. We remain focused on our two strategic thrusts of Accelerate Convergence and Empower Digital.

Accelerate Convergence refers to our continuous effort to bring superfast broadband with reliable seamless digital experience, delivered to our customers in an enjoyable way. This goes in parallel with our Empower Digital strategy in our daily operations by getting rid of obsolete processes and implementing digital innovations for enhanced customer experience.

For further discussion on our strategy and our PERFEXE 10 Execution Model, please refer to our Integrated Annual Report 2017 themed Life's Moments.

**About
This Report**
102-1, 102-2, 102-5, 102-6

What
We Do

Telekom Malaysia Berhad (TM) was established back in 1946 as the Telecommunications Department of Malaya. Since then, the Company has been continuously developing and enhancing the country's telecommunications infrastructure and services to fulfil the communications needs of Malaysians, regardless of their location.

TM, as Malaysia's Convergence Champion, is the one and only service provider whom consumers can trust to share their moments with everyone and everything that matters to them. With its vision, "To Make Life and Business Easier, for a Better Malaysia", TM Group offers a comprehensive suite of converged communications services and solutions in fixed, mobility, content, WiFi and smart services.

As Malaysia's key enabler for national communications infrastructure, TM enhances the lives of all Malaysians — delivering the benefits of being connected via true convergence anywhere, anytime, on any device — empowering a digital lifestyle towards creating a knowledge/high-income economy. TM is also committed to its role as an enabler and accelerator of business opportunities by providing solutions and value for businesses to realise their digital aspirations.

The Group recently rebranded its business clusters, with unifi representing lifestyle offerings for homes, individuals as well as small and medium enterprises (SMEs); TM ONE offering end-to-end converged solutions to business verticals in the enterprise and public sector space; and TM GLOBAL positioned to accelerate the digital opportunities of domestic and international telecommunications.

TM Group remains at the leading edge of enabling the country's digital economy via national broadband deployment and in bridging the digital divide. In its unique role as a protector of national interest, the Group's achievements thus far have been numerous. Through its products and services, the Group has delivered countless benefits to not only its customers, but all Malaysians.

Over the years, TM, as a Government-Linked Company (GLC), has been leading the development of the industry and, today, has become a strategic partner to the Government in nation-building initiatives beyond products and services. It provides employment opportunities within TM Group itself as well as within its vendor and partner ecosystem, which it empowers through the Bumiputera Vendor Development Programme (BVDP). TM's network serves as the country's telecommunications backbone. It is investing in sub-urban and rural areas including through Universal Service Provision (USP) initiatives towards addressing the digital divide for national interest; producing high quality, innovative workforce for the nation through Multimedia University (MMU); and connecting Malaysia and the region to the rest of the world via submarine cables and international Points-of-Presence (POPs), elevating Malaysia as a ICT regional hub.

For more information on TM Group, visit tm.com.my.

TM Group remains at the leading edge of enabling the country's digital economy via national broadband deployment and in bridging the digital divide.
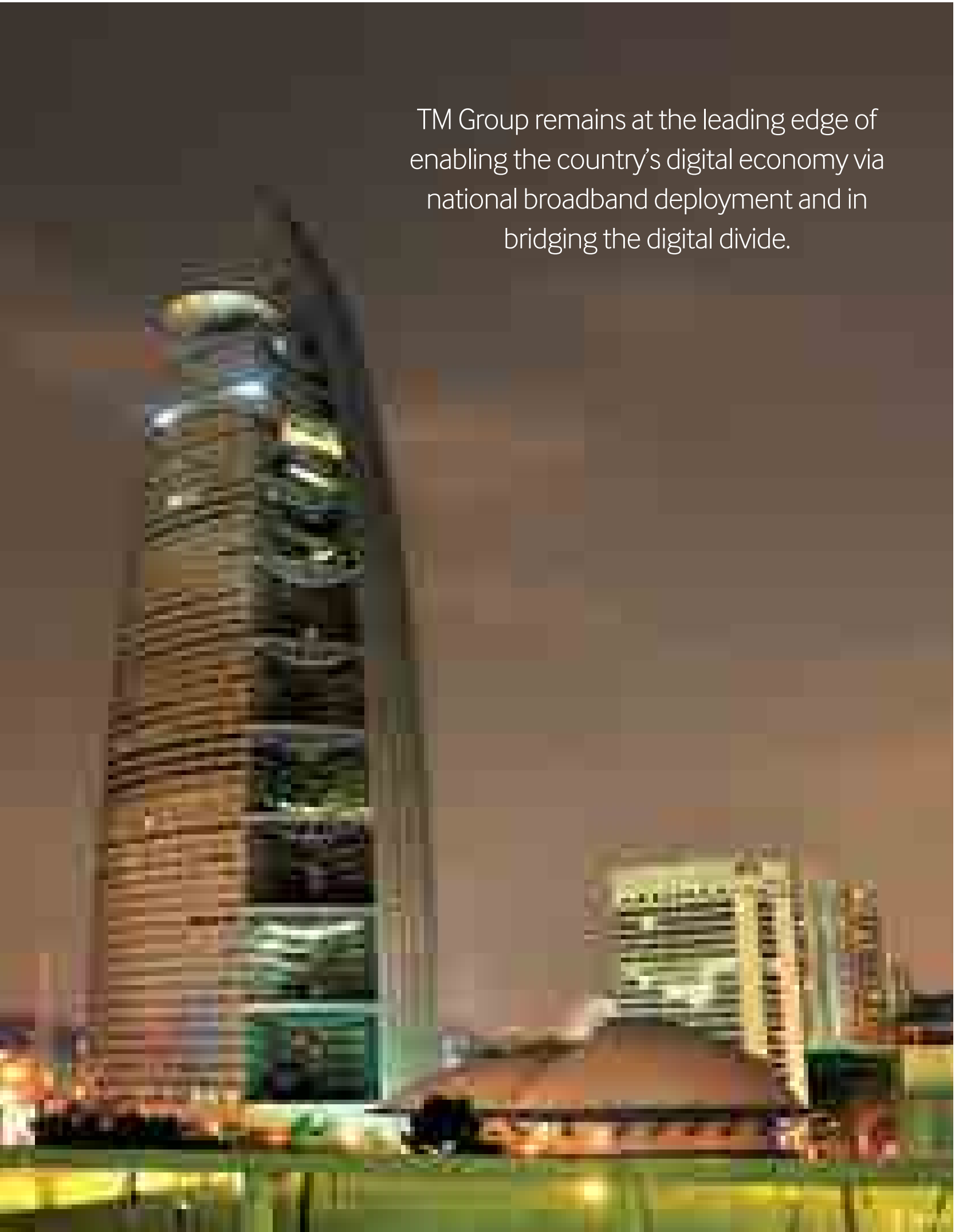
Membership in Associations

102-13

Association	Membership
Associate of Certified Chartered Accountants (ACCA) Approved Employer	TM
Minority Shareholder's Watchdog Group	TM
Malaysian Access Forum Berhad	TM
Malaysian Technical Standards Forum Bhd	TM
Malaysian Institute of Corporate Governance	TM
Malaysia South-South Corporation Berhad	TM
Malaysia South-South Association	TM
Federation of Public Listed Companies	TM
Associate Member of the Transparency International	TM
Associate Member of Association of Certified fraud Examiner (ACFE)	TM
Category and Sourcing Managers Executives (CASME)	TM
PINTAR Foundation	TM
MaGIC's Corporate Innovation Partner	TM
Kelab Inovasi Kemaman (via KOIL project)	TM
Full Service Access Network (FSAN)	TM R&D
Broadband Forum (BBF)	TM R&D
Asia-Pacific Telecommunity (APT) Standardization	TM R&D
International Telecommunication Union (ITU)	TM R&D
3rd Generation Partnership Project (3GPP)	TM R&D
Organisation of The Islamic Cooperation – Computer Emergency Response Teams (OIC-CERT)	TAB
Malaysian Technical Standard Forum Board (MTSFB) on IoT, Security, Trust & Privacy Working Group	TAB
ITU-T Study Group 17 (SG17) on Security	TAB
Malaysian ICT Standard Committee Group (ISCG) on Information Security Management Standards	TAB
ISO/IEC SC27 Information Security Management Systems	TAB
Certified Integrity Officer (Public & Private Sector) by Malaysian Anti-Corruption Commission	Individual
Certified Integrity Officer (International) by Malaysian Anti-Corruption Commission	Individual
Certified Fraud Examiner (CFE) by Association of Certified Fraud Examiner	Individual
Certified Financial Investigator (CFI) by Bank Negara Malaysia	Individual
Certified Compliance Professional by US Compliance Certification Board	Individual
Business Continuity Institute	Individual
Member of Chartered Institute of Procurement Supply (MCIPS)	Individual

Our Achievements

Services Partner and Managed Services Provider of the Year 2017 (awarded by Cisco)
18 January 2018 Hotel Sofitel, Kuala Lumpur.

World CSR Day 2017
18 February 2017 Taj Lands End, Mumbai
100 Most Impactful CSR Leaders – Izad Ismail

Malaysia's leading ICT, BPO provider in Gartner market guide for Year 2017
31 March 2017

2017 Frost & Sullivan Malaysia Excellence Awards
13 April 2017 Hilton Hotel, Kuala Lumpur

- Telecom Service Provider of the Year – Telekom Malaysia Berhad
- Infrastructure as a Service Provider of the Year – VADS Berhad
- Outstanding Contribution to Industry Development – Tan Sri Dato' Sri Zamzamzairani Mohd Isa

7th Asia Communication Awards (ACA) 2017
24 May 2017 Marriott Tang Plaza Hotel, Singapore
Best Customer Care: Business Category –
TM R&D for Mobile Application Self Troubleshooting Tool (MAST)

12th Employer Branding Awards 2017
1 August 2017 Le Meridien Sentosa, Singapore
Asia's Best Employer Brand Awards

7th Asia Best CSR Practices Awards 2017
2 August 2017 Le Meridien Sentosa, Singapore
CSR Leadership Award – Izlyn Ramli

The Edge-Billion Ringgit Club 2017
21 August 2017 Grand Hyatt, Kuala Lumpur
The Best CR Initiatives Big Cap Companies

Chief Minister's Industry Excellence Awards 2017 (CMIEA)
8 September 2017 Borneo Convention Centre, Kuching, Sarawak
Gold Award (Large Company Category) – TM Sarawak

Top 25 Data Centre Solution Provider in the APAC Region for Year 2017
30 September 2017

Annual Report Competition 2017 in New York
12 October 2017, New York
Bronze under Category Special Annual Report –
Combine Annual and Sustainability Report 2017

HR Asia Best Companies to Work for in Asia 2017
13 October 2017 The Majestic Hotel, Kuala Lumpur
Best Company to Work for in Asia

Putra Brand Awards 2017 – The People's Choice
2 November 2017 The Majestic Hotel, Kuala Lumpur
Silver (Communication Networks)

National Annual Corporate Report Awards (NACRA) 2017
23 November 2017 Hilton Hotel, Kuala Lumpur

- Overall Excellence Awards for Most Outstanding Annual Report of the Year (Silver)
- Annual Integrated Reporting (Gold)
- Sustainability Report (Gold)
- Best Annual Report in Bahasa Malaysia (Silver)
- Industry Excellence Award for Main Board Company in Trading and Services category – 21st consecutive year

Platinum Business Award 2017
23 November 2017 Sunway Pyramid Convention Centre
SME Supporter Award

Minority Shareholder Watchdog Group (MSWG) Award
6 December 2017 The Majestic Hotel, Kuala Lumpur

- Top 4 Excellence Award for Overall CG & Performance
- Top 2 Excellence Award for CG Disclosure
- Excellence Award for Sustainability Practices
- Merit Award for Board Diversity
- Industry Excellence Award – Telecommunications & Media

National Center for Sustainability Reporting Award 2017
24 February 2018 Solo, Jawa Tengah Indonesia
Best Sustainability Report 2016 Category Overseas (1st Runner Up)

Mercury Excellence Awards 2017
28 February 2018

- Websites/Mobile Media: Investor/Shareholder Relations Site (Bronze)
- Annual Reports – Interior Design: Non-Traditional (Honors)
- Publicity: Media Exposure (Honors)

Sustainability at TM

We have been around for more than 100 years, in one form or another, and we are fortunate to have the opportunity to shape our services and create values for Malaysians since then. We continue to reinvent ourselves to stay relevant to our customers in this new era of digital economy and this is key for TM to be sustainable. We take pride too, in our role of protecting our nations' interest and we continue to uphold this responsibility in making sure the safety and security of Malaysia's strategic and critical telecommunications infrastructure – as the foundation of the future of our digital economy. The trust that has been accorded to us, is key to our sustainability in all aspects Economic, Environmental and Social.

DIMENSIONS	HIGHLIGHTS
Economic Impact	• Strengthening our infrastructure to support converged solutions • Innovating on products and services to enhance the customer experience • Ensuring suppliers meet our EES requirements while helping them develop their business • Maintaining the highest level of corporate governance
Environmental Impact	• Ensuring our operations leave a minimal carbon footprint • Reducing waste of material resources, especially water, through 3R programmes • Educating the community, especially school children, about the importance of the environment and how they can help protect it • Engaging with NGOs to protect our marine ecosystem
Social Impact	**Employees** • Engaging with employees to bring out their best, inspiring them to work together as dynamic teams with a common vision of attaining our corporate goals • Identifying and progressing the careers of high-performing talent • Building loyalty through a caring environment with enhanced benefits that allow for better work-life balance **Customers** • Delivering superior customer experience and transforming the way our customers live and work with converged communications. **Communities** • Ensuring universal access to connectivity solutions • Supporting better academic outcomes through TM's school adoption, 3Ducation and Robotics programmes • Empowering women entrepreneurs • Provision of scholarships to enable outstanding students to pursue tertiary education via our Yayasan TM • Providing aid to the disenfranchised and to those affected by natural disasters • Preserving arts and heritage via YTM our proud telecommunication history

However, we operate in challenging times, with the entry of an increasing number of telcos in the market leading to intense competition and greater choice for customers who seek not only the best products and service but also the best price. Other stakeholders, too, have demands on TM. Investors want to ensure business viability as well as good governance including environmental stewardship. The best talent want to work for the most vibrant and rewarding companies. The government, as our partner, has high expectations of our performance in rolling out ambitious high speed broadband infrastructure programmes to ensure access for all Malaysians. In order to remain sustainable we recognise the need to meet the expectations of all these stakeholders.

Additionally, we have a social contract with the community, whose lives we intend to improve as we stay true to our promise 'to make life easier… for a better Malaysia'. Working with the regulator, Malaysian Communication and Multimedia Commission (MCMC), we aim to provide connectivity solutions to all Malaysians, no matter where, through community WiFi sites, Pusat Internet 1Malaysia centres and community broadband libraries. Over and above the extension of our services to the marginalised, we invest in the provision of quality education to the underserved and to empower women, especially those from underprivileged backgrounds.

Recognising that our operations have an impact on the environment, we are also playing our part to minimise our carbon footprint as well as to reduce waste, and protect the country's biodiversity.

To ensure we address all issues that are important to our stakeholders, we take note of their feedback provided during regular engagement. We also conduct materiality assessments every year for more formal input on how we can improve our economic, environmental and social scorecard.

We continuously analyse our sustainability performance using various matrices and indices. By disclosing our performance in our Sustainability Reports, we also create transparency on how well we are doing in matters that are important vis-à-vis our stakeholders. We acknowledge there are still some gaps in our sustainability measurement, and are committed to putting in place the appropriate systems to collect the required data so we continuously enhance our monitoring and reporting.

Sustainability is by its nature an ongoing process. We have been practising it for many years, and will continue to reinforce our framework – to keep creating better value for you.

SUSTAINABILITY FRAMEWORK
102-47

While sustainability influences all our decisions and is integrated into all our operations, we have adopted the Global Reporting Index (GRI)'s framework in reporting our initiatives. Accordingly, the contents of this report are divided into three main sections, according to our Economic, Environmental and Social (EES) impacts.

We have described initiatives taken to manage our material issues under these three categories and also mapped their relevance to the United Nations' Sustainable Development Goals (SDGs), as depicted in the table below:
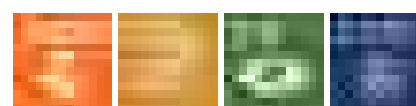
OUR MATERIAL ISSUES	LINK WITH SDGs
M1 **Product quality** – TM assess the quality of products and services that directly affect stakeholders, and customers in particular. **M2** **Innovation** – Identification of policies and programmes that enhance process efficiency and sustainable growth. **M3** **Supply chain management** – Efforts to identify and adjust TM's procurement practices that can potentially cause or contribute to impacts in the supply chain. **M4** **Regulatory compliance** – An indicator of the ability of management to ensure that operations conform to certain laws and regulations.	 • M1: Product quality: SDG9, SDG11 • M2: Innovation: SDG9, SDG11 • M3: Supply chain management: SDG12 • M4: Regulatory compliance: SDG16
M5 **Climate change and energy management** – Indicates TM's efforts to monitor the reduction of Greenhouse Gases emissions in line with national and international governance standards in managing climate change. Also includes the management of energy consumption and its effects on operational costs and TM's exposure to fluctuations in energy supply and prices. **M6** **Resource use and waste** – Describes the TM's contribution to the conservation of the global resource base and its efforts to reduce the material intensity and increase the efficiency of the economy. Material consumption relates directly to overall TM's costs of operation.	 • M5: Climate change and energy management: SDG13 • M6: Resource use and waste: SDG12 SDG9 and SDG17 also apply to M5-M6
M7 **Talent retention and attraction** – TM's strategy and ability to attract diverse qualified employees. **M8** **Human rights** – The extent to which TM has implemented processes in their stakeholders' ability to enjoy and exercise their human rights. **M9** **Employee health and safety** – TM is responsible to ensure that its employees are safe in their workplace.	 • M7: Talent retention and attraction: SDG4 • M8: Human rights: SDG5, SDG10, SDG8 • M9: Employee health and safety: SDG3 SDG17 also applies to M1-M7 • M12: Consumer data and privacy: SDG16
M10 **Customer satisfaction** – The measurement of customer satisfaction related to the provision and use of TM's products and services. **M11** **Consumer health and safety** – TM monitors and creates systematic efforts in ensuring that its products and services are safe for customers. **M12** **Consumer data and privacy** – TM protects personal data of customers with respect to commercial transactions. **M13** **Online safety** – A policy that ensures the safety of minors in accessing online contents	 • M10: Customer satisfaction: SDG9, SDG11 • M11: Consumer health and safety: SDG3
M14 **Supporting communities** – TM continuously creates opportunities for communities to ensure they are empowered to make their lives easier. **M15** **Inclusivity** – A policy to ensure non-discriminatory practices involving internal and external stakeholders across operations.	 • M14: Supporting communities: SDG16, SDG17 • M15: Inclusivity: SDG4, SDG5

**About
This Report**
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Our Sustainability Scorecard

Being sustainable mean performing well financially, socially and environmentally. In other words, ensuring that we balance our financial performance with strong economic, environmental and social value. Every year, we keep track our performance in both our financial and non-financial domains, using key metrics to indicate how well we are doing in each area.

Our scorecard for the year is presented in the table below:

Category	Indicator	2015	2016	2017
FINANCIAL				
Economic	Group Operating Revenue (RM billion)[1]	11.72	12.06	12.09
	Profit before Tax (PBT) (RM million)[1]	911.8	918.5	1,048.0
	Earnings before Interest and Tax (EBIT) (RM billion)[1]	1.26	1.15	1.09
	Operating Costs (RM billion)[1]	10.59	11.04	11.16
	Tax Contribution (RM million)[1]	314.3	299.0	308.6
	Group Reported Net Profit (PATAMI) (RM million)[1]	700.3	776.0	929.7
	Employees' fees, bonus, benefits (RM million)[1]	2,703.1	2,769.4	2,629.0
	Dividends to shareholders (RM million)[1]	804.2	808.0	808.0
NON-FINANCIAL				
Environmental	GHG emissions from			
	• Petrol (total CO_2e)[2]	12,603	16,110	14,182
	• Diesel(total CO_2e)[2]	5,368	6,560	6,545
	• Consumption of electricity (total CO_2e)[3]	39,871	50,044	43,755
	• Airline travel (total CO_2e)[2]	446	440	449
	Water consumption (m³)[3]	251,037	229,856	261,507
	Solid waste generated (million kg)[3]	1.18	1.47	1.31
	Schedule waste generated (kg)[3]	2,751.0	1,691.0	3,815.4
	Value of TM's Environmental initiatives (RM)[4]	517,708	536,377	497,300
Social	**Employee**			
	Total Number and Rate of New Employee Hires			
	• Age Group			
	<30	326	357	224
	30-40	123	233	126
	40-50	30	83	42
	>50	5	18	7
	• Gender			
	Male	249	388	230
	Female	235	303	169
	• Region			
	Global	484	691	399
	In Malaysia	449	638	367
	Outside Malaysia	35	53	32

Category	Indicator	2015	2016	2017
NON-FINANCIAL				
Social	**Employee**			
	Total Number and Rate of Employee Turnover			
	• Age Group			
	<30	294	214	106
	30-40	277	304	247
	40-50	88	105	110
	>50	1,017	585	894
	• Gender			
	Male	1,003	715	891
	Female	673	493	466
	• Region			
	Global	1,676	1,208	1,357
	In Malaysia	1,658	1,172	1,318
	Outside Malaysia	18	36	39
	Employee Turnover (No. of Employees)	1,676	1,208	1,357
	Employee Engagement Index (EEI) (%)	91	92	83[5]
	Total Employees by Gender			
	• Female	10,821	11,036	10,336
	• Male	17,187	17,009	16,071
	Training Hour Per Employees	15	12	20
	Total Training Investment Per Employees (RM)	607	542	1,097
	Total Training Investment (Overall) (RM million)	19.22	17.52	21.60
	Employee Health and Safety			
	• Workplace injury rate	1.93	2.55	2.83
	• Accident frequency rate	0.67	0.89	1.47
	• Accident severity rate	3.95	4.31	9.28
	Customer Net Promoter Score	-1 points	3 points	9 points
	TRI*M Index	>72	>72	>73
	Community			
	Value of scholarship awarded via YTM (RM million)	17.26	13.1	20.0
	Value of TM's Educational initiatives (RM)[4]	171.52	295.18	488.27

[1] *Please refer to our Integrated Annual Report 2017: Financial Statements for the entities listed*
[2] *Nationwide data.*
[3] *Data from selected TM's buildings.*
[4] *TM's key corporate responsibility initiatives.*
[5] *Starting 2017, we measure employees satisfaction using Organisation Happiness Index (OHI). For description please refer to page 51 in this report.*

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Sustainability Governance

A milestone in our sustainability journey was achieved on 10 February 2017, when our Management Committee agreed in principle to have oversight over all sustainability matters. This has paved the way for the setting up of a formal sustainability governance structure with a Sustainability Committee at the management level reporting to the Board Risk Committee.

