

Business Review



TM GLOBAL is our business arm offering domestic wholesale connectivity to the local service providers as the industry's backbone and international connectivity to global telcos, as well as servicing several prominent OTTs. In today's challenging world, we understand the importance to engage with the right technology and innovative solution partners to keep up with dynamic market demands. TM GLOBAL customised integrated solutions are tailored around each customer's requirement to deliver a seamless converged experience of voice, data, bandwidth and multimedia. Listed among the top service provider in Asia Pacific, we are constantly developing advanced infrastructure coverage across Malaysia through fixed fibre connectivity, comprehensive mobile solutions and content hub ecosystem.



KEY BYTES

>20 Submarine Cable Systems spanning >190,000 km

28 Point of Presence

>100 Domestic customers

>400 International customers

6 Regional Offices Worldwide

ACCELERATING CONVERGENCE FOR LOCAL AND INTERNATIONAL TELCOS

TM GLOBAL aspires to be the trusted 'Accelerator of Business Growth', connecting carriers and service providers across regions and into the digital world.

On the domestic front, TM GLOBAL is committed in providing comprehensive network solutions to local operators, both for fixed and wireless. Our TM Next-Gen Backhaul™ (NGBH™) solution has gained traction with the rising number of mobile users. We are also bridging Malaysia to the rest of the world, leveraging on our extensive international infrastructure. In the ASEAN region specifically, we have formed a strategic alliance with ACASIA to provide an integrated communication solution through the strength of seven (7) major ASEAN telecommunication core networks.

Converging the domestic and international connectivity infrastructure has enabled us to add more value to our service offerings. The establishment of Hub Ecosystem is an immediate example, where aggregation of service providers, content providers and OTT players residing in our data centres, has allowed faster delivery of content for business and consumers in Malaysia. Leveraging on our own world-class data centre facilities across Malaysia, the Hub Ecosystem has seen more and more partners coming on board to reside their information and content in Malaysia.

EMPOWERING DIGITAL TO BOOST TM'S GROWTH

In 2018, TM GLOBAL completed the development of its internal digital platform, referred to as SIMI (Single Interface, Multiple Information), to efficiently manage operational workflows. The real-time reporting platform is capable of improving operational efficiencies, including submarine cable inventory management and domestic backhaul inventory management.

TM GLOBAL's continuous efforts towards building a digital culture is initialised by the introduction of SOFEA (System Operated for E-Alert) app through its affiliate company, ACASIA. SOFEA provides real-time warning and alerts on threats to its subscribers. The information gathered by this application is processed using big data analytics and converged communication technologies.

ACASIA subsequently enhanced its digital reach through SOFEA RUN smartphone application, commercialising virtual runs and allowing users to participate anytime and anywhere while creating value for the ASEAN communities. Since June 2018, SOFEA RUN had successfully hosted two (2) virtual run events namely, The Godfather Run and The Tham Luang Cave Run.

As TM GLOBAL continuously improves its operational workflows, it is committed to develop enhanced connectivity solutions and digital services for its regional and global customers. As digital adoption keeps on compounding year on year, the shift towards digitisation and digitalisation will provide great opportunities for TM GLOBAL to grow.

Additionally, in supporting our customers' digital journey, while expanding into adjacent businesses, TM GLOBAL is also developing Software Defined – Wide Area Network (SD-WAN). The solution will enable customers to have full visibility of its network, with improved security and lower bandwidth cost, translating into better business agility. TM GLOBAL is also exploring to offer Content Delivery Network (CDN) solutions for content and media industry to enhance their customers' experience across geographic locations, especially ASEAN.