The Sustainability function is to have representation from across all business clusters and relevant divisions so as to receive comprehensive input from the ground, and to have comprehensive influence on TM's strategies and decisions.
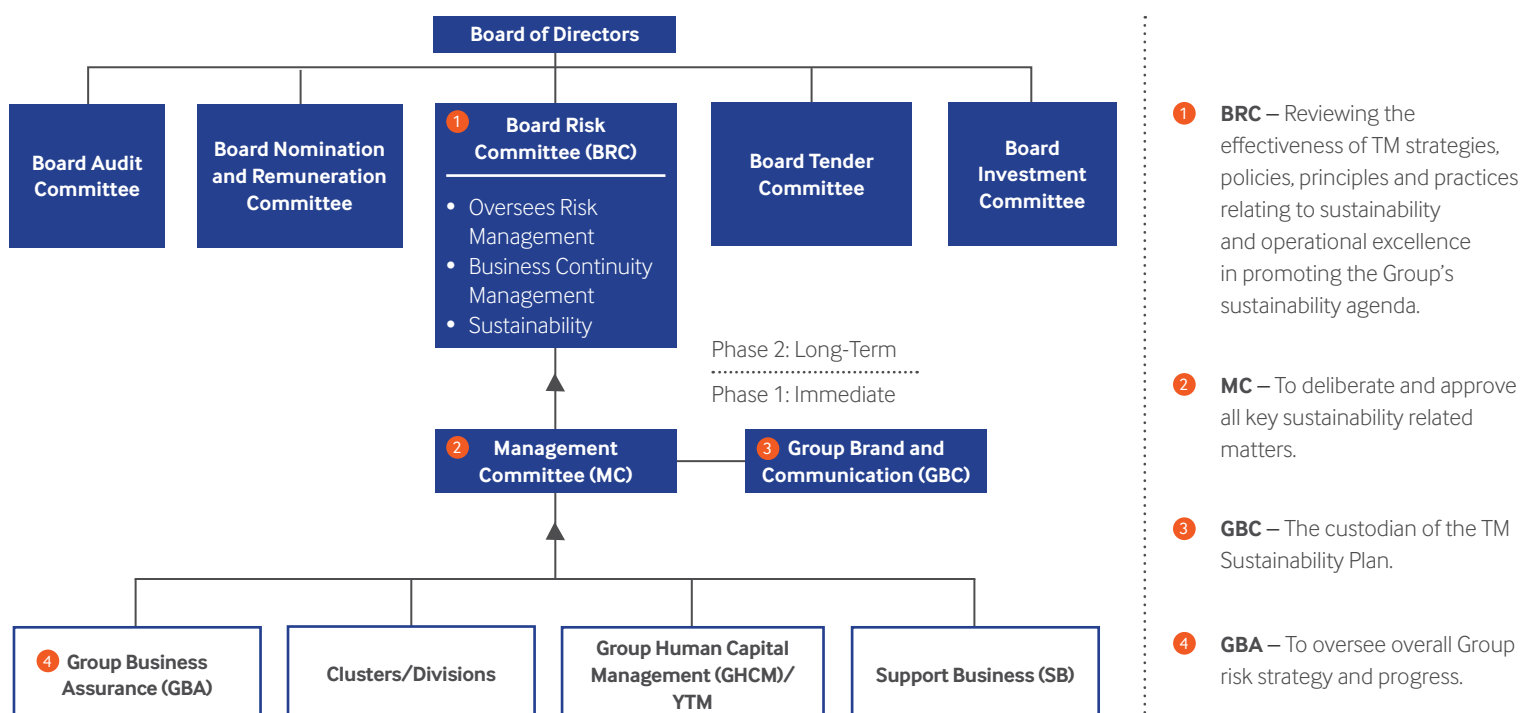
Although this formal structure has not been completed yet, as of February 2018, sustainability matters have been discussed regularly at Board meetings, integrated into discussions to manage business continuity and risk.

We expect our sustainability governance framework to be formally established to shape our strategies, ensuring that everything we do is carried out holistically and responsibly in order to stay relevant to our stakeholders and industry.

The Sustainability Committee will be supported by various operational divisions to facilitate the Company's decision making, based on the following key areas:

Key Divisions	
Group Business Assurance (GBA) **Business Sustainability** (across Clusters/Divisions) **Group Human Capital Management (GHCM)/ Yayasan TM (YTM)** **Support Business**	Sustainability in ensuring the relevant controls are in place to manage operational risks that involved TM's Divisions/Line of Businesses (LOBs) to provide sustainable impacts with greater values for TM's stakeholders in the long run.
Group Brand and Communication (GBC) – Corporate Responsibility (CR)	Sustainability via execution of sustainability initiatives according to the Economic, Environmental and Social (EES) pillars.

The sustainability governance structure will be framed as below with the long-term ambition, for sustainability to reside at Board Risk Committee level:

TM SUSTAINABILITY GOVERNANCE STRUCTURE

① BRC – Reviewing the effectiveness of TM strategies, policies, principles and practices relating to sustainability and operational excellence in promoting the Group's sustainability agenda.

② MC – To deliberate and approve all key sustainability related matters.

③ GBC – The custodian of the TM Sustainability Plan.

④ GBA – To oversee overall Group risk strategy and progress.

Engaging Our Stakeholders

As the leading telecommunications company in Malaysia, our operations touch the lives of thousands of people — not only our customers and employees but also suppliers, shareholders, the government and regulators, and the community. Each of these stakeholder groups is important to us, and we engage with them regularly on the most appropriate platforms in order to provide business or operational updates as well as to obtain feedback from them.

Most of our engagement takes place face-to-face, however customers can contact us through our call centres, as well as using online channels such as Live Chat. With local communities, our engagement generally takes the form of initiatives aimed at empowering the marginalised or under-served.

We believe in engaging with our key stakeholders in order to build and maintain strong relationships based on trust between them and TM.

In addition to the stakeholder groups mentioned above, we also have close relationships with the media, whom we depend on to disseminate important corporate as well as community-related news — such as our community outreach programmes — to the public.

	Stakeholder group	Material issues of most concern	Engagement approach
	Employees Our workforce is large and diverse, with over 26,407 employees nationwide. We provide a great place to work and grow, where both individual accomplishments and team effort are rewarded. We provide opportunities for personal empowerment and career growth in an atmosphere of trust, honesty and openness.	M7: Talent retention and attraction M9: Employee health and safety M10: Customer satisfaction	• Employee satisfaction survey • Dialogue and engagement such as Jom Bersama, Jom Sembang • Top management messages • Intranet, internal social media, departmental meetings and newsletters • Employee engagement programmes • TM societies and clubs' activities
	Customers We communicate honestly, offer relevant products and solutions to deliver our promises to provide seamless connectivity for our various customers' groups.	M1: Product quality M6: Resource use and waste M10: Customer satisfaction M11: Consumer health and safety M12: Consumer data and privacy	• Customer feedback management • Customer support centre at 100 • Social media tools — Twitter, FB, YouTube, Live Chat, mobile apps. • Market research loyalty programmes • Events, dialogue sessions, roadshows and engagement sessions
	Shareholders and investment communities We enhance shareholder value by adherence to the highest standards of corporate governance and world-class management practice.	M3: Supply chain management M5: Climate change and energy management M12: Consumer data and privacy	• Investor Relations engagements • Annual and sustainability reports • Annual general meetings • Extraordinary general meetings • Shareholder updates • Quarterly reports

	Stakeholder group	Material issues of most concern	Engagement approach
	Government and Regulators We build constructive, respectful, open and transparent relationship with all regulators, while being compliant with all regulations and applicable laws. We adopt a firm approach on issues that may be detrimental to industry growth.	M4: Regulatory compliance M6: Resource use and waste M10: Customer satisfaction M12: Consumer data and privacy	• Formal meetings • Performance reports • Discussions on government initiatives
	Business Partners We work with our business partners to create outcomes that are mutually beneficial to their and our business objectives in achieving sustainable impacts to growing Malaysia's telecommunications businesses and offer preferential support to innovative local businesses.	M1: Product Quality M2: Innovation M4: Regulatory Compliance M11: Consumer Health and Safety M12: Consumer Data and Privacy	• Progress Report • Annual and sustainability report • Corporate presentations • Signing ceremonies
	Suppliers We are committed to developing and maintaining effective professional relationships with our suppliers to provide quality service to our customers.	M3: Supply chain management M5: Climate change and energy management M6: Resource use and waste	• Transparency survey • Supplier training programmes • Supplier relationship management
	Media We regularly engage with representatives from print, radio, TV, social and online media at local, national and international levels.	M2: Innovation M10: Customer satisfaction M12: Consumer data and privacy	• Press releases • Press conferences, question and answer sessions • Media coverage • Media luncheons
	Communities We engage with communities wherever we operate. This includes non-profit organisations and programme partners, as well as community groups and individuals based or living close to our operations.	M2: Innovation M6: Resource use and waste M10: Customer satisfaction M12: Consumer data and privacy M14: Supporting communities	• Website and service catalogues • Annual and sustainability reports • Visits, seminars and joint activities • Community engagement activities
	Unions We work closely with our three trade unions to ensure their members' needs are met.	M4: Regulatory compliance M8: Human rights M9: Employee health and safety	• Dialogue and engagement • Joint activities • Consultations and negotiation

Managing Our Material Issues

Our entire sustainability framework rests on managing issues that are material to TM. By material, we mean issues that are important to both our stakeholders as well as to TM ourselves which, if not managed, could negatively impact our performance in the long term. To determine these issues, we undertake a materiality assessment every year.

We conduct workshops among stakeholder-facing employees and other employees to obtain: a) issues that have substantial influence on our stakeholders – e.g. customers, suppliers, investors, analysts, shareholders, regulators and the community; and b) TM's significant EES impacts. With our employees, we discussed material issues that had been identified in the previous year, as well as issues raised from our risk register, those that have been identified by peers as being material, and also any other national or industry issue that relates to our business. This provided a preliminary prioritisation of our material issues.

With this primary list, we conducted one-on-one interviews with key management to review and help further prioritise the material issues, according to how important our management believed the issues are to our stakeholders, as well as to TM.

In this manner, this year we identified 15 material issues – 14 that had been identified in 2016 plus one new issue, i.e. Online Safety. The 15 material issues were presented to our Group CEO, who validated the list.

The results of our materiality assessment help inform our sustainability strategy and programmes. We also use our findings to identify emerging trends and issues that have the potential to become more significant in the medium term. These issues are monitored and, where required, managed within TM to enable us to respond proactively.

For relevance, we focus the contents of our sustainability reports on material issues that have been identified for a particular year. In this report, therefore we focus on the 15 issues as presented below:

TM

Our Material Issues

Boosting Economic Impact

M1	Product Quality
M2	Innovation
M3	Supply Chain Management
M4	Regulatory Compliance

Minimising Environmental Impact

M5	Climate Change and Energy Management
M6	Resource Use and Waste

Creating Positive Social Values

M7	Talent Retention and Attraction
M8	Human Rights
M9	Employee Health and Safety
M10	Customer Satisfaction
M11	Consumer Health and Safety
M12	Consumer Data and Privacy
M13	Online Safety
M14	Supporting Communities
M15	Inclusivity

MANAGING OUR MATERIAL ISSUES
102-47

For relevance, we focus the contents of our sustainability reports on material issues that have been identified for a particular year. In this report, therefore we focus on the 15 issues as presented below:

○ Economic　● Environmental　● Social

Influence on Stakeholder Assessment and Decision

Most Influential

Influential

Significant　　　　　Most Significant

Significance of Economic, Environmental and Social Impacts

○

M1	Product Quality
M2	Innovation
M3	Supply Chain Management
M4	Regulatory Compliance

●

| M5 | Climate Change and Energy Management |
| M6 | Resource Use and Waste |

●

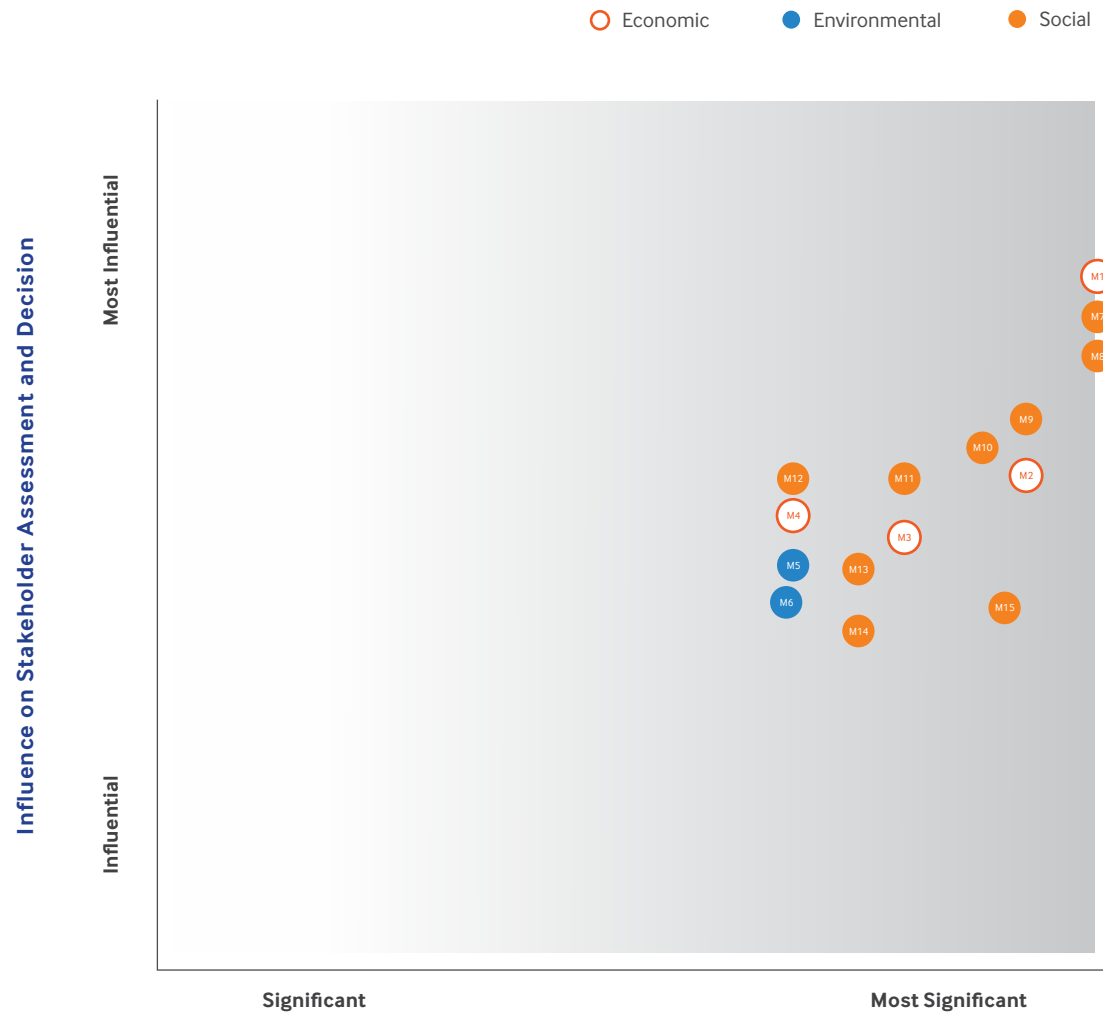| M7 | Talent Retention and Attraction |
M8	Human Rights
M9	Employee Health and Safety
M10	Customer Satisfaction
M11	Consumer Health and Safety
M12	Consumer Data and Privacy
M13	Online Safety
M14	Supporting Community
M15	Inclusivity

Growing
Moments

The success of a nation depends on the resilience and sustainability of its economy. At TM, we focus on continuously delivering innovative, tech-based solutions to create transformative moments that take businesses to new levels of progress and efficiency. In doing so, help strengthen our nation's economic resilience for long-term growth.

Nation

We connect Malaysia via more than **540,000km fibre-optic cables nationwide** and **190,000km** of **submarine cables worldwide** that give access to knowledge and business opportunities

We provide a seamless connectivity via **9,400 unifi Wifi hotspots nationwide**

Suppliers

We work with close to **7,000 active registered vendors** in a **diversified supply chain environment**

Shareholders

We create shareholders' value through **Total Dividend Payout of RM808.0 million** for 2017

Boosting **Economic** Impact

TM has always been at the cutting-edge of telecommunications in Malaysia, providing Malaysians with the latest and best in technology to keep them connected – to each other and to the world. In our unique role as protector of national interest, we continue to do this, but at a larger, more elevated scale.

We are there for customers at every point of their lives, enabling them to share precious moments with people who matter, no matter where they are or what device they use. Our purpose today is very clear: to gain the trust of Malaysians so that we remain the telco they choose to fulfil their desire to share their every special moment. By serving every Malaysian at every moment in their lives we would also be serving the nation, helping to achieve the Government's aspiration of transitioning into a Digital Economy.

<<<

MATERIAL TOPICS

M1	Product Quality
M2	Innovation
M3	Supply Chain Management
M4	Regulatory Compliance

In order to fulfil our objectives, we have restructured our customer-facing lines of business and rebranded them for greater clarity and unity; with unifi representing lifestyle offerings for homes, individuals and Small Medium Enterprises (SMEs); TM ONE offering end-to-end converged solutions to business verticals in the enterprise and public sector space; and TM GLOBAL positioned to accelerate the digital opportunities of domestic and international telecommunications.

The year also witnessed us continue to support the Government's national broadband and Digital Economy agenda as we further developed and strengthened our network infrastructure and coverage. This includes concerted efforts to meet agreed targets under the High Speed Broadband Project Phase 2 (HSBB2) and Sub-Urban Broadband (SUBB) agreements, which TM signed with the Government in December 2015.

We also completed the first few phases of our high-speed LTE network rollout, which immediately accelerated our service coverage as our fixed connectivity is now complimented with wireless. In addition, to cater to those on-the-go who need to connect to the internet wherever they are, we further expanded the number of our unifi Wifi hotspots throughout the country, establishing over 9,400 hotspots nationwide to date.

TM ONE collaborated with a renowned restaurant chain here in Malaysia to provide high-speed broadband services and solutions including WiFi access points to more than 1,000 of their outlets. Further supporting the telco industry in Malaysia, TM GLOBAL plays the role of positioning Malaysia and TM as the ideal gateway for the world to the ASEAN region where submarine cable expansion is a key element in achieving this goal. TM Global has also set up a new international Point of Presence (PoP) in Marseilles, France, for service providers who need the connectivity to Europe.

Future-proofing our cellular network architecture, in 2017 we enriched our new generation backhaul (NGBH) service portfolio with front-haul solutions such as Smart centralised Radio Access Network (C-RAN) where subsequently we signed a collaboration agreement for the provision of Smart C-RAN services in Putrajaya. Accordingly, unifi mobile has become the first mobile service provider to utilise the Smart C-RAN service, paving the way for the adoption of more smart city solutions in the future. We also partnered with edotco Malaysia Sdn Bhd to promote the expansion of LTE services. In addition, we have deployed the distributed antenna system (DAS) based IBS in selected facilities to enable mobile network operators to extend and distribute their cellular signal.

While much focus in on building our capabilities in data, we recognise that many customers still use their fixed lines and smart phones to make calls. Enhancing the voice quality of our network, this year we deployed the IPX-Voice infrastructure in Hong Kong, Singapore, the United States and London for better international voice service.

M1 PRODUCT QUALITY
102-12, 203-1

TOWARDS A CONNECTED MALAYSIA

Being connected entails access to international networks, and toward this end we are investing significantly into linking Malaysia with the rest of the world through our submarine cables. We currently have 20 submarine cables spanning a total of over 190,000km. During the year itself, we completed three ASEAN submarine networks – the Malaysia-Cambodia-Thailand (MCT), Nusantara Gateway and Sistem Kabel Rakyat 1Malaysia (SKR1M) – all utilising state-of-the-art 100Gbps technology and collectively contributing more than 6,000km to our international connectivity.

- MCT spans over 1,300km with an initial capacity of 1.5 Terabit per second (Tbps) that can be upgraded to support a maximum of 30Tbps. It was ready for service on 23 March.
- Nusantara Gateway (NuGate), developed together with PT GLOBAL INTI CORPORATION (PT GIC), is a 1,080km cable system, with Equinix (Singapore) and Cyber Building (Jakarta) serving as meeting points. Its initial capacity of 200Gbps can be upgraded to support up to 6.4Tbps to meet future requirements. It was ready for service on 31 March.
- SKR1M links Sabah and Sarawak with Peninsular Malaysia. The 3,800km system has an initial capacity of 4Tbps which can be increased to 12.8Tbps. The network was ready for service on 30 June.

In addition to the new point of presence (PoP) in Marseilles, France, we have 21 international PoPs spanning Asia, Australia, North America, Europe and the Middle East. POPs consist of high-speed telecommunications equipment and technologies that enable users to connect to the internet via their Internet Service Providers (ISP).

Ensuring Network Reliability and Security

We continuously upgrade the reliability of our network and prevent breakdowns. During the year, we introduced SPINE, a network sustainability and improvement programme, which has managed to reduce our fault rate. SPINE consist of three phases, namely: Rectify – rectify network infra health based on predictive models, Prevent – prevent fault at our infra builds; and Sustain – sustain our network to continually improve the customer experience and compliance.

SPINE – A Network Improvement Programme with Three Phases:

RECTIFY
Rectifying network infra health based on predictive model

PREVENT
Preventing fault at our infra builds

SUSTAIN
Sustaining our network, to continuously improve customer experience and compliance

Other efforts to strengthen our network include reducing copper loops in SUBB areas by eliminating E-side copper via the deployment of MSAN fibre cabinets, and shortening D-side copper loops to optimise VDSL technology capability. By rejuvenating our copper networks, we are able to enhance our speed consistency and reduce our overall fault rates by 15%. In addition, we are simplifying our network architecture by merging multiple functionalities into a single system to support new potential business opportunities.

As we are moving towards more digital systems and processes to achieve operational excellence, we developed and introduced EYES, a mobile app that enables employees to report visible threats to our infrastructure (such as excavation works, pole collapse and open manholes). The main objective is to prevent faults via early detection of third-party works nationwide using employees as our 'eyes'. This would help to avoid incidents and unnecessary cost, save and reduce costs in physical site verification and ticketing cycle time.

Today, with more than 1,000 registered EYES users, we have received more than 2,000 reports on detected threats and we managed to avoid more than 97% incidents from fault.

In 2018, we also formed a dedicated unit, Group Information Security (GIS) consists of Strategy Governance, Development, Threat and Maintenance and Operation units.

Group Information Security Looks At:

STRATEGY GOVERNANCE

Responsible for the establishment, awareness, audit and execution of information security strategy, master plan, architecture of security devices/systems, governance, policy, risk and compliance.

DEVELOPMENT, THREAT AND MAINTENANCE

Responsible for the development and maintenance of security devices/systems deployed for Network and IT systems as well as for executing threat intelligence capabilities and Security Posture Assessment (SPA) activities.

OPERATION

Responsible for 24/7 information security operations by providing proactive security monitoring for the security devices/systems; responding to security incidents; managing the security baseline configuration and access to security devices/systems; and integrating security event logs into the Security Information and Event Management (SIEM) system for use by Security Operation Centre (SOC).

In order to achieve a High Resilience Corporate, Cyber and Information Security Defense, we realising these four main missions:

Mission 1
Empower Group-wide with Common Information Security Vision.

Mission 3
Increase Maturity of Current Information Security Capabilities.

Mission 2
Improved Security Governance, Roles and Structure.

Mission 4
Improved Information Security Alignment to Business with Stakeholders Buy-in.

As a Critical National Information Infrastructure (CNII) entity, we are required to be ISO/IEC 27001:2013 Information Security Management System (ISMS) certified. Towards this end, we have established a network security framework to ensure a consistent approach across our network infrastructure and support systems. The framework helps us implement a network security management system throughout our IT divisions for a more secure and reliable network. Continuing along this journey, we are focused on attaining more certification for critical data centres and applications.

We keep employees informed of our network security and reliability via emails and, in 2017, we organised a Security Open Day. We also conducted the following training programmes for our employees:

Security Training Programmes

Security capability building

ISMS Lead Auditor and Auditor

Security e-Learning

M2 INNOVATION

EMBEDDING INNOVATION

Innovation plays a crucial role in ensuring we maintain a high level of product quality and service delivery. Digitisation (driving productivity via digital) and digitalization (monetization of digital businesses) which when combined, will enable us to reap the full benefits of improved productivity, enhanced customer experience and monetization of opportunities presented. We invest in the best and most innovative technologies as they emerge globally to be able to strengthen our offerings. Please refer to our Integrated Annual Report 2017 for more discussion about innovation initiatives in TM.

In September 2017, we launched unifi.com.my web portal, a single all-in-one customer service absolute portal for interaction on unifi related services, enabling our customers to order or upgrade their services and a number of services, including chat in real-time with our agents for assistance. Several apps have been developed to enhance our customers' overall unifi experience too, such as wifi@unifi – a unifi WiFi locator app; TM WiFi Optimiser – a tool to boost customers' WiFi performance; mobile@unifi – a gateway to anything relating to our unifi mobile service.

wifi@unifi

This mobile app is a digital milestone providing free WiFi access to all Malaysians and tourists at 9,400 hotspots nationwide until further notice. Through design thinking methodology with customers, this app was developed, met MVP (Minimum Viable Product) and launched within two months.
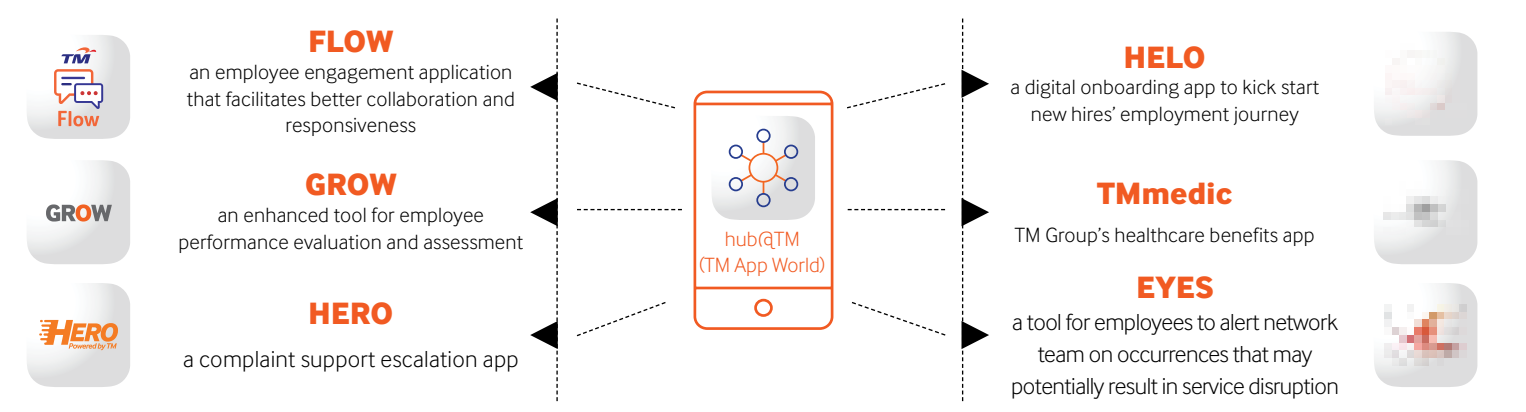
WiFi Optimiser

Assists unifi/pre-unifi customers to optimise their WiFi signal at home, for better internet/streaming experience, without having to reach out to connect centres or TM touchpoints.

Product Innovation

Main product innovations as below:

- **unifi Lite**
  Launched in April 2017, unifi Lite is another addition to unifi home packages (Advance and Pro), targeting customers from the lower income group. It is an entry-level plan with basic offerings to support the Government's aspiration to drive a digital economy and address affordability in the market.
- **unifi edu and ebiz pack**
  Special discounts for all unifi packages for students at higher institutions and e-entrepreneurs. This innovative bundle seeks to drive adoption of learning and business transactions via the digital platform.
- **unifi Mobile (previously known as webe)**
  Postpaid plan at affordable price for never-ending data, voice and SMS with 10GB/month LTE hotspot tethering. In January 2018, unifi mobile #BEBAS was introduced, providing flexibility for customers to customise their plans according to their lifestyles.
- **webebroadband**
  Wireless LTE broadband package with 20GB quota

Other product innovations include more than 10 campaign initiatives encompassing connectivity and value-added services including content and ICT business solutions.

unifi Play TV

Enables unifi customers to watch their favourite TV shows anywhere, on their mobile devices, via the play TV @ unifi app

Service Innovation

Internally, we have implemented digital empowerment initiatives focusing on service and process optimisation to enhance our customer experience. These include continuous improvement of online self-service and billing for easier and more user-friendly interaction for customers to manage their accounts and services, as well as simplifying the ordering and fulfilment processes for unifi services.

mobile@unifi

This mobile app offers the first real mobile liberation for Malaysians, giving customers a seamless connectivity beyond home with a freedom to live their life the way they want to.

FLOW an employee engagement application that facilitates better collaboration and responsiveness

GROW an enhanced tool for employee performance evaluation and assessment

HERO a complaint support escalation app

hub@TM (TM App World)

HELO a digital onboarding app to kick start new hires' employment journey

TMmedic TM Group's healthcare benefits app

EYES a tool for employees to alert network team on occurrences that may potentially result in service disruption

By empowering digital for our Warga Keluarga TM, we have improved our own internal processes by digitising our processes in which we launched hub@TM, a one-stop centre for all apps developed for Warga Keluarga TM. A number of innovative digital applications were developed:

Other Innovations introduced during the year on how we improve the way we work include:

1. **CEREBRO:** to address data integrity through automation network inventory update
2. **DRAGON:** to digitise end-to-end project management process
3. **TM SWIFT+:** leveraging on SWIFT platform to digitise assurance and fulfilment processes
4. **TAB:** Converts conventional method of classroom learning at TM into a digital learning system.
5. **EYES:** an app to enable employees to report potential threats to TM infrastructure (eg excavation works, pole collapse, opened manhole)

Empowering Enterprises Through Digital Innovation

TM ONE has innovated on converging its data centre, ICT and Business Process Outsourcing (BPO) services, smart services, as well as mobility offerings to enable end-to-end solutions catering to specific business verticals. Its aim is to fully realise customers' digital potential by becoming their trusted digital partner.

A key innovation highlight during the year was to launch the Iskandar Puteri Data Centre (IPDC), the only commercial data centre in Malaysia certified Tier III by Uptime Institute. IPDC is designed to fulfil the hosting, cloud and Internet of Things (IoT) requirements of our business and enterprise customers as well as government agencies. Primed to meet top industry standards, it will ensure high availability, energy savings and the most advanced security and connectivity specifications to satisfy enterprises in need of ultimate reliability.

Through TM ONE, we are also delivering the Government's vision of a smart nation. We have established an Integrated Operations Centre (IOC) in Iskandar Puteri, namely a centralised command centre for Internet of Things (IoT) operations, which provides a monitoring dashboard to coordinate data received from physical devices and sensors around the country for the efficient management of traffic, indoor environments as well as incidents and events related to safety and security. Via 24/7 artificial intelligence (AI) support, we are able to enhance a city's infrastructure to make it a better place to live, work and play.

Enhanced Services for Our Telco Customers

Various innovations from TM GLOBAL are enhancing the operations of its telco customers.

Media Delivery Solutions Vertical (MDSV)

This converged entertainment and infotainment solution for telcos, hotels and hospitals employs a Cloud-based single management platform to deliver a digital experience to end users in multiple establishments. It also brings world-class entertainment and integrated smart living for on-demand centralised services right to customers' fingertips.

ThingSuite

An open IoT platform for multiple smart service system integration.

TRACEific

An IoT initiative which allows businesses to track, trace and create a reliable network for surveillance of particular items from origin to destination.

Big Data as a Service (BDaaS)

A platform for business data analytics covering visualisation tools, business intelligence and analytics, data scientist, training and consultancy.

PaaS – Hosted VoWiFi

Bridges the connectivity limitation of conventional telco connectivity by utilising the wireless network infrastructure, while maintaining or even improving voice call quality.

Engaging with External Developers

Through our Group Digital Centre (GDC), we engage with internal and external start-ups, helping them develop and market innovative products and services leveraging TM's developer tools, innovation labs and market access. Initially focused on API-based tools, GDC is now working closely with a number of start-ups with a broader vision of creating IoT solutions.

In October, GDC collaborated with REKA Studio Sdn Bhd (REKA) to launch a #StartIoT programme. The initiative aims to promote IoT among engineering students and local entrepreneurs or SMEs. Through #StartIoT, REKA guided the use of devices connected at several locations in the Klang Valley throughout October and November. It conducted a series of IoT talks for awareness and to inspire students and start-ups to create and improve services using IoT technology. In December, a REKAthon was held, attracting designers and IoT engineers who were given 24 hours to collaborate and develop usable IoT solutions. REKA also organised few workshops focused on the fundamentals of IoT to help participants to start developing their own IoT ideas with the ultimate vision of monetising them.

GDC start-up achievements in 2017:

✓ **Instaweb**, developed by a start-up with the same name, was launched during BizFest in Kuala Lumpur in March. The service, enabling entrepreneurs to create their own websites from their Facebook page, is bundled together with unifi ebiz.

✓ **Wariscan**, a Bumiputera start-up, aims to work with Muzium Menara KL to preserve Malaysia's cultural heritage. Wariscan has implemented its interactive prototype at Muzium Telegraf Taiping, which is going to be launched in 2018.

✓ **Drawzania** collaborated with Group Human Capital Management to conduct a pilot training programme for employees on visual communication.

✓ TM provided a platform for **IACON** (iaconmy.com) to empower independent Malaysian artists.

Economic

MANAGING OUR SUPPLY CHAIN

Integrating Sustainability in our Supply Chain

TM requires suppliers to comply with clearly defined principles based on international and sector standards as a mandatory element of all agreements. Our key references are the United Nations Global Compact's Ten Principles and Sustainability Development Goals. We encourage suppliers to meet international standards on environment, safety, human rights and sustainability measures including ISO 14001 and OHSAS 18001. We track supplier compliance with these standards as part of our risk analysis and assessment processes.

We continuously encourage our suppliers to adopt 'green-production' elements and examine their use of recycling materials and other environmental initiatives such as energy efficiency and green packaging. For example, we are targeting IPDC to be certified with Leadership in Energy Environmental Design (LEED) and Green Building Index (GBI).

We rely on close to 7,000 vendors to provide services related to components, products, software or services and are committed to promoting sustainability throughout our supply chain.

6,901	**6,548**
Total active vendors	Local purchasing vendors
353	**1,033**
Foreign purchasing vendors, related parties/subsidiaries	No. of registered vendors with active contracts

Our vendors/suppliers are important to the smooth functioning of our business, hence are highly valued by us. The involvement of our vendors/suppliers in our supply chain has indirectly benefited the communities where TM operates via numerous corporate responsibility initiatives. We therefore train all procurement employee to uphold the highest level of integrity in dealing with suppliers. We have in place Procurement Ethics Rules and Regulations which state very clearly the behaviours we expect of our personnel.

This year, we initiated an integrity awareness programme from 4 May till 15 August for all procurement staff to reinforce the message of integrity and to encourage staff to speak up should they notice any violations to our rules and regulations, as well as to TM's Code of Business Ethics and Anti-Corruption Guide (ACG) more generally. We also set up an incident platform in December to capture and analyse risks related to procurement integrity.

At the same time, we expect our suppliers to maintain the same level of integrity as we do. During the supplier registration process, suppliers are required to sign the integrity pledge. This is followed by signing a declaration of independency from suspension, blacklisting, bankruptcy, legal suit and offence and integrity agreement as part of acceptance to TM's contract award.

We also expect suppliers to meet minimum standards in the areas of labour and human rights, health and safety, environment and business ethics as described in our Supplier Code of Conduct. We discuss our expectations during tender briefings, and include integrity in our terms of contract. This year, we implemented a Revised Integrity Pact for Business Partners and Procurement Committees which was communicated clearly to all parties.

Integrated Supply Chain Management

In 2014, we embarked on a programme to transform our Procurement function to support an integrated supply chain management in order to build robust capabilities to drive cross-channel value and bring sustainable savings across the organisation. The transformation is being conducted in phases.

Our Procurement Method:

Method	Number of contracts	RM million
Tender	226	1,115.2
Direct Award	448	1,390.0
RFQ	2,140	121.3
Total	2,814	2,626.5

53% of TM's total contracts; worth **RM 1.36 billion,** awarded to local suppliers in 2017

2014 – 2015 (Institutionalise)

- Pilot Category Management Practice via Verys Project
- Category Playbook introduced
- Category Management officially established in June 2015

2016 – 2017 (Solidification)

- Strengthen Category Strategy embedded with Risk Management in supporting the national agenda
- Move 'Beyond Total Cost of Ownership (TCO)' with 'piloting' of simplified Sourcing Approach
- Solidify collaboration with users with aligned TCO initiatives and targets

2018 onwards (Acceleration)

We have identified potential savings of RM15.0 million, or 10.2% of our total procurement expenditure, and realised RM385.7 million savings in 2017.

Managing Our Supply Chain Risk
102-11

A structured Enterprise Risk Management (ERM) Committee has been established in Group Procurement (GP) to oversee our supply chain risk management. Over the last three years, the focus has been on strengthening the framework and methodology of our end-to-end supply chain risk management. In 2017, Board Risk Committee (BRC) endorsed Supply Sustainability Risk as a new Corporate Risk in addition to 14 TM Corporate risks already registered. Apart from the Supply Sustainability Risk Cluster, GP has identified six other Risk Clusters that govern our supply chain risks, namely Procurement Strategy, Governance, Compliance, System, People, Fraud and Ethics. Assessment of risks under each cluster is performed periodically on a case-by-case basis. Mitigation plans are monitored continuously, and reported to management every quarter. As a result of

our supply chain risk management, we have achieved a positive Voice of Customer (VoC), ensured sustained supply during crisis or disasters while reducing TM's total cost of ownership (TCO). In line with digital evolution, we also aim to assess TM's digital procurement risk and opportunities.

Engaging Our Suppliers

We engage regularly with our suppliers in order to strengthen our business relationships, and build two-way trust, which helps to create positive synergies. In 2017, we launched a new initiative called 'Sesi Bersama Ketua Pegawai Eksekutif Kumpulan TM unifi Broadbanders' to share our customer-related aspirations with installation and maintenance contractors. During the session, attended by 3,451 contractors, we rebranded UniFi Installation Contractors to 'unifi Broadbanders'. The session proved successful and will be conducted annually.

Measuring Our Supply Chain

We conduct supplier satisfaction surveys annually to gauge how well we are doing in our supplier relationships. This survey is conducted online, and the feedback helps us improve our processes and practices to enhance our service delivery to business partners. In 2017, we achieved a supplier satisfaction index (SSI) of 8.2, exceeding our target of 7.77, which was 1.2% increase from 2016.
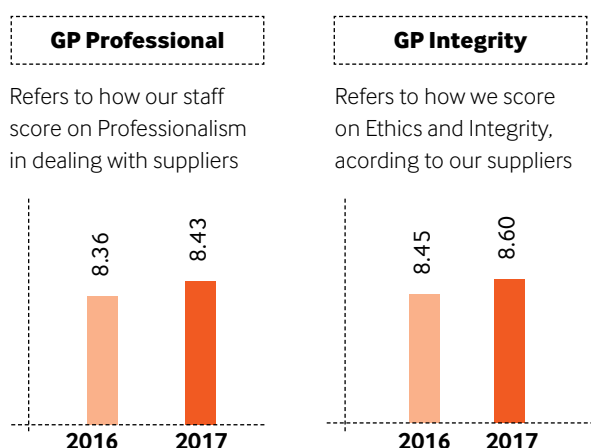
GP Professional

Refers to how our staff score on Professionalism in dealing with suppliers

	8.36	8.43
	2016	**2017**

GP Integrity

Refers to how we score on Ethics and Integrity, acording to our suppliers

	8.45	8.60
	2016	**2017**

GP Professional refers to how our staff score on Professionalism in dealing with suppliers; while GP Integrity refers to how we score on Ethics and Integrity, according to our suppliers.

We also conduct an annual procurement maturity survey among Group Procurement staff and internal users. The online survey serves to gauge internal customers' perception of the efficiency of our procurement processes and practices while assessing the maturity of the procurement function and to identify areas in which we can improve in order to achieve best-in-class standards. In 2017, a total of 1,385 Procurement users were surveyed, and we scored a Procurement Maturity Index (PMI) of 9.1, as compared to a target of 8.2. This also marked a 3.4% improvement from 2016.

Enabling Malaysia's Economy

In line with our vision of life and business made easier for a better Malaysia, we enable Malaysia's economy through Smarter Living, Smarter Business, Smarter Cities, Smarter Communities and ultimately Smarter Nation.

Empowering Bumiputera Vendors

TM has been a supporter of the Bumiputera Empowerment Agenda (BEA) since its launch in 2013, achieving all BEA KPI targets for the past three years related to Procurement, Human Resources, Scholarship and Society.

Between 2014 and 2017, we enrolled 15 new vendors under our Bumiputera Vendor Development Programme (BVDP). More than RM1.5 billion in carve out and more than RM6 billion in accumulative procurement contracts were awarded to Bumiputera vendors. At the same time, we have produced 18 BVDP graduates, some of whom have progressed to become strategic partners under the BVDP Strategic Partnership Programme.

Government-linked companies (GLCs) and government-linked investment companies (GLICs) are being encouraged to help Bumiputera companies become National Champions and to grow from the domestic to the regional and, eventually, global markets. Of our 18 BVDP graduates, two were recognised as National Champions 2017. To create a regional champion, we will be intensifying our development programme to enhance our vendors' export capabilities as well as to expose them to the regional and global marketplace. We will also expand our vendors' capabilities and business opportunities through cross-fertilisation programmes with other GLCs.

In September, the Prime Minister has lauded TM and other top 20 Government-Linked Companies (GLCs) in the efforts of creating more corporate champions among Bumiputera business community. The Prime Minister handed our certificates of appreciation to representative of the top ten bumiputera vendors (inclusive of women entrepreneurs) of the G20 companies for their contribution towards the Bumiputera Empowerment Agenda (BEA).

In 2017, 32 vendors under our BVDP participated in ten capacity-building programmes offered by technical agencies such as SIRIM, Malaysia Productivity Corporation (MPC), Technology Park Malaysia (TPM), Malaysia Institute of Transport (MITRANS), Construction Industry Development Board (CIDB) and Centre of Entrepreneur Development and Research (CEDAR).

Apart from the Vendor Capacity Building Programme, as of 2016 we have been providing Bumiputera vendors with grants to accelerate their R&D and commercialisation (GPPV). In 2017, two vendors secured the GPPV grant amounting to more than RM1.5 million for the development of new products.

Supporting SMEs

The SME market contributes to 37% of Malaysia's GDP, and represents about 98.5% of the country's business establishments. In other words, it is a significant market within the nation's economic engine, with a huge demand for converged solutions. We have formed close links with this market by working with organisations such as SME Corporation Malaysia (SME Corp. Malaysia), enabling a deeper understanding of SME needs which in turn has shaped the products and services we offer to existing and potential SME customers.

During the year, we partnered SME Corp. Malaysia in organising the following events to boost Malaysian's SME Businesses:

**SME Week
(17-26 May 2017)**

Objective:
To recognise SMEs as the backbone of the economy, enhance awareness of products and services of SMEs, acculturation of entrepreneurship and as a platform for dissemination of information. The event was held throughout Malaysia

Tunas Usahawan Belia Bumiputera (TUBE) Mega 2017 (October 2017)

Objective:
To encourage youth to venture into business. The event was held at 10 PLKNs nationwide, attracting 1,000 'Tubers'.

**SME Annual Showcase (SMIDEX 2017)
(15-17 November 2017)**

Objective:
To provide an opportunity to forge linkages and networking between SMEs with potential buyers, as well as a platform to showcase the products and services. The event featured the SMIDEX 2017 SME Annual Showcase, SMIDEX 2017 Pocket Talk and SMIDEX 2017 Business Matching

**E50 Award Presentation Dinner
(17 November 2017)**

Objective:
To recognise the achievements of the best 50 SMEs 50 in terms of financial capabilities, operations and management skills.

**Video Capsule – Chor and Chah Season 2
(July 2017 onwards)**

Objective:
To guide existing and potential entrepreneurs; to disseminate the latest information relating to SMEs; to raise public awareness of SME development programmes offered by ministries and agencies; and to promote youth entrepreneurship. A 12-episode mini drama series on a young entrepreneur and how he starts his Rendang Tok business with help from an SME Corp. Malaysia business counsellor, presented on websites, Facebook, Instagram and Youtube.

**BAHTERA
(14-15 October 2017)**

Objective:
To assist local SMEs to move up the value chain by empowering their business through various ICT solutions tailored to their requirement and business needs. Initiated by Ministry of Finance (MOF) and National Strategy Unit (NSU) and curated by New Entrepreneurs Foundation (NEF), this event was held at Persada Johor Convention Centre with more than 6,000 visitors where the target audience were bumiputera entrepreneurs ranging from startups, SOHO up to entrepreneurs who wanted to scale up their businesses.

Pocket Talks and Mini Forum

Objective:
To provide a platform for representatives from ministries, agencies and institutions to share relevant information and guide small groups of SMEs in areas such as how to access financing, and tap into the resources available for marketing and development programmes.

Enabling Enterprises

In the era of convergence, data, internet and voice are core services that we provide to enterprise businesses. We integrate these services with ICT and smart services, Business Process Outsourcing (BPO) and mobility solutions to enable digital solutions for both enterprises and public agencies. Throughout the year, we collaborated with several important and relevant agencies and corporations to create value for enterprises and businesses via several events:

1

Collaboration Solutions

Hands-on Collaboration Workshop

TM ONE Hands-on Collaboration Workshop was held post-Digital Experience (DX) Forum to understand clients' pain points and business objectives and assess current processes, people and technology.

14 Dec 2016-18 May 2017

2

BizOn Going Global 2017

TM SME Bizfest

During TM Bizfest, TM ONE participants gained insights, tips, solutions and opportunities to help them enhance the customer experience while creating impactful and efficient business.

Sharing sessions included renowned business icons including Amber Chia and Ahyat Ishak

Roadshow 15 Mar-11 May

3

Marketplace

MoU signing with Cybersecurity Malaysia.

CyberSecurity Malaysia, an agency under the Ministry of Science, Technology and Innovation (MOSTI), signed a five-year partnership with TM ONE to drive the nation's cyber security landscape via capacity building through its presence on TM ONE's Marketplace.

13 April 2017

4

Cloud Summit

Cloud Summit 2017

The first Cloud Summit was organised to empower enterprises by offering a venue where customers could learn about TM ONE's Cloud capabilities and offerings.

17 May 2017

5

High Speed Internet Services

MoU Signing with Gamuda Land

TM and Gamuda Land entered into a five-year Smart Partnership under which TM will provide complimentary high-speed internet services with speeds up to 30Mbps for two years to new homeowners in Gamuda's Kundang Estates, beginning from 2017.

29 Nov 2017

6

Managed connectivity (broadband, unifi and streamyx)

Memorandum of Agreement with QSR Brands

TM agreed to provide high-speed broadband to QSR Brands (M) Holdings Bhd customers at all its KFC and Pizza Hut restaurants across Malaysia.

14 Oct 2017

M4 REGULATORY COMPLIANCE
307-1, 419-1

UNCOMPROMISING INTEGRITY

Ultimately, our licence to operate depends on meeting all relevant regulatory requirements, namely those instituted by the industry regulator, Malaysian Communications and Multimedia Commission (MCMC), as well as by Bursa Malaysia Berhad (Listing Requirements) and the Securities Commission Malaysia (Malaysian Code on Corporate Governance). In project development, we adhere to the Ministry of Environment (MoE)'s guidelines that encompass conducting Environmental Impact Assessments (EIA). We also ensure all our exchanges and other operational sites meet environmental requirements as set by the MoE.

We pay close attention to all regulations that are applicable to us and make every effort to meet them, not only because we have to but also because these requirements reinforce our own commitment to operating at the highest level of integrity. During the year, there was no case against TM for non-compliance with any relevant environmental laws and regulations and regulations in the social and economic area.

Anti Behaviour

We fully embrace the principle of competition, recognising the value it brings to the end user, and adhere to the General Competition Practices of Chapter 2 – Part VI of the Communications and Multimedia Act 1998 (CMA) and the Competition Act 2010 (CA). To ensure compliance with the respective laws, they are incorporated into Chapter 8 of our Code of Business Ethics.

Our Legal Division has also developed relevant guidelines on competition law with the aim of providing basic notions of competition laws in a language easily understandable by employees. Briefings and awareness sessions are held regularly throughout the country as part of our Regulatory Awareness Programme.