LEANER COST TO SERVE

EXPRESS is a troubleshooting mechanism implemented by TM GLOBAL to improve overall fibre fault restoration nationwide. The new fibre troubleshooting method is capable of improving fault isolation time from an average of 6 hours to less than 2 hours. The implementation of EXPRESS enables TM to reduce unnecessary truck roll to customer premises, and eliminate more than 50.0% of TM's legacy processes. The effectiveness of EXPRESS has been well proven, as TM bagged the Gold Award, competing against international telcos at the Kaizen Olympic Awards during NTT-Arcstar Carrier Forum (ACF), held in Tokyo in September 2018.



Business Review

KEY MARKET RISKS & MITIGATION

	MARKET RISKS	MITIGATION ACTIONS
1	Market competition due to price erosion and dynamic customers' requirements.	<ul style="list-style-type: none"> Strengthened competitive edge towards becoming a total end-to-end solutions provider through collaborations with other established global players envisioning 'Business Made Easier'. Leveraged on affiliate companies to capture regional opportunities with minimal investments.
2	Change in other countries' political, legal and regulatory guidelines.	<ul style="list-style-type: none"> Monitored the latest geopolitical changes in countries where TM holds investments. Established an effective crisis management and resiliency planning mechanism to protect investments and improve business continuity planning.
3	Change in local pricing structure.	<ul style="list-style-type: none"> Devised competitive solutions by building new capabilities and optimising internal strengths and leveraging on TM Group and subsidiaries' resources. Leveraged on affiliate and subsidiary companies to strengthen product offerings.
4	Increasing pressure for innovative solutions globally as operators and other service providers seek to strengthen their digital market position.	<ul style="list-style-type: none"> Tracked latest technologies and established effective partnerships with value-add and technology providers to accelerate the development of new beyond connectivity solutions.

MOVING FORWARD INTO 2019 AND BEYOND

TM GLOBAL will remain as the industry backbone, providing comprehensive network solutions domestically while connecting Malaysia to the rest of the world.

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Revenue Preservation and Uplift: The domestic wholesale market will continue to hold huge potential for TM GLOBAL, mainly from backhaul and front-haul requirements by mobile players. The mobile backhaul enrichment, focusing on 5G network ecosystem initiative, provides new impetus for TM GLOBAL to capture more market share within this segment. The demand for connectivity and internet content in the global market is expected to grow exponentially over the next three (3) years, mainly in the ASEAN region. Global connectivity services will be enriched with new solutions such as CDN and SD-WAN, potentially uplifting TM's revenue.
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Improved Cash Flow: TM GLOBAL will focus on optimising network infrastructure, product enrichment as well as collaborations with subsidiaries, internal and external potential partners. TM GLOBAL will also prioritise on access seeking from other providers while maintaining selected investment for network expansion and IT operations.
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Sustained Profitability: TM GLOBAL will continue to expand its Hub Ecosystem by attracting more international content players to co-locate in Malaysia. While the Hub Ecosystem will attract more opportunities from the ASEAN region, it will also serve as a platform designed to reduce TM's overall costs.
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Improved Productivity: In addition to our focus on core connectivity business, TM GLOBAL will explore and expand its business horizon to offer managed services and digital solutions to its regional customers. The aspiration will be accelerated by the establishment of Partnership Ecosystem, where TM GLOBAL will explore possibilities to collaborate and establish a partnership with potential technology providers, OTT players and content providers to develop new solutions for vertical and adjacent markets. SOFEA and SOFEA RUN applications developed by ACASIA are setting the trend for TM GLOBAL, encouraging more partnerships to deliver more innovative solutions for its customers.



We bring the world closer

Our global presence together with our extensive experience and resources make TM GLOBAL the ideal facilitator for your business digital needs.

TM GLOBAL. Making connections matter.



IT & Network Technology

The Backbone of our Customer Solutions

WHAT WE DO

Our Information Technology & Network Technology (IT&NT) division is the key enabler in elevating our technological advantage. IT&NT is in charge of planning, building, delivering, operating and maintaining TM's network infrastructure and IT systems – the backbone of our customer solutions. Known as the 'factory' of the company, this division consists of experts working around the clock to monitor the country's network, providing the best experience to our customers.