Working Ethically

Because we genuinely care for our stakeholders, business ethics is something we will not compromise on. We have a Code of Business Ethics (CBE), which details the standards of behaviour expected of all employees, directors and business partners in dealings with our internal and external stakeholders, including members of local communities. The CBE is accompanied by an Anti-Corruption Guide (ACG) and Procurement Ethics Rules & Regulations, which state explicitly that all forms of bribery and corruption are unacceptable and will not be tolerated. These documents are shared with relevant stakeholders and are accessible for easy reference on our corporate website, at www.tm.com.my/DoingBusinessWithTM/pages/ethics.aspx. Disciplinary action is taken on anyone who breaches the CBE.

As noted under the 'Integrating Sustainability in our Supply Chain' section earlier in this chapter, we ensure our business partners are aware of our values and principles, and uphold them in their interactions not only with TM but more generally.

Developing a Culture of Integrity

We have been a pioneer in signing various integrity pacts over the years. This year, we once again made a first by becoming the first telco and GLC to make a corruption-free pledge with the Malaysian Anti-Corruption Commission (MACC), with the participation of 28,000 Warga Keluarga TM, including those in Jakarta who streamed the event live.

Training sessions are conducted regularly to ensure all Warga Keluarga TM are aware of and adhere to the principles of the CBE and ACG. Following classroom sessions, employees are required to undergo an Integrity Virtual Assessment, also known as ILMU, which is available via web and mobile application.

TM became the first Telco and GLC with the participation of 28,000 Warga Keluarga TM made a corruption-free pledge with the Malaysian Anti-Corruption Commission (MACC)

Supplementing formal training, we have identified and nurtured 45 TM Integrity Movers from various operational units to spread a culture of ethics and integrity through knowledge-sharing sessions. Using a module that has been developed specifically to inculcate strong values, TM Integrity Movers conduct training sessions at various units nationwide. The integrity module was also incorporated into the Onboarding Programme conducted for new executives and as refresher courses from time to time. As at end 2017, a total of 7,500 employees have undergone the training.

Support from management on integrity makes it easier to incorporate an integrity culture. This year, on 13 September, our Group CEO reinforced the 'voice from the top' by leading an exclusive session on integrity with approximately 400 Warga Keluarga TM.

In September, we also conducted a Business Integrity Survey (BIS) among all employees and business partners to gauge their perception of TM's ethics and integrity practices. The survey comprised an online questionnaire and face-to-face interviews. The findings are expected to be released within the first quarter of 2018.

All Warga Keluarga TM are mandated to declare their assets and interests annually via an online submission, to create greater transparency and accountability. In 2017, the system was enhanced to include an online execution of the Integrity Agreement which is also mandatory for our employees. 96.3% of our employees completed the Declaration of Assets and Interest, as well as signed the Integrity Agreement during the year.

Whistleblowing

We have a whistle blowing platform for employees and members of the public to report any improper conduct, criminal offence or malpractice in relation to our operations and stakeholder engagement. Under our Whistle Blowing Policy, the whistle blower will be accorded with protection of confidentiality and, for employees, protection against detrimental actions to an extent that is reasonably practicable, provided that the disclosure is made in good faith.

We have established an Investigation Unit named as Corporate Investigation Unit (CIU) that is entrusted to spearhead full scale investigation on the allegation of malpractices, fraud and corruption which is contravene with CBE. Prior to any full-scale investigation, CIU conducts a covert verification process (intelligence stage) to ascertain the grounds for the allegation. This prevents any possible victimisation of the alleged employee (AE) in the process of investigations, should the allegation be found to be malicious.

We have identified and nurtured 45 TM Integrity Movers from various operational units to spread a culture of ethics and integrity through knowledge-sharing sessions

Full-scale investigation will only commence when a prima facie case has been established. Another initiative being implemented is 'Team Base Investigation'. This will expedite the completion of cases through more efficient and focused investigation. CIU is working closely with Malaysian Anti-Corruption Commission (MACC) to conform with its investigation best practices. The secondment of an MACC officer in TM demonstrates our commitment to combating corruption and to adopt good governance and updated investigation procedures.

We have two whistleblowing channels, namely the TM Ethics Line email at ethics@tm.com.my and telephone @ 1-800-88-2377.

Alternatively, whistle blowers may contact the respective personnel authorised by TM's Board of Directors and specified in the CBE directly. In order to ensure better understanding of the CBE, TM Ethics Line was enhanced to answer queries from employees, third parties and members of the public on matters related to the CBE.

In supporting Fighting Bribery, we developed an application known as *Sahabat Gerah* to enable employees and the public at large to have a direct access to connect to the MACC. *Sahabat Gerakan Revolusi Anti Rasuah (Sahabat Gerah)* is another initiative by Malaysia Anti-Corruption Commission where the public are invited to become a member and contribute energy and ideas to Fight Corruption.

Regulatory Awareness Programmes

We organise a number of two-day Regulatory Awareness Programmes for all TM Group executives to ensure they are aware of regulations regarding: Consumer Protection, Mandatory Standard Quality of Service (MSQoS), Universal Service Provision, Spectrum, Competition & Dominance, License, Access, Strategic Data Management, Trespass, Numbering and Personal Data Protection Act.

Starting from 2012, a total of 24 awareness programmes have been held:

| Year	Location
2012	Kuala Lumpur, Sarawak, Terengganu
2013	Kuala Lumpur (two sessions), Melaka, Sabah
2014	Kuala Lumpur, Taiping, Johor
2015	Selangor, Kuala Lumpur, Fibrecomm, Kelantan, Penang
2016	TM Global & Wholesale (two sessions), Terengganu, Kedah /Perlis
2017	Negeri Sembilan, Pahang, Sarawak, MSC

Intellectual Property (IP)

Various initiatives are also undertaken to promote and create greater awareness among TM's employees of the importance of IP to our business. These initiatives signify our commitment to encouraging a culture of creativity and innovation among employees as we grow our Company's business by driving greater efficiencies of processes in line with the digital transformation of TM Group while at the same time protecting valuable intangible assets. Further, IP gives TM Group a competitive advantage that helps our products and services to stand out from others.

7,500 employees have undergone various integrity training nationwide in 2017.

IP-related initiatives organised in 2017		
IP Clinics	👥	Employees
	📋	To discuss any issue/concern with regard to IP
	📅	Ad-Hoc/Based on request and needs
Intellectual Property Day 2017	👥	Employees
	📋	To increase awareness and knowledge on IP issues
	📅	To promote discussion on the role of IP in encouraging innovation and creativity
Engagement with European Patent Office's (EPO) Patent Examiner	👥	TM R&D's Employees
	📋	To share patent requirements and processes in Europe
	📅	Ad-Hoc/Based on request and needs
IP Awareness Programme	👥	Employees
	📋	General discussion on IP
	📅	Ad-Hoc/Based on request and needs
IP e-Learning Module	👥	Employees
	📋	To enhance employees knowledge of IP, IP rights, trademarks, copyright and issues related to social media
	📅	Based on request and needs
Circular on TM Group's IP Rights	👥	Employees
	📋	To discuss issues/concerns with regard to IP
	📅	Ad-Hoc/Based on request and needs
IP Snippets	👥	Employees
	📋	To discuss planned topics related to IP
	📅	Monthly

Everlasting Moments
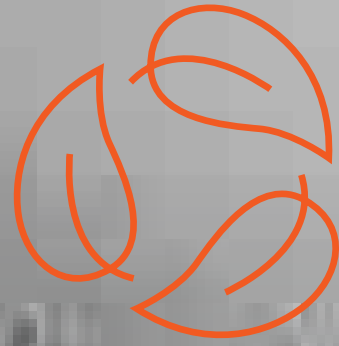
The future of our world lies in the efforts each one of us make in caring for our environment. Every moment we spend on the preservation and conservation influences how the future would be for generations to come. TM is committed to minimising our environmental footprint across our value chain through initiatives that address climate change, energy consumption within our networks, stakeholder awareness on green issues as well as product and resource stewardship. By doing so, we hope to make an everlasting impact that will make life better and easier for everyone. Now and in the future.

ENVIRONMENT

We reduced carbon footprint by **8.6% in fuel consumption**[1] and **12.6% in electricity consumption**[2] **in 2017** compared to the previous year

[1] *data from fuel consumption nationwide*
[2] *data from the selected TM buildings*

We **reduced more than 11% in solid and scheduled waste generation** at TM's selected buildings

We grow and **replant 400 mangrove saplings** to spur the **growth of mangroves** at Pulau Tinggi, Johor

We **propagate and restore 400 corals** at Pulau Bidong, Terengganu to kick **start our marine life educational initiative** for the next three years

Minimising **Environmental** Impact

We care about the environment because it affects the well-being of everyone. We understand that our actions today not only have an immediate impact on the quality of our surrounding but will affect the world that we leave for future generations.

Our environmental stewardship extends beyond ensuring that our operations are as green as possible to instilling greater awareness of the importance of caring for our environment among our people and the community. Most of our educational and awareness programmes target the young as the lessons learnt will shape their attitudes and behaviours in the long term. Youth today are guardians of the planet tomorrow, hence nurturing a generation of young ecowarriors will go a long way towards protecting the environment.

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MATERIAL TOPICS

M5	Climate Change and Energy Management
M6	Resource Use and Waste

The ICT sector accounts for about 2% of global greenhouse gas (GHG) emissions, primarily from the energy used to run data centres.[1] At the same time, ICT companies are contributing to a decarbonised economy by reducing the need for travel (using teleconferencing, live-streaming to connect and communicate) as well as through smart technologies and apps that help monitor and control energy usage.

In recent years, TM has been able to leverage our convergence solutions to offer smart facilities that include monitoring and maintaining energy-efficient townships. Just this year, we entered into partnerships with Malaysia Airport Holding Berhad (Malaysia Airports) and the Iskandar Regional Development Authority (IRDA) to deploy energy management systems as part of integrated Smart City services.

As for our own operations, simplification of our network architecture and the transition from our legacy PSTN to a new-generation network have brought about significant energy savings. Within our premises, we are guided by our Environment Management System (EMS) to continuously enhance the energy efficiency of our lighting, cooling and other systems and work processes. At project sites, we adhere to Environmental Conservation Guidelines – which encompass Environmental Impact Assessments – to minimise our environmental footprint.

Efficient hardware is supplemented by environmental consciousness among our employees. We have been building greater awareness of individual responsibility to the environment within the workforce and have been pleased to see widespread adoption of green behaviours such as reduced printing, and switching off of lights and electrical equipment when these are not in use. We also promote green commuting by giving special parking privileges for those who car-pool. Regular memos and communiques are shared with all Warga Keluarga TM on how we can all play our part in reducing our carbon footprint.

M5 **CLIMATE CHANGE AND ENERGY MANAGEMENT**
302-1, 302-4, 305-1, 305-2, 305-3, 305-5

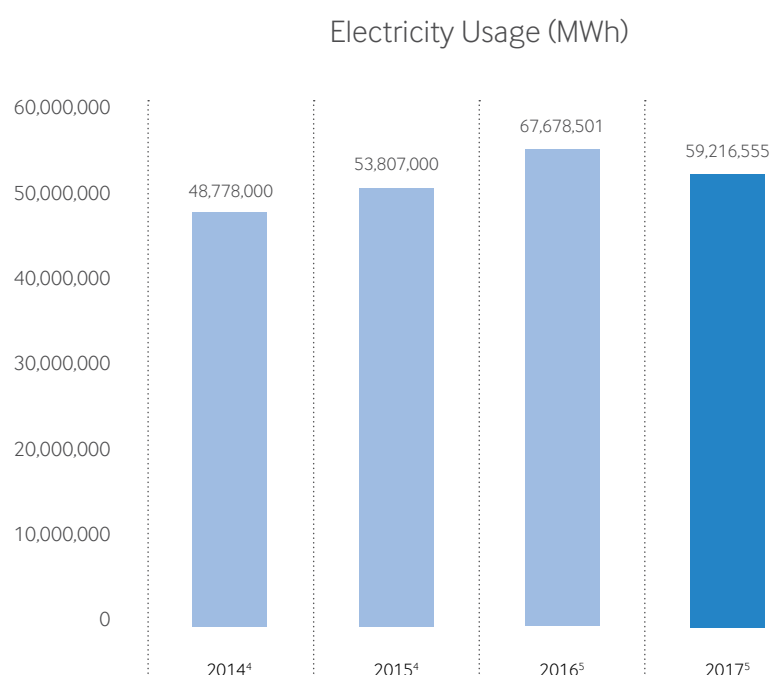## MANAGING ENERGY CONSUMPTION AND CLIMATE CHANGE

It is widely acknowledged that greenhouse gas (GHG) emissions are the single biggest contributor to climate change, key among which is carbon dioxide (CO_2). To reduce our carbon footprint, in 2012 we developed a Carbon Management Plan[2]. Our efforts received a boost in 2015, when we set up State Energy Management Teams and continue an enhancement of established a baseline electricity usage for our network

exchanges and commercial buildings, and also introduced Energy Management Systems (EnMS) in our buildings and exchanges including energy policies, objectives, targets and action plans. In 2017, we have engaged an energy service company (ESCOs) through our Energy Performance Contracting (EPC) model to implement the energy reduction plan. The ESCO focused on 33 network buildings and 126 cabins type network with the highest electricity usage, aiming to reduce consumption by at least 21 million kWh annually.

To date, EnMS have been implemented in Menara TM, our administration complex and Innovation Data Centre (IDC) in Cyberjaya, and exchanges in Bukit Timbalan (Johor), Alor Setar (Kedah), Miri (Sarawak), Penampang (Sabah) and Hiliran (Terengganu). We also monitor the electricity usage for our chilled water pumping system in our Cyberjaya Administration Complex and IDC.

By 2017, a pilot project at the TM Nodes Kepong achieved 22% reduction in energy consumption through implementation of a hybrid thermal cooling system.

Energy Consumption in Selected TM Buildings

Electricity Usage (MWh)

Year	Electricity Usage (MWh)
2014[4]	48,778,000
2015[4]	53,807,000
2016[5]	67,678,501
2017[5]	59,216,555

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[1] According to UNFCC, http://newsroom.unfccc.int/unfccc-newsroom/ict-sector-helping-to-tackle-climate-change/
[2] Data was obtained from Sustainability Report 2011.
[3] Information was taken from EPC in brief – August 2017
[4] Data was obtained from five buildings; Menara TM, administration complex and Innovation Data Centre (IDC), Cyberjaya, Bukit Timbalan Exchange and Kompleks TM, Alor Setar.
[5] From 2016, data stipulated was included three additional exchanges; Miri (Sarawak), Penampang (Sabah) and Hiliran (Terengganu)

Energy Consumption for Chilled Water Pumping System in Cyberjaya

Electricity Usage (for Chilled Water Pumping System) (MWh)

Year	Value
2015	13,442,769
2016	4,703,911
2017	7,808,697
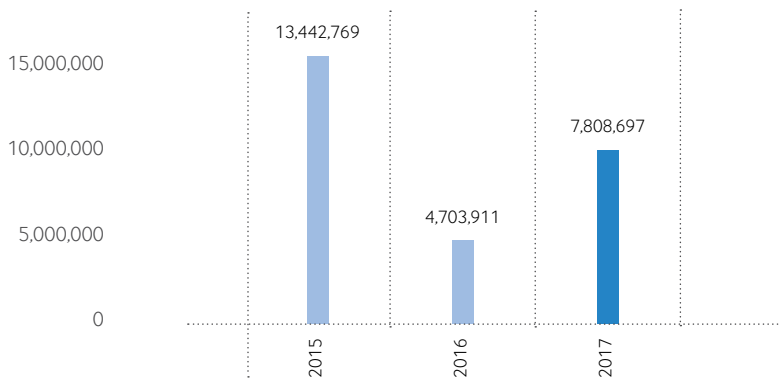
Our Carbon Footprint

In reporting our carbon footprint, we adopt the GHG Protocol Corporate Accounting and Reporting Standard of categorising our emissions sources according to three scopes:

Scope 1	Scope 2	Scope 3
Direct emissions from petrol and diesel consumption	Indirect emissions from grid electricity consumption	Indirect emissions from airline travel

GHG emissions from petrol and diesel

For Scope 1, we use data based on petrol and diesel used by employees for work-related travel. The volume of petrol/diesel consumed is translated into CO2 equivalent emissions using the 2006 IPCC Guidelines for National Greenhouse Gas Inventories.

	2015	2016	2017
Diesel emissions (total CO_2e)	5,368	6,560	6,545
Petrol emissions (total CO_2e)	12,603	16,110	14,182

Emissions for both diesel and petrol consumption reduced over the year, the reduction from petrol being quite significant – 8.6%.

GHG emissions from electricity

Carbon emissions from electricity consumption was calculated from data gathered from the buildings in which we have implemented the EnMS, namely: Menara TM, our administration complex and IDC in Cyberjaya, and exchanges in Bukit Timbalan (Johor), Alor Setar (Kedah), Miri (Sarawak), Penampang (Sabah) and Hiliran (Terengganu). The emissions factors were extracted from the Institute for Global Environmental Strategies, List of Grid Emission Factors 2016-8.

	2015	2016	2017
Emissions from electricity (total CO_2e)	53,807	50,044	43,755

Emissions from electricity consumption reduced by 12.6%, due to various initiatives implemented under our EnMS and by our ESCO and ESPs such as energy reduction programme through optimum usage of cooling system, high efficient lighting and creating adequate awareness programme for Warga Keluarga TM.

GHG emissions from air travel

Carbon emissions from air travel was calculated based on the distance travelled by employees. GIS was used to calculate the approximate distance between each origin and destination based on the three digit airport code. Geodesic distance (i.e. along the curvature of the Earth) was used for these calculations.

Air conversion factors were taken from the 2017 version of the UK Government GHG Conversion Factors for Company Reporting: Methodology Paper for Emission Factors – Final Report published by the UK Department of Energy and Climate Change. As seen from the table, the emissions from air travel remained relatively stable, at 449 total CO_2e.

	2015	2016	2017
Emissions from air travel (total CO_2e)	446	440	449

M6 **RESOURCE USE AND WASTE**
303-1

HANDLING OUR RESOURCES AND WASTE

We seek to minimise our use of materials as well as the generation of waste in order to lessen the pressure on the world's natural resources. We employ the 3R principles of reduce, reuse and recycle throughout the organisation, instilling the practice in our employees as well as those of our contractors.

Water Management

We recognise water is critical to our well-being, and is becoming scarce, we are committed to using water responsibly. As an organisation, we continue to look for and deploy increasingly more efficient systems to conserve water, such as use of dual flow rate controllers in our taps. As a result, water usage in our central commercial buildings has reduced from 2015 to 2017 with a drop from 229,856 m^3 in 2016 to 211,667 m^3 in 2017

In addition, we continue to recycle water from the surau for watering the plants surrounding Menara TM. A total of 8,113m^3 was recycled during the year.

	2015	2016	2017
Water Withdrawal from municipal water supplies (m³)	251,037	229,856	261,507

Waste Management

As a large organisation, we inevitably generate a considerable amount of waste on a daily basis – from paper and food waste to scheduled waste such as fluorescent bulbs, oil waste, discarded batteries and aerosol cans, which require special disposal. As a result of ongoing 3R efforts, we reduced both our solid waste and scheduled waste generation, from 1.47 million kg in 2016 to 1.31 million kg and 1,691kg to 3,815kg, respectively.

	2015	2016	2017
Solid Waste Generation (million kg)	1.18	1.47	1.31
Scheduled Waste Generation (kg)	2,751	1,691	3,815

A significant 40% reduction in cable waste was achieved during the year due to proper enforcement of cable cutting guidelines which ensure the exact length of cable is delivered to project sites to meet needs (with no waste), strengthening of our material inventory, whereby Network Maintenance Operation (NMO) unit plays a vital role to collect the cable waste for proper disposal process.

Dust Monitoring

We monitor the concentration of dust particles in our flue gas stacks – in grams per Nm3 – to ensure we remain within regulatory limits. In 2017, measurements were taken at Menara TM, Hiliran, and Alor Setar. At all three locations, the concentration of dust was well below the limit of 0.4g/Nm3 as set by the Environmental Quality (Clean Air) Regulations, 1978. Our measurements are based on isokinetic sampling as outlined in Malaysian Standards (MS) 1596:2003.

Menara TM below the limit of	Hiliran, Terengganu below the limit of	Alor Setar, Kedah below the limit of
	0.4g/Nm3	

set by the
Environmental Quality (Clean Air) Regulations, 1978

Noise Monitoring

Certain operations, such as operating genset, are noisy, and we need to ensure noise levels surrounding our premises are within acceptable limits – i.e. 68.8 dBa in the daytime and 65.0 dBA at night. We monitor noise level at our commercial building, Menara TM as well as the exchanges; Bukit Timbalan, Hiliran, Alor Setar and Miri. Cyberjaya Administration Complex & IDC and Penampar have not carried out noise monitoring in 2017.

	☀	🌙
Commercial Building • **Menara TM**	68.8 dBa	65.0 dBa
Exchange • **Bukit Timbalan, Johor** • **Hiliran, Terengganu** • **Alor Setar, Kedah** • **Miri, Sarawak**	65.0 dBa	55.0 dBa

PROMOTING ENVIRONMENTAL AWARENESS

Externally, we have been partnering the Malaysian Nature Society in running TM Earth Camp with school children since 2010. During these camps, we instil an appreciation of the country's rich biodiversity, and reinforce the idea that everyone is responsible for the conservation of our flora and fauna. Various fun yet educational activities are organised throughout the three-day two-night events which have gained prominence and popularity within the school ecosystem.

Given that we have an extensive submarine cable network, we have an added interest in the marine environment, and this has been reflected in a shift in focus of our environmental initiatives in recent years. Starting from 2016, we launched a two year marine conservation programme in Pulau Tinggi, off Johor – involving students from the Earth Camps. This year, we delved deeper into marine conservation by partnering Yayasan Coral Malaysia and supporting its efforts to revitalise coral life in Malaysia waters.

Creating Environmental Awareness

Internally, we created environmental awareness among our Warga Keluarga TM through BumiKu Campaign initiatives. In 2017, during Earth Hour, we released a series of communication via our internal communication channel to all employees and conducted a contest of Share of Your Earth Hour Moments.

In celebration of Earth Day 2017 at Menara TM, we had 'no plastic bag and bring your own tiffin' for a week. For those who used their tiffin for their food

at our food courts, they will get some discounts from the food operators. We also organised recycling programme at Menara TM lobby. In return for the recycled items, the employee will receive a plant as a token.

We also reached out to school children, nationwide, via our flagship programme TM Earth Camp. This year, to ensure greater sustainable impact of the TMEC programme, we selected 50 participating schools around the nation based on environmental programmes they themselves have committed to. The idea is for the exposure the students receive at the camp to enhance their ability to achieve better outcomes in their school's programme and any subsequent environmental initiative they embark on. To help them share their knowledge and passion for environmental issues, at this year's camps we introduced sessions on how to use social media effectively.

Two separate camps were run in Peninsular Malaysia – for the North and South zones – both focusing on the marine conservation programme in Pulau Tinggi. In 2016, the students had planted seedlings in a mangrove nursery and contributed towards turtle conservation. In 2017, we took about 400 saplings that had grown in the nursery and replanted them in the mangrove itself. The students also released 43 turtle hatchlings into the sea and established a 400m trail from Kampung Pasir Panjang to the mangrove nursery, tagging 17 trees along the way.

Meanwhile, students from Sepilok in Sandakan, Sabah, learnt about the impact of bad waste management via an environmental survey; and students in Sarawak discovered more about flora and fauna during their camp at Taman Negara Gunung Gading in Kuching.

*TM Earth Camp Programmes in 2017*

50 schools	**190** students	**49** teachers	**52** TM ROVers

	Location	Dates	Focus	Activities/Achievements
Peninsular Malaysia	Pulau Tinggi, Johor	13-16 July (North Zone) 21-23 July (South Zone)	Protection of the marine ecosystem	• Planted 400 saplings in the mangrove forest • Development of a 400m trail within a secondary coastal forest connecting the nursery to Kg Pasir Panjang • Beach clean-up along 2km stretch in Kg Pasir Panjang • Release 43 turtle hatchlings into the sea
Sabah	Sandakan – with activities in Sepilok, Pasir Puteh, etc	18-20 August	Sustainable living through sustainable practices	• Clean-up of Pasir Puteh, Sandakan • Visited SSM Bio Organic Factory where waste is converted into fertilisers • Conducted environmental survey among residents in Kg Bokara, linking environmental issues with health • Paper recycling • Creating terrariums
Sarawak	Taman Negara Gunung Gading and Talang-Talang Besar Island	24-27 August	Land and marine biodiversity	• Released turtle hatchlings from turtle nest into the sea • Birdwatching • Jungle trekking • Water monitoring

Preserving and Regenerating Coral

Not many are aware that coral are not just pretty to look at but also serve important environmental and ecological functions by protecting coastlines from the damaging effects of wave action and tropical storms, as well as providing habitats and shelter for many marine organisms.

Our interest in marine conservation has been inspired by the knowledge that the telecommunications industry may have affected the marine ecosystem via the laying of submarine cables. We selected Pulau Tinggi, Johor and Pulau Bidong, Terengganu for our marine projects to raise further awareness on marine life conservation. In 2017 we became the first corporate organisation to support Yayasan Coral Malaysia (YCM)'s programme to protect and regenerate coral in Malaysian waters. The MyCoral: Marine Education Initiative focuses on getting divers to support efforts to propagate the marine organism while also engaging local communities and the public in awareness building.

MyCoral: Environmental Education Initiative 2017 was launched in Pulau Bidong, Terengganu, on 16 September. Other than plant new coral polyps, 20 TM ROVers were trained to serve as future facilitators in this initiative, by equipping them with the relevant knowledge as well as diving skills. Our long-term vision is to use learnings from Pulau Bidong to generate more coral rehabilitation programmes elsewhere in Malaysia. In the more immediate future, we hope to collaborate with local universities on coral research, and to engage more members of local communities in the programme by introducing MyCoral as an agrotourism product.
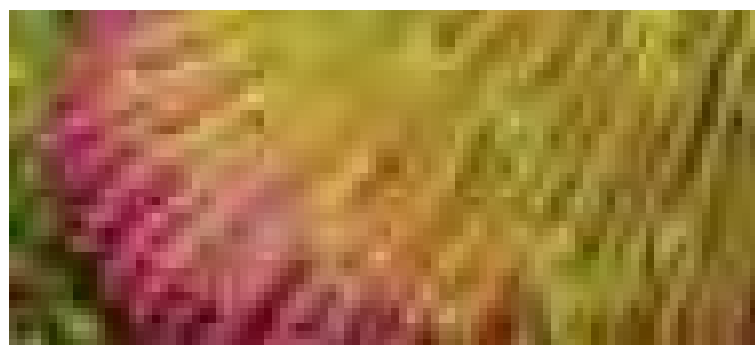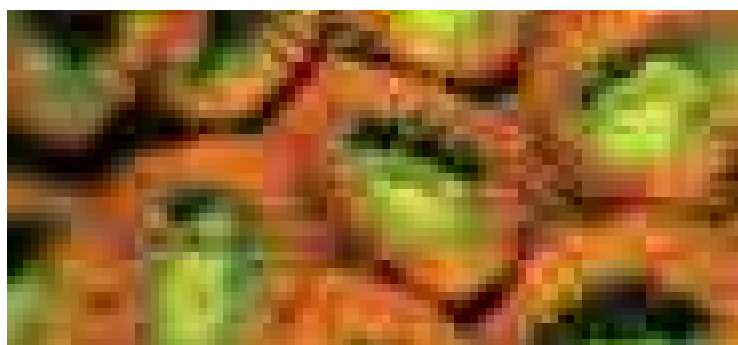
It is often said that family and friends are the most important elements we have in our lives. To sustain the bonds of friendship and family ties, and build stronger relationships with our community at large, we need to constantly remain in touch with each other. Through TM's initiatives and programmes, we are able to connect generations of people from all walks of life; sharing precious and memorable moments that make a difference in their quality of life.

Connecting
Moments

Social

Creating Positive **Social** Values

TM is a people-centric organisation. We touch the lives of many people, most significantly our customers, employees and members of local communities. We seek to please our customers with our products and services. We have very close ties with our 26,407 employees, whom we fondly refer to as our 'Warga Keluarga TM'. We integrate ourselves into the community through numerous educational and other outreach programmes aimed at making meaningful contributions to the marginalised.

<<<

Employees

We **scored 83% of Organisational Health Index (OHI)**, which fall amongst the **top 25% organisations** in South-East Asia, leading to a more **productive workforce**

We are developing industry-ready graduates through **Skim Latihan 1Malaysia (SL1M)** by giving work experience to **2,313 SL1M trainees** since 2011

Customers

We assist our customers via Live Chat with **204% monthly average volume** increase from 2016

We scored **more than 73 TRI*M Index** for customer satisfaction, outstripping **the industry average of 66, for the 7th consecutive year**

Education

We disbursed **more than RM500.0 million of scholarships** to **15,216 students** via Yayasan TM, since 1994

We benefited more than **3,000 students and teachers nationwide** in the subject areas of Science, Technology, Engineering and Mathematics, with **our TM 3Ducation Programme**

Community

We contributed **more than RM1.0 million** to **115 Non-Profitable Organisation, nationwide**, in conjunction of our #keajaibanunifi and #keajaibanramadan celebration.

We continuously contribute **more than 1% Profit Before Tax (PBT)** to support **Malaysia's nation building initiatives**

MATERIAL TOPICS

M7	Talent Retention and Attraction
M8	Human Rights
M9	Employee Health and Safety
M10	Customer Satisfaction
M11	Consumer Health and Safety
M12	Consumer Data and Privacy
M13	Online Safety
M14	Supporting Communities
M15	Inclusivity

M7 **TALENT RETENTION AND ATTRACTION**
401-1, 401-2, 401-3, 405-1

ENGAGING OUR EMPLOYEES

We always aspire to attract the best talent and provide conducive environment which brings out their best potential, enabling empowerment and collaboration to drive a sustainable team dynamics essential in attaining a common vision and goals. While providing ample training and development opportunities as well as rewarding high performance, we care for our employees and take a genuine interest in their well-being because, to us, they are not just employees; they are truly part of the TM family.

A diverse range of programmes were conducted such as TM Group Awards Night, Warisan Kasih, festives celebration, Merdeka Engagement, Life Coach, TM Wellness Programme, Integrity Programme, Leaders & Talent Engagement and Union Engagement.

A continued high level talent retention is testament to our strong commitments to training, education and employee satisfaction.

A further measure of success in our employee programmes is the high level of organisational health index, governing employees' perception towards TM strategies and leadership in terms of Execution, Alignment and Renewal. In 2017, we achieved a score of 83% in Organisation Health Index (OHI) which fall amongst the top 25% organisations in South-East Asia.

We believe that an engaged workforce has a stronger allegiance to the Company with a greater sense of ownership of their roles and responsibilities. Our leadership engages with all employees through various channels – from townhall sessions to dialogue series and memos, while corporate updates are being shared through newsletters, videos and emails. During the year, we launched an internal chat app FLOW, that connects employees throughout the organisation.

Workplace Statistics

	2015	2016	2017
Employees			
Total number	28,008	28,045	**26,407**
Executives	10,961	11,165	**11,112**
Non-Executives	17,047	16,880	**15,295**
Inside Malaysia	27,875	27,896	**26,259**
Outside Malaysia	133	149	**148**
Permanent Staff	24,562	24,205	**23,385**
Female	9,127	9,004	**8,738**
Male	15,435	15,201	**14,647**
Non-permanent staff	3,446	3,840	**3,022**
Female	1,811	2,032	**1,598**
Male	1,635	1,808	**1,424**
Age group			
<30	6,307	5,489	**3,649**
30-40	10,287	11,190	**11,725**
40-50	5,256	5,445	**5,623**
>50	6,158	5,921	**5,410**
Disabled staff (%)	0.04	0.04	**0.19**
Non-Union members	17,588	17,743	**16,682**
Union members	10,420	10,302	**9,725**
Kesatuan Kebangsaan Pekerja-Pekerja Telekomunikasi Semenanjung Malaysia (NUTE)	8,527	7,877	**7,922**
Kesatuan Pekerja Telekom Malaysia Berhad Sarawak (UTES)	1,049	764	**974**
Kesatuan Pekerja-Pekerja Telekom Malaysia Berhad Sabah (SUTE)	765	968	**748**
Kesatuan Pekerja-Pekerja Telekomunikasi Malaysia Berhad Sabah (SUTEN)	N/A	N/A	**81**
% of Union Members out of total no. of Employees	37	37	**37**
% of Union Members out of total no. of Non-Executives	61	61	**64**
Diversity			
Malay	23,684	23,696	**22,384**
Chinese	1,469	1,462	**1,352**
Indian	1,108	1,115	**952**
Others	1,747	1,772	**1,719**

	2015	2016	2017
Parental Leave			
Total Number of employees that were entitled to parental leave[1]	18,732	19,362	**18,964**
Female	6,632	6,817	**6,606**
Male	12,100	12,545	**12,358**
Total number of employees that took parental leave	6,465	6,639	**4,457**
Female	2,799	2,925	**2,086**
Male	3,666	3,714	**2,371**
Total number of employees who returned to work after parental leave ended	6,465	6,639	**4,457**
Female	2,799	2,925	**2,086**
Male	3,666	3,714	**2,371**
Total number of employees who returned to work after parental leave ended who were still employed 12 months after their return to work	3,657	6,616	**4,332**
Female	2,792	2,912	**2,018**
Male	3,657	3,704	**2,314**
The return to work rates of employees who took parental leave			
Female (%)	100	100	**100**
Male (%)	100	100	**100**
Retention rates of employees who took parental leave			
Female (%)	99	99	**97**
Male (%)	99	99	**97**

[1] Parental leave provides paid time off work to care for or make arrangements for the welfare of a child or dependent family member. Example - Compassionate Leave, Half-Day Leave

Employee Engagement Programmes Conducted Throughout the Year

1 With the Leaders

8 sessions
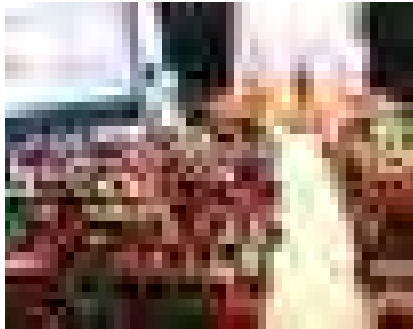
TM Group Townhall Sessions —
Jom Bersama

average

viewership of 17,000
including through live streaming via
Tele-presence nationwide and overseas

▼

Disseminate information on Group financial
performance; and cascade information on
strategic direction updates and targets.

15 sessions

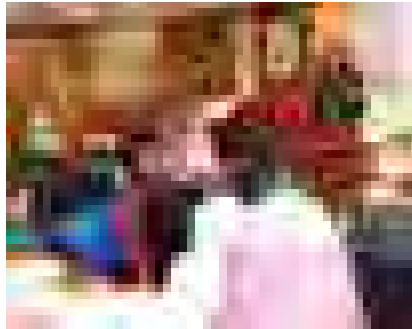Leadership Dialogue series —
Jom Sembang

involving

**TM leaders and HR
counterparts**
addressing executives and non-executives

▼

Enable interaction between top management
and employees from across Malaysia in an
intimate, no-holds-barred session.

16 sessions
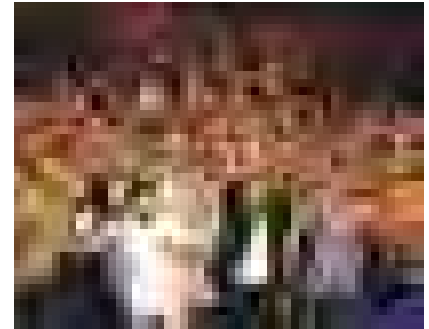
**Business Cluster
Townhall Sessions**

attended by employees of

**key businesses and
divisions, nationwide.**

▼

Enabled TM divisions, key businesses (unifi,
TM ONE and TM GLOBAL) to keep employees
informed of business focus, strategy and goals,
along with targets for the year

Union Convention

Annually

▼

Sustain industrial harmony across the Group

Leaders Engagement

Quarterly

▼

Build individual business acumen and leadership skills through
personal engagement with the business leaders
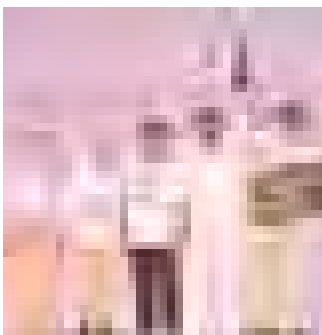
2 Awards and Recognition

**TM Group
Awards**

Annually

▼

Recognise employees for their
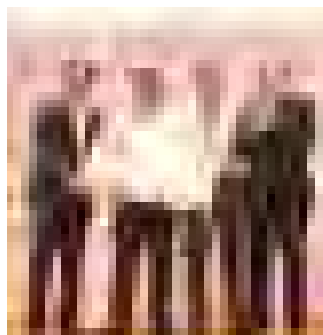performance and contributions
to the Group

Kristal Awards

Quarterly

▼

Recognise employees who
demonstrate the Group's
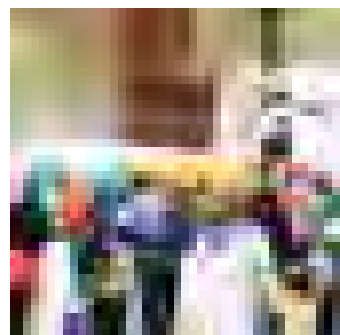values in carrying out their daily
functions

Career Fairs

Regularly

▼

Provide employer brand
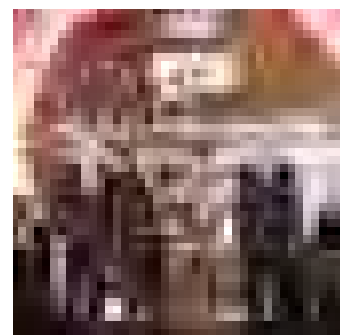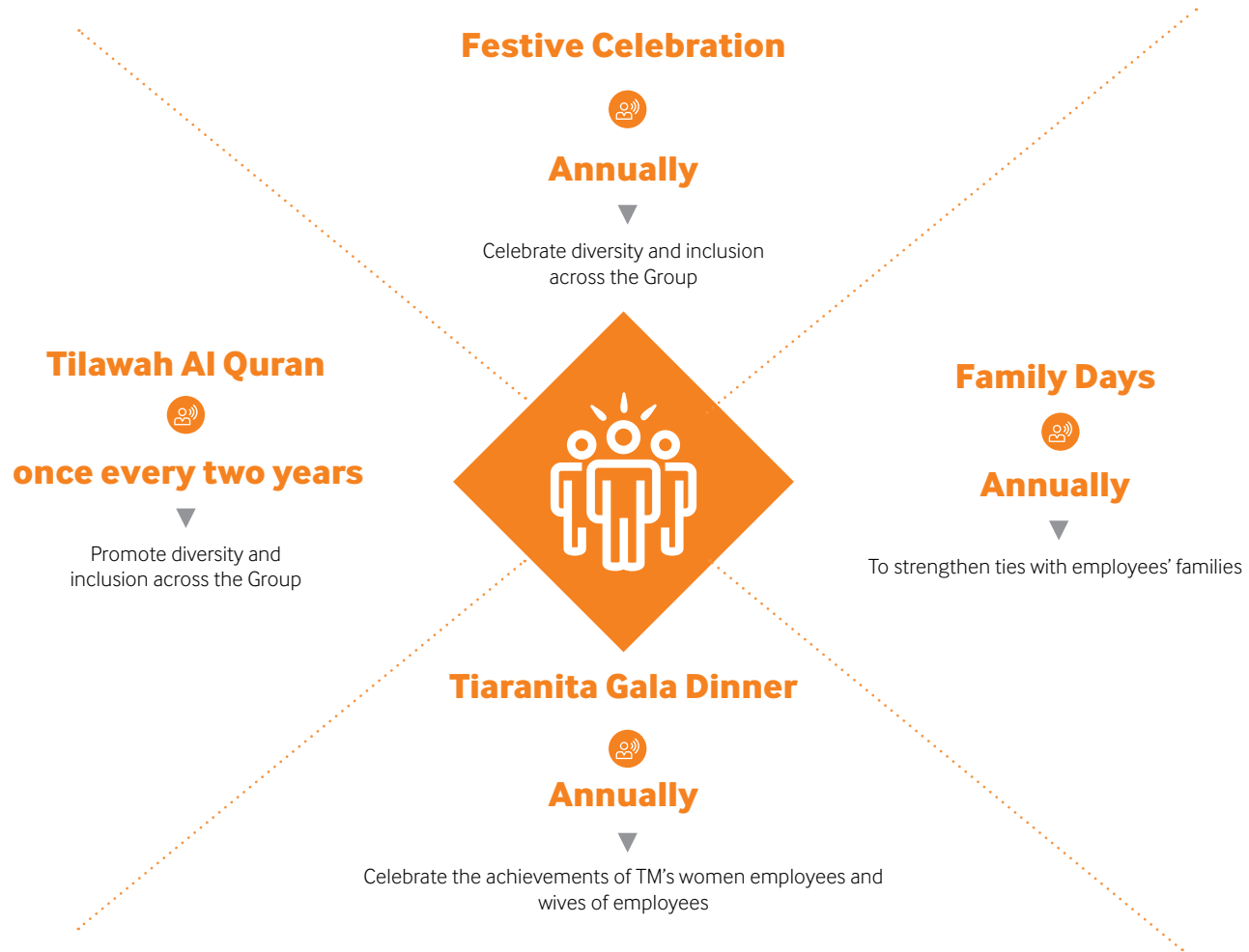presence and positioning
advantage to the market

Warisan Kasih

Biannually

▼

Appreciation event for
long-serving and retiring
employees of the Company.

3 **TM's Clubs and Societies Activities**

Festive Celebration

Annually

Celebrate diversity and inclusion
across the Group

Tilawah Al Quran

once every two years

Promote diversity and
inclusion across the Group

Family Days

Annually

To strengthen ties with employees' families

Tiaranita Gala Dinner

Annually

Celebrate the achievements of TM's women employees and
wives of employees

4 **Other Engagement Programmes**

TM Wellness Programme

Regularly

Address the welfare and wellbeing of employees
to drive a productive workplace

Integrity Programme

Regularly

Provide continuous education and awareness
on integrity to the employees

Talent Engagement

Once a year/region

Build the leadership capabilities and capacity
through diverse development programmes

New Employee On-boarding Programme

Biannually

Accelerate the assimilation of new employees
into the organisation

Tilawah Al Quran (GLC)

Annually

Support Government initiatives to strengthen
GLCs' role in Islamic da'wah

SL1M Programme

Biannually

Drive government initiatives to provide market
employability to the fresh graduates. In 2017,
we trained 660 SL1M trainees on soft skill and
On-Job Training

Engaging our People Through Internal Publications

14 memos — Messages From the Leaders

TM employees receive information regarding top level leadership movement, and detailed insights on corporate initiatives for better understanding of strategic positioning

more than 500 emails — Corporate Updates

sent on corporate messaging, group policies, strategic implementations, department updates, group news, event highlights, cluster news, staff benefits, surveys, etc

Employees are kept updated on Group news, including changes to benefits and department names, etc

more than 100 emails — TM's Clubs Societies Updates

sent on societies, sports, welfare, fundraising, family-centred activities, religious lectures, etc

Employees are kept informed of happenings within the Group

50 news videos — FlowCast

Short News and Video clips

Promotes a digital culture via mobile and email

50 weekly editions 3 special editions — Suara TM

Corporate newsletter

Employees are kept informed of updates and interesting happenings

We also use our community outreach programmes as an opportunity to engage with employees, while building a culture of volunteerism and promoting the idea of social responsibility.

ENCOURAGING DIVERSITY AND INCLUSION

We believe in the value that a diverse workforce brings to the organisation and seek to reflect Malaysia's cultural diversity within TM. We are also committed to gender equality in regard to talent recruitment, development, promotion and remuneration. Career progression at TM is based on individual merit and not gender. There is no differentiation in the salary structure for men and women.

In line with the Corporate Governance Blueprint which targets 30% female participation on boards, we continue to provide training for qualified women from Senior Management level upwards to serve as Directors on the Boards of TM. A structured development programme has been established tailored to the needs of female leaders to further enrich and elevate their leadership capabilities and business competencies. This includes high-impact initiatives such as Women In Leadership and The Asean Women of Tomorrow Conference.

As at end 2017, no less than 31% of Top and Senior Management roles were filled by female leaders in TM, who are contributing towards building our organisational sustainability.
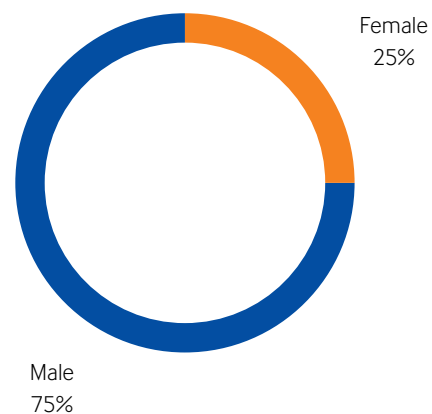
Number of Employees by Gender

	2015	2016	2017
Permanent Staff	24,562	24,205	**23,385**
Female	9,127	9,004	**8,738**
Male	15,435	15,201	**14,647**
Non-permanent staff	3,446	3,840	**3,022**
Female	1,811	2,032	**1,598**
Male	1,635	1,808	**1,424**

% Women in Management

	2016	2017
% Women in Management	42%	**43%**

Board Member breakdown by gender

Female 25%

Male 75%

ENHANCING EMPLOYEE BENEFITS

The sincerity of management in supporting the needs of women in the organisation is further reflected in our employee benefits. In 2017, the Company announced a number of new privileges, a couple of which specifically designed for women, making it easier for them to balance their work-life obligations.

The new benefits included:		
No meetings after 4pm[1]	Special half-day off on the last Friday of the month[1]	Enabling mothers with children under the age of 15, and those who are pregnant, to finish work at 4pm[2]
Flexi-work arrangements for permanent and contracted women employees who are expecting (effective from 1 September 2017 to 31 August 2018)	Full rebates for webe broadband plans (20GB and 60GB)	Enhanced medical benefits for executive and non-executive employees as well as an increase in the availability of financial assistance for education

[1] These benefits do not apply to certain categories of employees, mainly shift workers.
[2] This benefit are standard for full-time employees of the organisation but not provided to temporary or part-time employees, by significant locations of operation.

TALENT RETENTION AND ATTRACTION

In a highly competitive industry such as ours, there is a very real and significant battle for talent. In this regard, we have a definite edge because of the Yayasan TM scholarship programme through which we are able to create a steady pipeline of exceptional talent. Every year, about 100 Yayasan TM scholars graduated from top universities abroad and locally, and immediately joined our workforce. These talent have already been prepped to accelerate their careers with us, as they are put through the paces of various leadership workshops and attend a number of programmes during their years of studies before graduation.

In addition, we attend various career fairs in Malaysia and overseas to tap into the pool of young and bright Malaysians with promising career prospects. With a strong base of entry level talent and effective succession planning, we are able to fill most mid to top-level positions from within the organisation itself. Indeed, the emphasis placed on career progression is one of our biggest draws – employees realise there is immense potential for growth within the Company and see this as a reason for joining and staying with TM.

LEARNING AND DEVELOPMENT

Other than digital talent, we need to ensure all employees receive sufficient training and development opportunities to realise their full potential. Towards this end, we have been investing extensively in people development, adopting various interventions from structured leadership training to professional certification, coaching and mentoring, assignments at critical business portfolios and regional cross assignment.

We keep enhancing our training programmes by building on existing programmes while introducing new initiatives. A key initiative introduced in 2017 was the Life Coach, which serves to increase employee productivity through guidance and advice in areas such as career progression, financial concerns, health and family relationships.

During the year, the average number of hours spent per employee on training increased to 20 compared to 12 in 2016.

Upskilling our Employees

Training	2015	2016	2017
Employee participation in training	39,708	44,390	32,282
Average attendance per training programme	13	14	12
Average training budget per employee (RM)	607	542	1,097
Average total hours of training per employee	15	12	20

Building Digital Talent

Today, as we seek to become a Convergence Champion, the need for talent with digital expertise – especially in areas such as Analytics/Big Data, Security, Infrastructure, Digital Marketing, Software Development and UI/UX Design – is becoming increasingly prominent. To ensure we are able to fulfil our needs, we are looking at four strategies:

- Growing digital talent capabilities within the workforce through a combination of upskilling and hiring specialist skills
- Exploring competitive compensation to attract and retain talent
- Defining and developing alternative career paths for specialists/digital talent
- Establishing TM as a strong recruitment brand for digital talent

Rewarding and Recognising our Employees

To sustain a high-performance culture, we recognise high-achieving employees who contribute to our business successes at the annual TM Group Awards. In 2017, the event was held in Pinewood Studios, Iskandar Malaysia, where TM is contributing to the development of smart city infrastructure. As many as 2,500 employees across the nation participated in the event to celebrate the achievements of the most innovative individuals and teams of 2017.

Meanwhile, we present Kristal Awards every quarter to employees who consistently demonstrate TM's core values in their day-to-day work.

Pre-Retirement Programme

In appreciation of employees who have spent many years with TM and are approaching retirement, we run a programme that helps them prepare financially and mentally for leaving the workforce. Specific focus is placed on helping these employees formulate plans to ensure they have sufficient financial resources to enjoy their retirement. In 2017, a total of 522 employees benefited from the programme.

522 employees

benefited from our pre-retirement programme.

M8 **HUMAN RIGHTS**
102-41, 407-1

ENGAGING WITH UNIONS

We consistently engage with Unions to ensure that we have an open and constructive relationship. Since we have renegotiated the Collective Agreements with the four Unions last year, the common articles described below remain the same. In 2017, we have not identified any operations that are at risk related to our employees as we managed to maintain industrial harmony with zero rate of industrial actions.

Freedom of association through unions is the right to join or leave groups of a person's own choosing, and for the group to take collective action to pursue the interests of members. Non-executive employees are able to join and leave TM's unions as they see fit. Three unions are managed by Union Management of Group Human Capital Management (GHCM). These unions are empowered to take collective action to pursue employees' interests within the boundaries of Malaysian Employment Law.

1 Provisions for occupational safety and health

2 Employment terms such as salary structure, salary adjustment/revision, benefits, bonuses, training, working hours, promotion, overtime and rest days

3 Annual medical, maternity, Haj, compassionate, compensation study, unpaid, examination and quarantine leave

4 Allowances and claims for food, driving, lodging, travel, rent, cost of living and hardship

5 Loans to help with the purchase of houses, vehicles and computers

6 General conditions including legal and funeral aid, national service, pensions and transport

9,725
Union Members

NUTE, UTES, SUTE, SUTEN members as of 2017

57.9%

Percentage of total employees covered by collective bargaining agreements

NOTICE OF TRANSFER

a) For transfer involving relocation of residence, minimum notice of one month prior to transfer date; or

b) For transfer not involving relocation of residence, minimum of two weeks notice prior to transfer date.

Notice period and provisions for consultation and negotiation are specified in Artikel 31 (Pertukaran) Perjanjian Bersama Kesepuluh di antara Telekom Malaysia Berhad dan Kesatuan Kebangsaan Pekerja-Pekerja Telekomunikasi Semenanjung Malaysia (NUTE), Article 32 (Transfer) Tenth Collective Agreement between Telekom Malaysia Berhad and Kesatuan Pekerja Telekom Malaysia Berhad Sarawak (UTES) and Artikel 31 (Pertukaran) Perjanjian Bersama Ketujuh di antara Telekom Malaysia Berhad dan Kesatuan Pekerja-Pekerja Telekom Malaysia Berhad Sabah (SUTE)

WELFARE PROVISIONS FOR EMPLOYEES IN TIMES OF EMERGENCY AND CRISIS

The care that we demonstrate to employees extends to their families in times of crisis. Through our Employees Assistance Programme, and as part of our Business Continuity Management in managing natural disasters, we have a structured platform for helping employees affected by disasters such as floods. In addition to financial aid, this year, we organised a series of roadshows nationwide to educate employees on preventive measures to manage floods.

Welfare Aid provided to employees during times of crisis comprises:

- Provision of food supplies and hygiene kits
- Provision of instant cash and disaster relief assistance
- Donations through funding specifically for crisis and natural disasters
- Cleaning affected areas
- Temporary shelter facilities at identified TM premises

In 2017, we also deployed our volunteers to help the affected employees in Pulau Pinang, Kedah, Kelantan and Pahang.
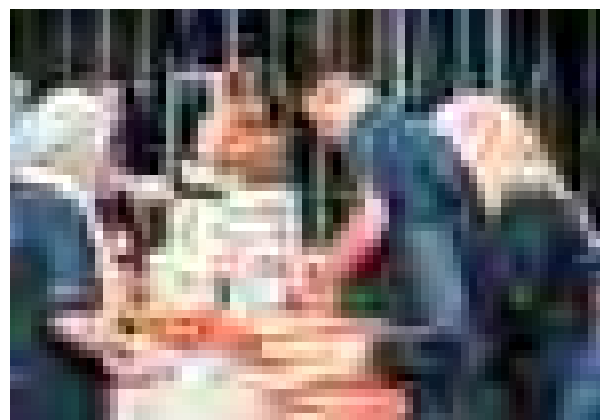
M9 **EMPLOYEE HEALTH AND SAFETY**
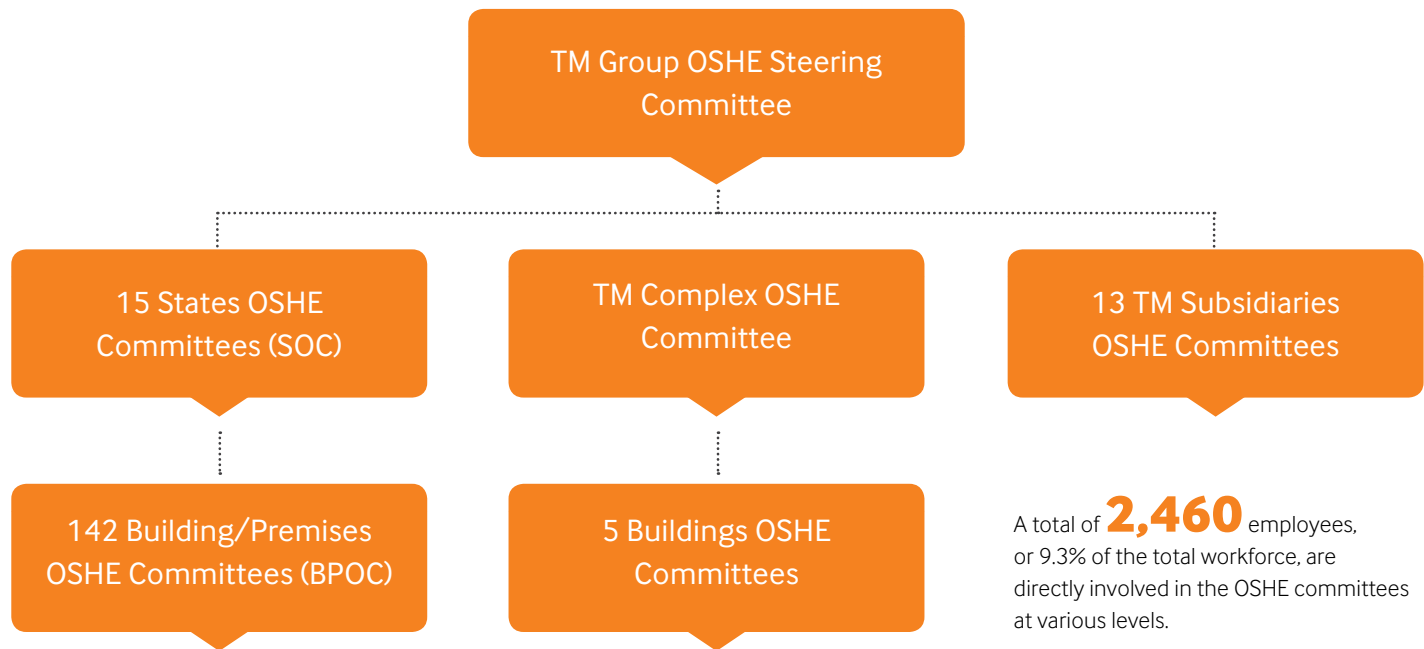403-1, 403-2, 403-3

ENSURING EMPLOYEE HEALTH AND SAFETY

The safety of our employees and other stakeholders is of paramount importance to us. Via health and safety policies and practices, we aim to create an accident-free environment across our workplaces, with heavy emphasis on relevant training. Driven by Top Management, our health and safety initiatives cascade down through the organisation through our network of Occupational, Safety, Health and Environment (OSHE) committees, thereby creating a high level of safety awareness among our employees and our contractors.

The roles and responsibilities of the Safety and Health Committees are:

- To assist in the development of safety health practices
- To analyse the effectiveness of safety and health programmes
- To analyse trend in incidents, near misses, dangerous occurrences, occupational poisoning and diseases
- To notify the management of any unsafe or unhealthy conditions or practices in the workplace and to present recommendations for improvement
- To review the OSHE Policy and to make recommendations to management based on such reviews
- To meet and conduct inspections at least once a quarter

TM Group OSHE Steering Committees

TM Group OSHE Steering Committee

15 States OSHE Committees (SOC)

TM Complex OSHE Committee

13 TM Subsidiaries OSHE Committees

142 Building/Premises OSHE Committees (BPOC)

5 Buildings OSHE Committees

A total of **2,460** employees, or 9.3% of the total workforce, are directly involved in the OSHE committees at various levels.

Workers Involved in High-Risk Activities

About 5,000 employees, mainly from Network Management Operations (NMO), and 10,000 contractors' workers working for NMO, Network Development (ND) and Property Operations (PO) involve in high-risk activities, including working at height, working in confined spaces, working near high voltage supply lines, mechanical and electrical work, excavation, working on/by the roads, hot work and material handling. All employees engaged in such work are required to obtain a Permit-To-Work (PTW) before starting on their job functions. To ensure their safety, our OSHE team and the division management conduct regular inspections to ascertain that all workers follow safe work instructions and comply with OSHE requirements.

We train all our employees on safe work instructions and OSHE requirements, and require contractors' workers to attend National Institute of Occupational Safety and Health (NIOSH) TM Safety Passport (NTMSP) training and pass the examination before being allowed to work at our sites or premises. Supervisors use their standard supervisor log books to ensure all OSHE requirements for the related works are adhered to.
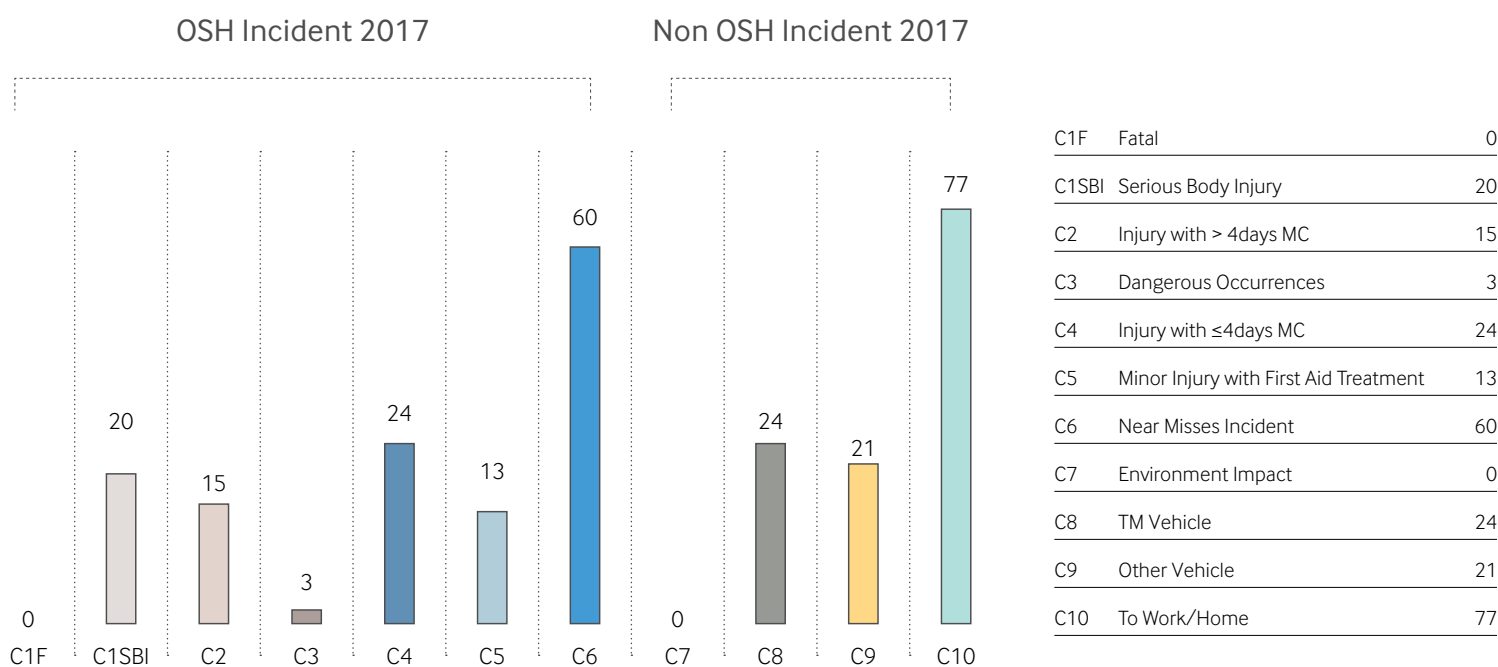
Safety Performance

Overall, 2017 incident rate performance was recorded at 2.83, a slight increase from 2.55 in 2016. This is in line with the increase of awareness among employees to report regarding the efficacies of safety and incident especially in ergonomic related issues. Nevertheless, TM will strive and implement various controls to mitigate the incident risk towards reducing the rate. Meanwhile, TM continues zero occupational fatality throughout 2017.

Year	Performance Indicator				
	Incident Rate (IR)	Loss Time Injury Frequency Rate (LTIFR)	Frequency Rate (FR)	Severity Rate (SR)	Fatality Rate (FTR)
Formula	Total incident/Total employee x 1,000	Number of accident cases/Total number of hours work x 1,000,000	Total incident/Total number of hours work x 1,000,000	Total LTI/Total number of hours work x 1,000,000	Total fatality/Total Employee x 1,000
2016	2.55	0.36	0.89	4.31	0.00
2017	2.83	0.64	1.47	9.28	0.00

Occupational Safety and Health (OSH)	2016	2017
Total recordable injury (No. of cases)	67	72
Absenteeism rate (headcount)	49	61
Absenteeism rate (days)	593	851
Lost Time Injury Cases (No. of cases)	49	59
Fatal accident rate (No. of cases)	0	0

OSHE Statistic of Incident by Category for 2017

OSH Incident 2017

Non OSH Incident 2017

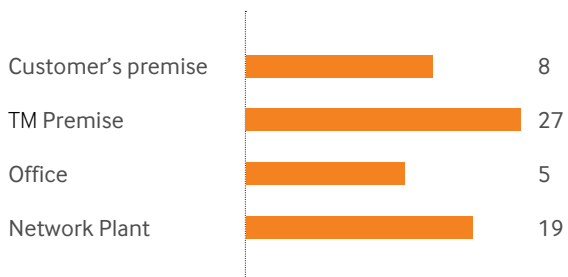|		
C1F	Fatal	0
C1SBI	Serious Body Injury	20
C2	Injury with > 4days MC	15
C3	Dangerous Occurrences	3
C4	Injury with ≤4days MC	24
C5	Minor Injury with First Aid Treatment	13
C6	Near Misses Incident	60
C7	Environment Impact	0
C8	TM Vehicle	24
C9	Other Vehicle	21
C10	To Work/Home	77

Social

Incidents in 2017

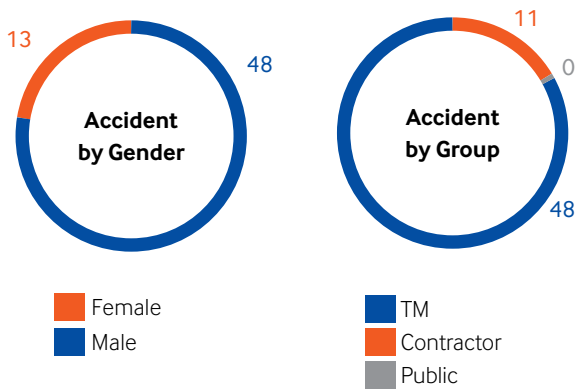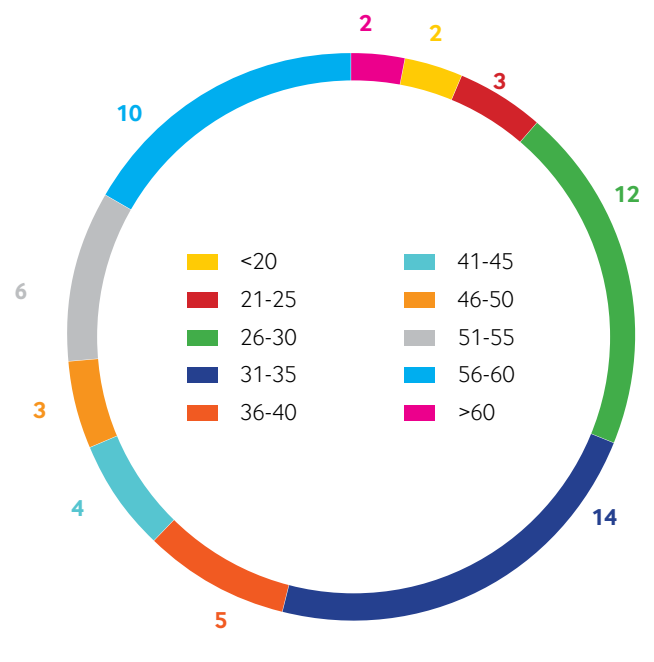| Year	OSH Accident (with LTI)	Lost Time Injury (LTI)	OSH Incident	Environmental Impact	Commuting Incident	Total Incident
2017	59	851	135	0	122	257

OSH Accident by Type

Type	Count
Fall of Person	36
Others	3
Ergonomics	3
Struck by falling object	1
Exposure to electric current	1
Over Exertion	2
Caught In/Between Object	4
Stepping on, striking against or struck by object	8

Fall of person	2017
Slippery	11
Portable Ladder	4
Pole	4
Staircase	6
Chair	1
Into Depth	0
Trip	6
Trench/Drain	3
Roof	1

OSH Accident by Area

Area	Count
Customer's premise	8
TM Premise	27
Office	5
Network Plant	19

Accident by Gender

Female: 13
Male: 48

Accident by Group

TM: 48
Contractor: 11
Public: 0

Accident by Age

- <20: 2
- 21-25: 3
- 26-30: 12
- 31-35: 14
- 36-40: 5
- 41-45: 4
- 46-50: 3
- 51-55: 6
- 56-60: 10
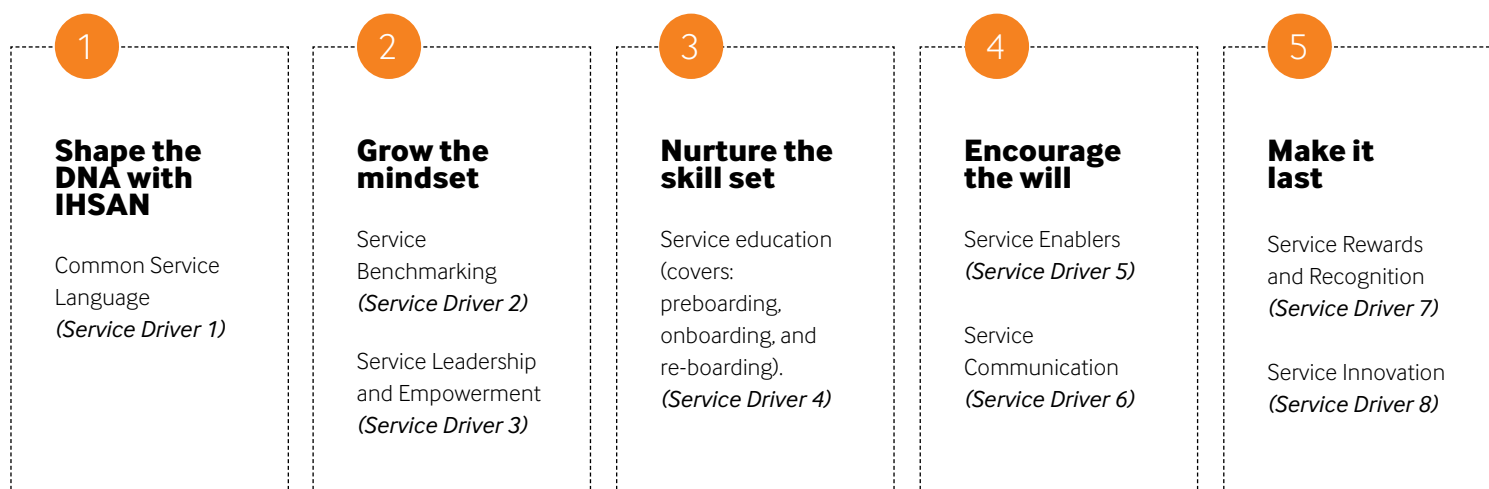- >60: 2

M10 **CUSTOMER SATISFACTION**

SERVICING OUR CUSTOMERS

As a service provider, customers are our raison d'etre. We exist to serve them and hence keep looking for ways to do this better than any other player in the nation. A key differentiator for TM is the fact that we are the only telco able to provide converged solutions. We are leveraging on this unique value proposition by restructuring our lines of business to support our focus of fulfilling our customers' every desire to share their moments with others. Whenever our customers need broadband, WiFi or mobile connectivity, 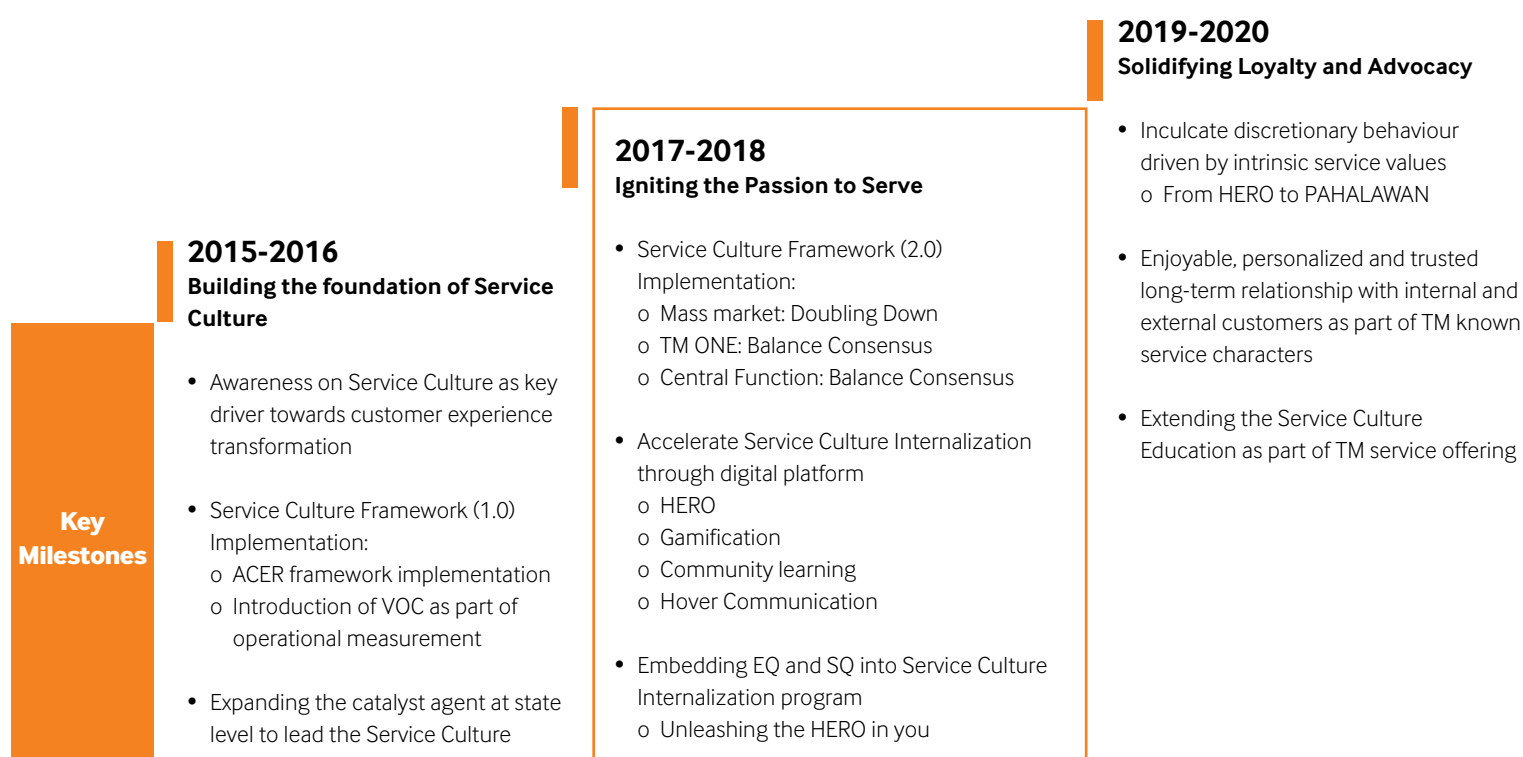all they have to do is to connect through unifi, our lifestyle brand. Whatever the digital needs of our business customers, TM ONE is there to provide it. Meanwhile, TM GLOBAL ensures we keep connected to the digital world effectively and efficiently.

What we hope to create today is trust in our customers that we are the telco best able to share their moments. We are doing this not only through the provision of reliable converged solutions, but also by reinforcing our service delivery, ensuring a consistently high level of customer experience every time they interact with us, no matter which platform or interface they use.

Enhancing Our Service Culture

1

Shape the DNA with IHSAN

Common Service Language
(Service Driver 1)

2

Grow the mindset

Service Benchmarking
(Service Driver 2)

Service Leadership and Empowerment
(Service Driver 3)

3

Nurture the skill set

Service education (covers: preboarding, onboarding, and re-boarding).
(Service Driver 4)

4

Encourage the will

Service Enablers
(Service Driver 5)

Service Communication
(Service Driver 6)

5

Make it last

Service Rewards and Recognition
(Service Driver 7)

Service Innovation
(Service Driver 8)

Since 2015, we have been working to transform what was already a good service culture at TM into a one that is great. We are currently in the second phase of this journey, igniting our employees' passion to serve and providing them the skills as well as tools that would help enhance the customer experience, while also listening to their voice to be able to empower them to serve more effectively as our ambassadors.

Key Milestones

2015-2016
Building the foundation of Service Culture

- Awareness on Service Culture as key driver towards customer experience transformation

- Service Culture Framework (1.0) Implementation:
  o ACER framework implementation
  o Introduction of VOC as part of operational measurement

- Expanding the catalyst agent at state level to lead the Service Culture

2017-2018
Igniting the Passion to Serve

- Service Culture Framework (2.0) Implementation:
  o Mass market: Doubling Down
  o TM ONE: Balance Consensus
  o Central Function: Balance Consensus

- Accelerate Service Culture Internalization through digital platform
  o HERO
  o Gamification
  o Community learning
  o Hover Communication

- Embedding EQ and SQ into Service Culture Internalization program
  o Unleashing the HERO in you

2019-2020
Solidifying Loyalty and Advocacy

- Inculcate discretionary behaviour driven by intrinsic service values
  o From HERO to PAHALAWAN

- Enjoyable, personalized and trusted long-term relationship with internal and external customers as part of TM known service characters

- Extending the Service Culture Education as part of TM service offering

Among several apps developed for our employees on improving our service culture during the year is HERO, which enables employees to escalate customer requests or complaints to the appropriate support teams anytime, anywhere. We even got our Customer Experience staff to go down to the streets to gather community feedback on our service, which is compiled and analysed to identify and fill in gaps in our service delivery. To strengthen our service delivery to business and government customers, we have been upskilling TM ONE field teams in all the services that have been converged into integrated packages.

Meanwhile, through our Voice of Employee (VOE) programme, we are also collecting email feedback from employees, inclusive of those in our subsidiaries, on how we can improve our internal customer experience, as this would motivate our support/backend teams in delivering a great customer experience. In future, the Employee Net Promoter Score (E-NPS) will be introduced to measure the likelihood of TM's employees promoting our products and services to their friends and families.

Digital Services

Over the years, as we have acquired more customers and launched more products, we have also been receiving more calls at our call centres. This has led to long waiting times, impacting the customer experience. In response, we seek to divert traffic to our call centres onto online channels of communication. In 2016, we launched two new online communication channels: Live Chat and Facebook. Our aim is to divert 80% of service interactions with customers onto Live Chat, Facebook as well as our Self-Help portal.

Chatting Live

Through Live Chat, customers can seek answers to technical enquiries, billing or installation issues and others. We have beefed up our team of customer service professionals manning our Live Chat from 21 agents to 80, and extended the operational hours from 9am-midnight to 8am-midnight every day. To promote the service, we have included a link in our SMS KCI; we advertised Live Chat during our roadshows nationwide and have invested in outdoors advertising around the Klang Valley too. As a result, our chat volumes increased from 12,958 monthly average in 2016, to 44,161 in 2017.

Helping Customers Help Themselves

On 16 September, we launched the unifi.com.my web portal enabling customers to order or upgrade their service, check their usage, pay bills, as well as troubleshoot online. Customers can also chat with our agents for assistance. It also offers an online payment option for accounts that have been suspended (due to no payment or exceeding the credit limit), enabling faster service reconnection. As TM becomes more digital, this portal will become the main touchpoint in reaching customers.

WiFi Optimiser

With this app, which is downloadable by the public, Malaysians can optimise their WiFi performance. The Android version was completed in June, followed by the IOS version in December.

Measuring Our Customer Satisfaction

It is important for us to have objective feedback on how satisfied customers are with our service. This enables us to identify pain points which we can work on to ensure we win our customers' trust. We currently use three different measurements to assess customer satisfaction: the Net Promoter Score (NPS), which measures how likely they are to promote TM to others; Net Easy Score (NES), which indicates how easy they feel it is to interact with us; and TRI*M, which measures the overall desirability of our customer experience.

The NPS survey is conducted at three different points in a customer's journey with us: 1) within their first two months; 2) after six months; and 3) after a year. Our target is to attain a score of at least 26 by 2020 from both our unifi and business customers.

For the year 2017, we achieved an NPS of 9, compared to 3 in 2016, a significant improvement. The achievement has come in tandem with an increase on NES scores by 14% on an average of 69.6 points across all market facing services (Online Portal, TMpoint, TM Authorized Dealer, Reseller and Outbound Calls) and a 22% increase on an average of 67.3 points across service facing services (Installation, Assurance, Inbound Calls and TMpoint).

Our TRI*M index surpassed the global industry's average of 66 for the seventh consecutive year, with a score of more than 73.

M11 CONSUMER HEALTH AND SAFETY
416-1

CONCERNS ON NON-IONIZED RADIATION (NIR)

The health and safety of consumers as well as society in general is of paramount importance to us, and we take great pains to ensure our infrastructure as well as service pose zero danger to anyone. Given that certain quarters have raised fears regarding the safety of radiation from base stations as well as from mobile phones, we have made these top areas of concern and are committed to studying literature on these subjects, as well as to conducting our own research where possible.

During the year, we completed a study involving 281 employees at 21 hill stations and two earth satellite stations to see if there is any correlation between non-ionizing rational (NIR) exposure with the incidence of cancer. The survey, conducted in collaboration with the National Institute of Occupational Safety and Health (NIOSH), proved conclusively that NIR does not cause cancer. As NIR is similar to electromagnetic energy (EME), we can extrapolate from the NIR research to say that consumers do not face any danger of health hazards due to EME from using mobile phones. In the future, we will continue to ensure the safety and well-being of communities around our site operations and undertake the required research or action towards this end.

M12 CONSUMER DATA AND PRIVACY
418-1

M13 ONLINE SAFETY

PROMOTING ONLINE SAFETY

As we empower our consumers with digital technology, we recognise our responsibility to also protect them from the risks that arise with digitalisation.

Consumer Data and Privacy

Protecting our customers' personal data has always been top priority in our organisation and adherence to the Personal Data Protection Act 2010 (PDPA) is of paramount importance. We maintain a Privacy Notice on our website to enable customers to understand how we collect, use and manage their personal data. A separate Privacy Notice is also available for our employees on our intra network for the same purpose.

To ensure full and continuous adherence to the PDPA, since 2014 we have developed and run various initiatives and awareness programmes on PDPA aimed at our employees and agents across the Group. Among the initiatives are:

1. Mandatory PDPA e-learning for employees

2. Awareness of PDPA as part of the subject covered during on-boarding programmes for new employees

3. PDPA awareness programmes for employees and agents (resellers, installers and collection agencies)

4. PDPA awareness as one of the topics covered in the Regulatory Awareness Programmes

We are also actively involved in finalising the Personal Data Code of Practice for Telecommunications Industry, which was recently endorsed by the Department of Personal Data Protection and the Malaysian Communications and Multimedia Commission (MCMC).

In 2017, we received four cases related to PDPA concerning to the breach of the customer privacy and thefts or losses of customer data from various channels such as from MCMC and via our customer service touchpoints. We also work with Legal Strategy and Intellectual Property Division for cases related to regulations and policies.

Issues	No of Cases
Breach of customer privacy and theft	2
Loss of customer data	2

As we view data privacy as a serious issue, we have a grievance mechanism system in place and the public can contact us at tm.com.my for any concern regarding PDPA.

Protecting Children from Offensive Material

Extending our consumer care, during the year we introduced a new product to help parents protect their children from offensive material online. Our app, TM Online Guard, can be used on desktops, laptops and android devices to filter the online content accessible by children. It detects any inappropriate content that appears on the screen and enables parents to block such content and other inappropriate websites. The app can be downloaded from our portal unifi.com.my or purchased at TMpoint outlet, or over the phone at by calling 100.

To-date, the Online Guard Plus's physical license activation since 2010 is more than 100,000. It shows that Malaysian parents concern about internet content for their children. In 2017, we have enhanced the package for unifi mobile users too. We will continue to promote online safety with various campaigns and continued offerings of Online Guard Plus.

M14 SUPPORTING COMMUNITIES
413-1

CAPACITY BUILDING THROUGH EDUCATION

We are proud to be involved in the educational sphere, as our spirit of nationalism extends beyond products and services. In education, we assist primary up to the tertiary levels. Our associations start from our foundation, Yayasan TM (YTM) where we provide financial aid and to our Multimedia University (MMU), as the nation's first private university which offers quality tertiary education focusing on ICT. We will continue to focus on education, creating and implementing innovative programmes that will continue to nurture and promote skills needed to create tomorrow's innovative leaders.

Yayasan TM

Through our foundation YTM, incorporated in 2007, we offer scholarships for secondary and tertiary education while supporting the continuing professional development of our own employees.

YTM Board of Trustees

1	Tan Sri Dato Seri Dr. Sulaiman bin Mahbob, Chairman
2	Dato' Sri Mohammed Shazalli bin Ramly, Deputy Chairman
3	Tan Sri Dato' Seri Dr. Hj. Yahaya bin Ibrahim
4	Tan Sri Dato' Ir. Dr. Wan Abdul Rahman bin Yaacob
5	Dato' Ir. Dr. Abdul Rahim bin Haji Daud
6	Tan Sri Dato' Seri Abd Ghafar bin Mahmud
7	Dato' Dr. Mohd Yahya bin Nordin
8	Dato' Mohd Khalis bin Abdul Rahim
9	Izlyn Amylia Binti Mohamed Ramli

In addition to the financial aid provided to scholars, YTM runs a Scholars Development Programme to enhance our scholars' academic performance and equip them with leadership skills. Our scholars also participate in programmes organised by other foundations, such as the Yayasan Khazanah Leadership Conference, for broader industry exposure.

This year, the selection process was redesigned to be able to identify the best talent for our needs more efficiently. In contrast to the past, candidates were required to sit a digital test, work on case studies, and perform an online assessment. Our lines of business were also involved in identifying the best candidates. We have received positive feedback from candidates, parents, the assessors and support staff on the new selection design.

In addition, YTM introduced a new element in the Scholar Development Programme – Mandarin classes – aimed at creating proficiency in a language that is fast gaining currency in international business, given China's rise in the global economic arena.

The Scholars Development Programme comprises:

1 Leadership Development
to develop scholars' leadership skills through sessions with TM Leaders

2 Communication and Language Proficiency
to enhance proficiencies in English and Mandarin, giving them an edge over others

3 Engagement
to introduce them to TM's business and understand the challenges we face through field work, product and financial management; and to motivate them through motivational sessions

4 Performance Intervention
to monitor and keep track of scholars' academic performance and provide assistance if needed

5 Spiritual and Values
to build strong values and character through community work

Leadership Development	Communication and Language Proficiency	Engagement Programme	Performance Intervention Programme	Spiritual and Values
· Induction (2 sessions – 220 scholars) · Yayasan Khazanah Leadership Conference (5 scholars) · Dialog Transformasi Negara 50 · Design Thinking and Innovation (3 sessions – 145 scholars)	· Business English Class (3 batches – 198 scholars) · Mandarin Class (1 batch – 189 scholars)	· Skype session with scholars (5 sessions) · TM Experience (21 scholars) · Motivational Talk by GCEO organised by Yayasan Belia Malaysia (50 scholars) · Motivation session with Director (6 sessions)	· Academic Excellence Programme (6 groups counselling sessions) · Inspirasi (17 scholars)	· Program Penghayatan Merdeka (98 scholars) · Persatuan Seni Silat Cekak Malaysia (PSSCM) (8 batches – 305 scholars)

Social

103-1, 103-2, 103-3, 413-1

In 2017, YTM disbursed more than RM20.0 million to 682 students – 462 at the secondary level and 220 at the tertiary level. Of the latter, 200 students are studying locally, and 20 abroad (three on transfer programmes). Since 1994, YTM has channelled more than RM500.0 million towards the education of 15,216 students.

Another area of YTM's focus is heritage conservation; and, in 2017, it collaborated with relevant divisions in TM to preserve the old Telegraph Office in Taiping, built in 1885. A total more than RM2.0 million was spend on cultural and heritage programmes, including the Telegraph Museum.

More than
RM500.0 million spent towards the education of **15,216 students** since 1994

More than
RM20.0 million
spent to 682 secondary and tertiary students in 2017

More than
RM2.0 million
spent on Art, Culture and Heritage in 2017

Multimedia University (MMU)

More than 90% securing a job within six months of graduation	**52,705** MMU graduates, in the Malaysian workforce	**Top 300** in **QS Asian University** for Computer Science and Information System	**Top 200 QS World Ranking** for Electrical and Electronic Engineering

Through MMU, we provide young Malaysians the opportunity to gain quality education in the fields of engineering and technology. MMU was the first and continues to be a leading private university in the country, with a strong emphasis on innovative learning that stimulates both creativity and entrepreneurship among students. Among its facilities are intelligent teaching labs leveraging Augmented Reality, Business Simulation, Visual FX, and Robotic i-Learning and a Hub for Innovation Ventures (HiVE), an engaging space for the exchange of knowledge and ideas.

Students at MMU benefit from blended learning, in which traditional lectures are supplemented by online classes, offering greater flexibility in managing their learning hours.

MMU caters specifically for industry requirements resulting in graduates enjoying a high employability rate, with more than 90% securing a job within six months of graduation. To date, MMU has enriched the ICT industry with 52,705 graduates, of whom 4,044 graduated in 2017 itself. The university's strong reputation has seen its international student enrolment increase over the years. In 2017, no less than 6.5% of its students (or 1,146 students) were from 57 other countries.

MMU continues to grow i-University initiatives in promoting as Industry Trendsetter in three focus of Learning Experience, Innovation & Entrepreneurship and Industry Integration. Four Intelligent Teaching Labs (ITLs) were completed in 2016. In 2017, four new ITLs (Robotics, Augmented Reality, Visual Effects and Biz Lab and Financials) and a of Hub for Innovation Ventures (HiVE)

were launched; that provides state-of-the-art technologies, resources, networks, and experts to develop research and entrepreneurship skills for innovation and business venture.

MMU has been listed in the Top 200 QS World Ranking for Electrical and Electronic Engineering, Top 300 for Computer Science and Information System improved their ranking in QS Asian University , at rank 179. In 2017, MMU also has been recognised as a Premier Digital Tech University by MOHE & MDEC and Self-Accreditation status by Malaysians Qualifications Agency (MQA) while during the 28th International Invention, Innovation & Technology Exhibition, MMU bags nine Gold and seven Silver awards.

MMU 2017 Initiatives

i-TEACH/Blended Learning

The i-TEACH Retreat is usually held twice a year and is designed to reflect MMU's move towards a more collaborative and engaging interaction with new joiners, to prepare them to be effective and productive MMU academics, and to be in line with the MMU i-University initiative. Its main objective is to promote and inculcate innovate teaching in current learning environments, to develop leadership and scholarship within the academic community in MMU.

IGLUS (Innovative Governance of Large Urban Systems)

MMU hosted the IGLUS KL Module 2017 in April 2017. The IGLUS Executive Master Programme degree offers a comprehensive and professional approach to the governance of Large Urban Systems.

Converged Telecommunications Policy and Regulations (CTPR) Master Class for ASEAN countries

MMU collaborates with the Malaysian Communications and Multimedia Commission (MCMC), and the GSMA, launched the 2017 Converged Telecommunications Policy and Regulations (CTPR) Master Class for ASEAN countries in partnership with Chulalongkorn University (CU) and National Broadcasting and Telecommunication Commission of Thailand (NBTC), in Bangkok, Thailand, in September 2017. It was specifically tailored to meet the needs of mid to senior level executives in national regulatory agencies, relevant government agencies, telecommunication service providers, ICT companies, and academia.

Research Innovation Commercialisation and Entrepreneurship (RICES)

Initiative under MMU Research and Innovation unit that took place at MMU Cyberjaya in November 2017, themed 'Towards Industry 4.0 Solutions' aimed to enable new collaborations to take place and strengthening existing professional ties in MMU. Over 300 projects across MMU's niche domains ranging from vital research to venture creations were showcased.

Digital Creative Content Industry (DC3) Competition

MMU and Creative Content Industry Guild (CCIG) organized the Digital Creative Content Competition (DC3) in November 2017 where MMU won 'Most Entries' with 298 entries for Higher Education Institution category.

International Conference on Robotics, Automation and Sciences (ICORAS)

In November 2017, Faculty of Engineering and Technology (FET) organised the ICORAS 2017 in MMU Melaka campus. It assembled an array of experts from academia and various industries including the semiconductor, beverages, healthcare, chemical, telecommunication and biochemical engineering.

International Conference on Information and Communication Technology (ICoICT)

MMU has successfully hosted the 5th International Conference on Information and Communication Technology in Melaka on 17 to 19 May 2017. The conference gave the region's digital community a much-needed boost in innovation and advancements in the field of ICT at the global level.

MMU ALUMNI Meet

MMU's centre for ALUMNI (CFA) held the first ever international chapter meet and greet session for our international graduates in October 2017, in Jakarta, Indonesia which attended by 100 of MMU's alumni.

Green Glass

Research is highly emphasised at MMU, and numerous faculty members have won recognition for leading research in cutting edge areas. In August, a senior lecturer from the Faculty of Engineering and Technologies (FET) was recognised at the Melaka Green Award 2017 for research into the use of banana stems as raw material to develop glass. The benefit of this is the ability to use waste material (banana stems) to replace expensive raw materials. Given the ubiquitous growth of banana trees in the country, there are good reasons to further develop the research findings in the hope of being able to commercialise the production of green and more affordable glass.

The university mirrors TM's social ethic, and is driven by a strong sense of responsibility towards community engagement and enhancement. During the year, MMU partnered with Malaysia Global Innovation & Creativity Centre (MaGIC) and Malaysia Cyberview Sdn Bhd to form the Futurise Centre at MaGIC's main office in Cyberjaya. Subsequently, Tsinghua University, The United Nations Technology Lab (UNTIL), Microsoft HoloLens and AI Lab joined the collaboration which seeks to bring together corporations, universities and entrepreneurs in collaborative efforts to create greater social equity through the digital empowerment of marginalised communities.

Meanwhile, students at MMU regularly organise their own programmes to reach out to communities. The following were among their initiatives in 2017:

- Raising funds for National Autism Society Malaysia (NASOM), Hospice Melaka and St John Ambulance of Malaysia
- Collaboration with the Salvation Army to raise funds for 'The Flag Day'
- Rummage Sale, proceeds from which were channelled to homes for the elderly, orphans and disabled

Key Risks for MMU

Increasing competing learning institutions:
The higher education landscape is dynamically changing and evolving, and MMU is on top of the latest trends, staying nimble and flexible in this high rapid changing era, by being able to offer new and in trend academic products that fit student demand. MMU is redesigning its product of academic programmes by embedding 'future skills' and subjects in the curriculum to diversify their offerings to students and give students the competitive edge. This is to prepare students not only for future jobs and technology that have not yet been created and invented but also equipping them with the entrepreneurial skills for them to create jobs of the future.

Another product is the development of articulation programmes that MMU will be offering which will enable students to be able to study in MMU for the first few years and finish their study abroad, at MMU's renowned partner universities.

Facing with the changing preference of students learning via 'virtual' mode, MMU is also offering online distance learning (ODL) programmes that enables students to study and experience MMU's teaching and learning virtually anywhere in the country.

Shrinking of SPM population:
Higher education players are also increasing, and therefore this sees MMU making adjustment of some market shifts. One initiative is that MMU will be looking into tapping the market of those without formal academic qualifications but with working experience to be able to enroll and study at MMU. This is named as APEL (Accreditation Through Prior Experiential Learning).

In increasing international student intakes, aggressive marketing will be focused towards the Tier 1 to Tier 3 countries such as Bangladesh, Egypt, Saudi, Indonesia, Qatar, Jordan, UAE and Brunei. MMU will also extend its outreach to new international markets of Turkmenistan, Uganda and Kenya.

Whilst student intake remains to be the core revenue stream, MMU strives to increase revenue contribution from non-student stream through commercial means and external funding. MMU CNergy and MMU Business School play a crucial role in driving the training and consultancy initiatives by offering technical short courses and leadership training respectively. Research Institutes of MMU will be established as cost centres in enabling them to aggressively create high impact research that will invite and external funding from industry and corporate organisations to the university.

TM School Adoption Programme

Our school adoption programme started with a collaboration with the previous Ministry of Information, Communication and Culture (KPKK) in 2003 and since 2007, we have been and working with PINTAR Foundation; injecting a unique TM approach for our schools. Over the last ten years, we have adopted a total of 14 schools in under-served communities nationwide where we strive to foster academic and non-academic excellence.

ACTIVE SCHOOLS	
	SK Pendidikan Khas Pekan Tuaran, Sabah (Jan 2011 – Dec 2019)
	SMK Arau, Arau, Perlis (Jan 2016 – Dec 2018)
	SMK Medamit, Limbang, Sarawak (Jan 2016 – Dec 2018)

ALUMNI	
	SMK Ayer Lanas, Jeli, Kelantan (Jun 2003 – May 2006)
	SMK Pakan, Sarikei, Sarawak (Jun 2009 – May 2012)
	SMRA Repah, Tampin, Negeri Sembilan (Jun 2009 – May 2012)
	SK Teriang, Jelebu, Negeri Sembilan (Jun 2009 – May 2012)
	SK Seri Penanti, Penang (Jan 2007 – Dec 2009)
	SK Bukit Indera Muda, Penang (Jan 2007 – Dec 2009)
	SK Tembak, Kuala Ketil, Kedah (Jun 2010 – May 2013)
	SK Seri Bandan, Air Hitam, Johor (Jun 2010 – May 2013)
	SMK Chenderiang, Temoh, Perak (Jan 2011 – Dec 2014)
	SMK Orang Kaya Haji, Kuala Lipis, Pahang (Jan 2013 – Dec 2016)
	SMK Munshi Abdullah, Sabak Bernam, Selangor (Jan 2013 – Dec 2016)

The academic outcomes of most of our adopted schools have improved, and remained elevated, partly because we empower the teachers to design activities with the specific needs of their students in mind. We are currently running the programme with SMK Medamit in Limbang, Sarawak and SMK Arau in Perlis which started in 2016 and runs until 2018. We also extend our adoption period with SK Pendidikan Khas Pekan Tuaran, Sabah for another two years to continuously support the students with various special abilities.

We tailor-make programmes based on PINTAR Core Modules that include academic workshops and motivation sessions for students, as well as pedagogy workshops for teachers over three-year periods following which our adopted schools 'graduate' and we take in more schools under our fold.

PINTAR Core Modules

Core Module 1
Motivational and Team Building

Core Module 2
Educational Support Programme

Core Module 3
Capability and Capacity Building

Core Module 4
Reducing Vulnerabilities and Social Issue

Promoting Innovation via Creative Thinking

Through the TM 3Ducation Programme, we seek to create more interest in Science, Technology, Engineering and Mathematics (STEM) subjects among school children by imparting skills in the exciting area of 3D modelling and printing. The programme is run by Creative Minds under the supervision of PINTAR Foundation and with the support of corporations such as TM. Launched as a pilot in 2016, the programme grew in 2017 in terms of geographical reach and the number of schools involved. It saw the participation of 140 teachers and 2,907 students from more than 85 primary and secondary schools. While the students pitched their newly acquired 3D modelling and printing skills against each other at the end of the programme through a competition, the teachers received training to be able to sustain interest in 3D modelling among their students.

At the same time, we continuously support our schools in robotics competitions such as First Lego League 2017 (FLL 2017) and National Robotics Competition 2017. One of our schools, SMK Munshi Abdullah was ranked 25 in FLL 2017 compared to 64 during its first year. Through the programme, they were exposed with exciting experiences that increase their knowledge and confident.

It saw the participation of 140 teachers and 2,907 students from more than 85 primary and secondary schools, nationwide.

Youth Development Through Sports

Our support for under-served students extends beyond academic education. In 2017, we collaborated with the Coachunity to run a year-long sports development programme at SMK Arau, Perlis, a current adopted school, and SMK Munshi Abdullah in Sabak Bernam, Selangor, an alumni school that focusing on rugby and football, respectively. We believe the programme will not only enhance the students' skills in the sports, but will also contribute towards character-building. The programme shows promising achievement in several competitions at their respectives districts and district-level competitions.

SMK Munshi Abdullah, Selangor

1 Almost 60 students
participated/trained

2 5 volunteers
from local universities (UNITEN and UPSI) to coach full time

3 Increased students interest
in football

4 Exposed students
with friendly matches

5 Value added
– career talk and motivational sharing session

6 Achievement
– champion district and semi-final Piala Mokthar Dahari

SMK Arau, Perlis

1 Almost 75 students
participated/trained

2 Exposed students
with friendly matches

3 Value added
– career talk and motivational sharing session

5 5 volunteers
from local universities (UNITEN and UiTM ARAU) to coach full time

4 Increased students
interest in rugby
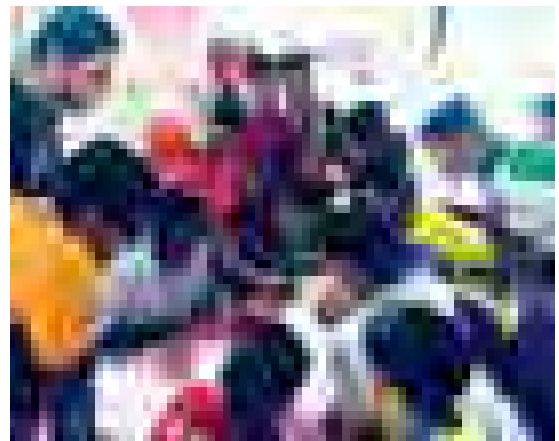
In partnership with Football Association Malaysia (FAM), the National Sports Council (NSC) and Manchester United Football Club (MUFC), our Mencari Ramli Season 6 programme encouraged young footballers aged 13-16 to pursue their dream of becoming football stars. Mencari Ramli went to various locations nationwide to give aspiring young footballers, irrespective of background and race the opportunity to showcase their talents. To date, Mencari Ramli has identified more than 200 football talents from the grassroots level nationwide; where over 10,000 came for try-outs. Out of this number, 50 players have realised their dreams of attending the famous Manchester United Soccer School (MUSS) when the coaches put the youngsters through their paces. The young footballers' abilities were also tested via friendly matches with local clubs, because the project was the basis of a reality TV programme, the journeys of the would-be soccer stars was captured on screen and later featured in the TV series. A new development in season 6 was that 15 lucky boys were selected to go to Manchester for training at MUSS and of course to train with some of Manchester United big names.

GIVING BACK TO THE SOCIETY

We have always donated generously to various organisations whose work we wish to support, but this year our efforts were magnified several times over with the donation of RM1.0 million to 100 NGOs to celebrate our millionth unifi customer, Ahmad Nor Sabu from Penang. We also gave him the opportunity to choose ten NGOs from our list to make a donation of RM10,000 each, under his name. Adding to the spirit of caring and sharing, as we celebrated our millionth customer in the month of Ramadan, we also decided not to host our traditional Corporate Raya event, but instead to channel the money budgeted for the event – RM300,000 – to 15 Islamic-based NGOs.

Giving During the Festive Season

In addition to the RM1.0 million donation to 100 NGOs during the month of Ramadan, our clubs, societies, unions, state offices and divisions made cash contributions to underprivileged children and orphans; took children shopping to buy new clothes; treated them to a movie in the cinema; contributed to 'back to school' programmes; donated essential domestic appliances such as washing machines; and celebrated the breaking of fast with the underprivileged. TM GLOBAL organised a special event for children with leukemia in Hospital Kuala Lumpur while TM ONE organised 'Miracle Iftar' at Menara TM ONE with 55 orphanage from Rumah Amal Asnaf Al-Barakah and distribute 20 'Miracle Box' consist of grocery items worth RM100 each to Rumah Mualaf Dengkil. And, at Menara TM, Group Human Capital Management (GHCM) hosted 120 Syrian refugees and also donated duit raya and groceries. In conjunction with Chinese New Year, HyppTV provided free unifi access with HyppTV Ruby Pack for three years to PJ Caring Home. We also helped Rumah Amal Permata Hatiku sorted and tidied up their library, handed-over some cash donations and spend time promoting reading habit among the children.

More than RM85,000 was disbursed over the course of the year to various causes. Of this, 51% of the money went to organisations operating in the welfare sector, 19% to organisations operating in the community sector, with the remaining 30% going to organisations operating in the health, religious and political sectors.

Community Service

During the year, we provided cash and aid in kind to numerous worthy recipients through the actions of our clubs, societies, unions, state offices and divisions. This included TM Johor providing aid to a former gardener at our exchange in the state; and TIARANITA in Sarawak and Pahang making contributions to needy children and residents of low-cost housing developments, respectively. The unifi team organised various fund-raising events and donated the proceeds to orphanages, underprivileged children as well as

51% of the money went to organisations operating in the welfare sector, 19% to organisations operating in the community sector, with the remaining 30% going to organisations operating in the health, religious and political sectors.

centres for the visually impaired. unifi Mobile organised Science, Technology, Engineering and Mathematics (STEM) workshops at 30 schools, benefiting 900 students. The team also developed an app to crowdsource health profiles, blood tests and clinic visit; and provided e-commerce training to ten budding mum'preneurs. Our OSHE team, meanwhile, organised a fire safety demonstration and briefing at a religious school in Sepang.

Bridging The Digital Gap at Rural Areas

We believe that everybody, irrespective of age, gender, income, ability or location, should enjoy the benefits of being connected. Our vision is for all Malaysians, no matter where they live or what their socio-economic background, to have the skills and the confidence to be able to participate fully and safely in the digital world. This has seen us work closely with Malaysian Communications and Multimedia Commission (MCMC) to take digital technology to rural areas, islands and other under-served communities under the Universal Service Provision (USP) programme.

Initiative	What it offers	Number
Pusat Internet 1 Malaysia (PI1M)	Access to internet for rural communities	418 sites
Community Broadband Library (CBL)[1]	Access to broadband	43[1]
WiFi Komuniti (WK)	Access to WiFi	954 sites
Payphone	Public phone service	1,081
Rural Broadband (RBB) Initiative	Provides broadband infrastructure with speeds up to 20Mbps, by upgrading the core network that connects exchanges to the cabinet and to residences or premises. TM is also providing broadband connectivity via submarine to Pulau Pangkor, Pulau Perhentian and Pulau Tioman. Residents and visitors to these islands will get to enjoy high speed connections by 2019.	more than 125,000 ports commitment nationwide (completed and ongoing deployment)

[1] TM CBL Project contract with MCMC expired in May 2017. This is in line with MCMC's initiative to streamline and upgrade the services to the community via Pusat Internet 1Malaysia.

Kemaman Entrepreneurship Programme

During the year, GDC worked with 'ruralpreneurs' in Kemaman, Terengganu, introducing them to innovative technologies that can help develop and grow their business. Kemaman Open Innovation Lab (KOIL) is part of the Smart Community Initiative, a program spearheaded by MCMC, was carried out in three phases: 1) expanding the ruralpreneurs' existing markets; 2) leveraging the internet and new technologies to build new products; and 3) fostering sustainability and prosperity of the community.

**Series #1:
Camboh
– Expand Existing Market**

#CAMBOH

- 43 Business Plans with in-depth knowledge Business Model Canvas and Cashflow Forecast
- 38 Individuals actually proceeded with further crafting out their Business Ideas using tools and utilizing social media to further expand their business
- 26 Gained the confidence and presented their product and/or service, with new and updated concept, design and packaging (i.e; labels, stickers, branding) We even helped them with the product photo shoot and merchandising
- 39 Online Presence (FB page, FB shop, Instagram, and knowledge in Google My Business and Basic Copywriting and Marketing Tips)

COMPLETED

**Series #2:
Abihreng
– Build Something New**

#ABIHRENG

- 32 new entrepreneurs attended the two month program
- The individuals grouped themselves into 17 different groups and were briefed on the startup methodology and 'problem-opportunity-solution', relevant business tools, ideation methods, market validation process and profit and loss projections for their business.
- Nine teams with (9 prototypes) presented their solid ideas to our external program partner, Cradle Fund Sdn Bhd, where their ideas were validated.
- Two teams were then invited to come down to KL to pitch at Cradle Office for opportunity at receiving funding from Cradle Investment Fund.

COMPLETED

**Series #3:
Kemah
– Do Good Together**

#KEMAH

- 41 new individual social entrepreneurs were briefed on what social entrepreneurship is, with a better understanding on the Social Enterprising (SE) startup process with Market Validation.
- Eight newly formed SE teams presented to MyHarapan (Youth Trust Foundation focusing on validating Social Businesses). MyHarapan is an extension of Malaysian Global Innovation and Creativity Centre (MaGIC), who is also our external partner.
- Out of the eight teams, three SE projects received assistance from MyHarapan and MaGIC.

COMPLETED

As these are Ruralpreneurs, there was quite a gap in knowledge in relation to Klang Valley based startups. The team had to start from scratch, explaining the concept and also startup ecosystem to the participants. The participants' efforts to learn and apply their new found knowledge was admirable, with good outcome.

For Series 1 #CAMBOH, A total of 43 Kemaman rural entrepreneurs benefitted from international-grade branding and positioning.

THE SPIRIT OF VOLUNTEERISM

We actively encourage the spirit of volunteerism among our employees and have been pleased by the positive response garnered over the years to the numerous community outreach programmes undertaken. To formalise volunteerism at TM, we established the TM Reaching Out Volunteers (TM ROVers) programme as a formal platform for employees to lend a helping hand to the community.

TM ROVers have gone out in force to support many initiatives, truly making a difference to the lives of hundreds of Malaysians through their caring during times of need. Their efforts year after year during the floods that inundate the east coast have been nothing short of exemplary. In early 2017, they were once again in the front line of relief missions to flood hit areas.

RESPONDING TO OUR NATION'S CALL:
## THE GLC DISASTER RESPONSE NETWORK (GDRN)

The GDRN was created in 2013 through the Putrajaya Committee for GLC High Performance ("PCG") with Khazanah Nasional as its Secretariat. The network was successfully deployed between 2013 and 2016 in various relief and reconstruction work, especially in the big floods in Kelantan, Pahang, and Johor, amongst others. Since 2014, the GDRN Secretariat is with TM, as the Successor Entity to the PCG.

>>>
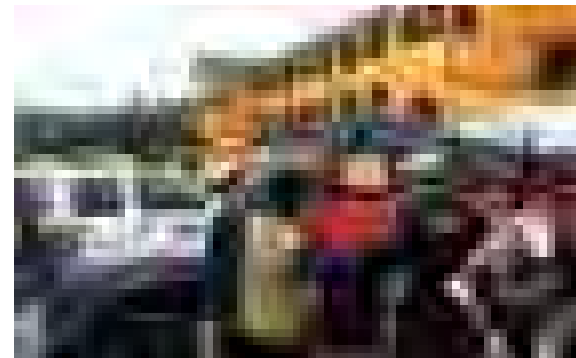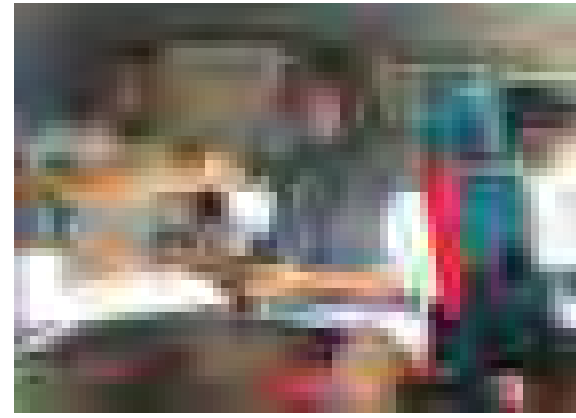
The GLC Disaster Response Network, or GDRN, was formed in 2013 through the Putrajaya Committee for GLC High Performance (PCG) with originally Khazanah Nasional as its Secretariat. The network was successfully deployed between 2013 and 2016 in various natural disasters relief and reconstruction work, especially in the big floods in Kelantan, Pahang and Johor, among others. TM was appointed as the Secretariat of GDRN in 2014 and was given the responsibility to head this network of GLCs/GLICs during natural disasters in Malaysia.

The presence of GDRN is to provide extra support to the local authorities during natural disasters. It will enable a seamless coordination to distribute the contributions from GDRN members by leveraging and mobilising the members' assets to respond to the affected communities during these times of disaster. In 2017, GDRN continues to provide response to those affected by the floods in Penang and Kelantan. Together with NGO partners, GDRN worked together with the National Disaster Management Agency, or NADMA, to help coordinate the distribution of relief items to the victims. Together with other GDRN members of Pharmaniaga Berhad, Bank Islam Malaysia Berhad, Malaysian Resources Corporation Berhad (MRCB), Suruhanjaya Pengangkutan Awam
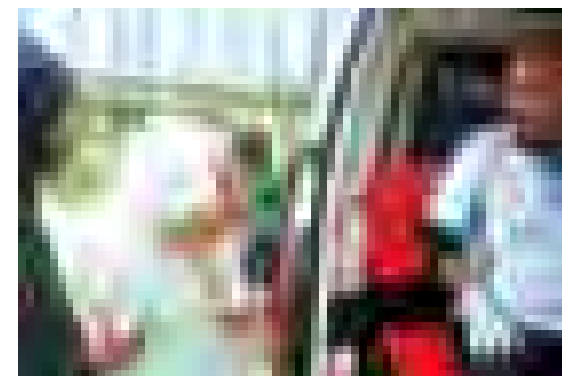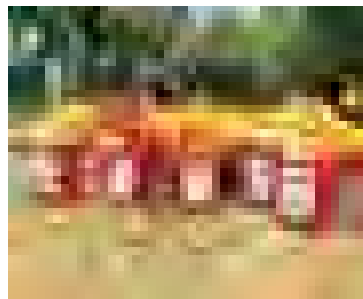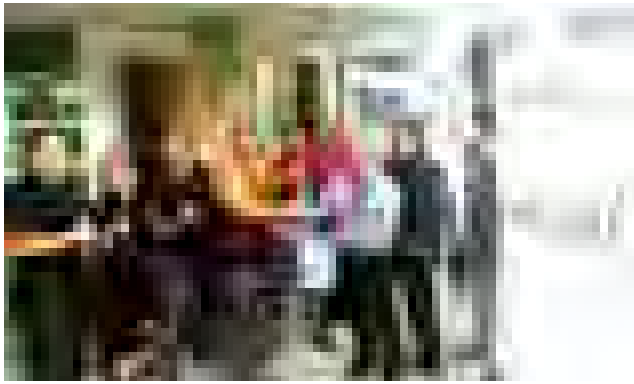
(SPAD), Axiata Berhad, Sime Darby Group, UEM Group (UEM), MASKargo Sdn Bhd and MASKargo Logistics Sdn Bhd as well as Malaysia Airport Holding Berhad (MAHB), TM continued to lead the GDRN team in providing food and non-food items, such as blankets and hygiene kits, in providing relief to flood victims in Penang, Kelantan, Terengganu and Sabah. ("Agensi Pengurusan Bencana Negara") and the authorities to assist in the disaster relief responses.

TM's volunteers, fondly known as TM ROVers, were actively involved in the relief missions together with volunteers from other GLC/GLIC members, to ensure the contributions from GDRN members received and distributed accordingly.

A total of 412 GDRN volunteers reached out to more than 15,000 people and 3,497 affected families and distributed 722 packs of cleaning kits, 2,944 packs of hygiene kits, 124 house tools and prayer kits, 2,068 food packs, 300 boxes of drinking water, 1,722 emergency relief packs and 200 loose items (blanket, towel, pampers).

GDRN has benefitted

more than **15,500** individuals in 2017

more than **3,497** affected families

722 packs of cleaning kits

2,944 packs of hygiene kits

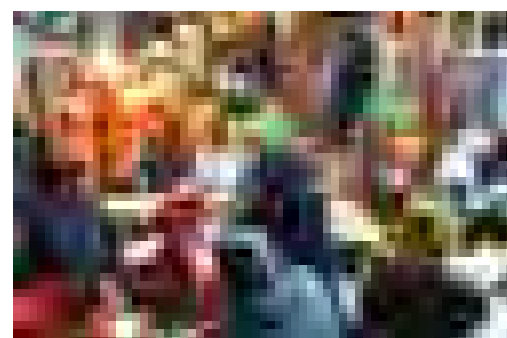**124** house tools and prayer kits

2,068 food packs

200 loose items (blanket, towel, pampers)

300 boxes of drinking water

1,722 emergency relief packs

M15 **INCLUSIVITY**

EMPOWERING WOMEN ENTREPRENEURS

TM Scale Up Programme

In 2017, we launched TM Scale Up Programme, a 90-day high-impact programme to help women entrepreneurs scale-up their businesses from various industry background. Through the programme, participants gain valuable insights into the development of entrepreneurial ecosystems. We invited 100 women entrepreneurs to attend an awareness programme, following which they were given an attitude test. This helped us to identify 20 women we believe will make the most of the programme to move on to the next phase, which they will be provided intense coaching for a period of 90 days. In the process of supporting the women, we are also creating a positive economic impact on their local communities. The participants has improved their processes, accounting, branding, as well as able to utilise online channels to promote their products and services, and also enhanced their marketing content using video. To boost their sales, more than 50% of the participants expanded their businesses, purchased more equipments and hire more employees. This programme was launched following the success of Program Sejahtera, which changed the lives of five single-mother families.

Projek Rumah Besar

The project has selected 20 enhanced students from Self-Enhanced Group (SEG) of Sekolah Bimbingan Jalinan Kasih, Kuala Lumpur with the objectives to develop students' potential focusing in multimedia skills i.e. photography and videography, which are expected to benefit them for future employment and business opportunities via weekly multimedia classes for six months. The multimedia classes's modules consist of theory of photography and videography, computer literacy assessment, equipment and software training, and conclude with mini project and evaluation.

Assurance Statement

102-56

- The reporting of air traveling for Scope 3 has been based on the information provided by some of the travel agents engaged by Telekom Malaysia. Hence, the information was limited to data provided by these travel agents only. The comprehensiveness of the information provided could not be verified;
- The total computation of carbon footprint for Telekom Malaysia has been determined by third party appointed by Telekom Malaysia Berhad. It covers scope 1, 2, and 3 in accordance with ISO 14064-1 standard requirements;
- The verification team did not review any contractor or third party data.

Conclusion

Based on the scope of the verification process, the following represents SIRIM QAS International's opinion:

- The level of accuracy of data included in the Telekom Malaysia Berhad Sustainability Report 2017 is fair and acceptable;
- The Sustainability Report was prepared in accordance with the GRI Standards: Core Option;
- The overall report content and quality were well established. The level of sustainability performance information in the report was found to be acceptable;
- The information has been presented in an appropriate manner;
- Most of the personnel responsible were able to reliably demonstrate the origin(s) and interpretation of data contained in the report;
- Telekom Malaysia has satisfactorily addressed, in the final version of the report, all issues that had been raised during the verification audit;
- The report provides a reasonable and balanced presentation of the sustainability performance of Telekom Malaysia.

Prepared by: Approved by:

_____   _____
Verification Team Leader   Senior General Manager
Management System Certification   Management System Certification
Department   Department
SIRIM QAS International Sdn. Bhd.   SIRIM QAS International Sdn. Bhd.

Date : 26 March 2018   Date : 26 March 2018

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This report has been prepared in accordance with GRI Standards: Core option.

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GRI 302: Energy 2016	302-1: Energy consumption within TM	43
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GRI 305: Emissions 2016	305-1: Direct Scope 1 (GHG) emissions	44
	305-2: Energy indirect Scope 2 (GHG) emissions	44
	305-3: Other indirect Scope 2 (GHG) emissions	44
	305-5: Reduction of GHG emissions	44
Topic: Resource Use and Waste		
GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its Boundary	45
	103-2: The management approach and its components	45
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GRI 303: Water 2016	303-1: Water withdrawal by source	45 Water consumption refers to water withdrawal from municipal water supplies
GRI 400 SOCIAL		
Topic: Talent Retention and Attraction		
GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its Boundary	51 - 56
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GRI 401: Employment 2016	401-1: New employee hires and employee turnover	20
	401-2: Benefits provided to full-time employees that are not provided to temporary or part-time employees	55
	401-3: Parental leave	51
GRI 402: Labour Management Relations 2016	402-1: Minimum notice periods regarding operational changes	57
GRI 404: Training and Education 2016	404-1: Average hours of training per year per employee	56
	404-2: Programmes for upgrading employee skills and transition assistance programmes	55, 56
	404-3: Percentage of employees receiving regular performance and career development reviews	100% - All employee are subject to performance review
GRI 405: Diversity and Equal Opportunity 2016	405-1: Diversity of governance bodies and employees	54

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GRI 407: Freedom of Association and Collective Bargaining 2016	407-1: Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	57
Topic: Employee Health and Safety		
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Topic: Consumer Data and Privacy		
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GRI 413: Local Communities 2016	413-1: Operations with local community engagement, impact assessments, and development programs	63 - 73
Topic: Inclusivity		
GRI 103: Management Approach 2016	103-1: Explanation of the material topic and its Boundary	74
	103-2: The management approach and its components	74
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GRI 406: Non-Discrimination 2016	406-1: Incidents of discrimination and corrective actions taken	No incidents of discrimination have been reported