For the past few years, IT&NT had been hard at work in improving IT processes and expanding our converged fixed and wireless network. We are making selected investments to ensure our assets and resources are fully optimised towards a leaner organisation, without compromising excellent customer experience.

KEY INITIATIVES

In 2018, our infrastructure investments were focused on connectivity improvement including broadband ports, LTE and WiFi expansion. Our investments also include digital infrastructure development for ICT, data centre, cloud and smart solutions.

Recently, KVDC Phase 1 was completed and is now ready for service since January 2019. As part of its twin core feature, IT&NT has connected KVDC with IPDC in Johor, ensuring optimum redundancy for both data centres.

Within the organisation, IT&NT continued its support for digital empowerment by introducing initiatives such as CEREBRO, DRAGON and SWIFT to improve internal processes and increase productivity. CEREBRO is a programme designed to cleanse network inventory and address data integrity through automation of network inventory updates; meanwhile Digital Revolution – AGILE on the Net (DRAGON) initiative focuses on digitising project management processes for infra delivery from end-to-end. SWIFT (Workforce Management System), was launched as a platform to digitise our assurance and fulfilment processes. IT&NT is also adopting the Enterprise Architecture Management (EAM) Framework to build an architecture that stitches business, IT and network architectures together.

We have embarked and continue to deploy more efficient capabilities and functions to unifi customers such as the WiFi Optimise Tool. For businesses, we are also adopting Software-Defined Network (SDN) and Network Function Virtualisation (NFV) technologies to adhere to the changing market needs. SDN and NFV will help simplify our network and operations through a programmable network that enable auto configuration from online portals.

In our effort to enhance customer experience, we launched a unified ticketing and communication system known as the Network Extended Ticketing System (NEXT) to increase the resolution efficiency of Commonly Known Cause (CKC) issues and network incident management.

IT&NT is supporting our business clusters in improving sales conversion by fulfilling network requirements in a timely manner and providing sufficient workforce for unifi and Streamyx installation. A special programme has also been established to accelerate network readiness for businesses. A range of cost optimisation initiatives has been introduced to reduce OPEX, which include the review of international capacity, bandwidth, maintenance contracts and materials management. IT&NT also achieved CAPEX optimisation via sweating of existing assets such as reboundary of unifi areas to accommodate new customers and optimising the current network design to increase its capacity to uphold our services.

WAY FORWARD

IT&NT paves the way through the creation of leaner operations and managerial processes. This is achieved through various initiatives such as redesigning process, simplifying network architecture and sweating of assets.

We aim to become more efficient in supporting unifi, TM ONE and TM GLOBAL with highly efficient teams to deliver any requirement with regard to network, IT infrastructure and customer solutions. Moving forward, our initiatives include expanding our converged network, perfecting IT architecture with digital and automation, harnessing big data analytics, as well as developing open source capabilities.

CONNECTIVITY



- **>90.0%** of the country's population has access to our fixed and wireless networks
- **>350,000** km fibre cables laid nationwide
- **>5.5** million broadband ports deployed nationwide
- **>3,400** LTE sites deployed
- **>13,000** WiFi hotspots

DIGITAL INFRASTRUCTURE



- **Converging connectivity with ICT through integration of systems**
- **Providing world-class cloud hosting facility at KVDC**
- **Enabling Twin Core technology by interconnecting KVDC and IPDC**
- **Providing platforms for IoT and smart solutions, leveraging on connectivity**

Group Digital Centre Here to Empower Digital

WHAT WE DO

Our digital journey is reliant on our capability to innovate the latest technological trends. In 2017, Group Digital Centre (GDC) was established to catalyse TM's "Empower Digital" strategy. With key focus on policies, people and processes, GDC seeks to enhance and digitise our business across the Group. Since then, GDC has helped to increase business efficiency, improve customer experience and enable cost saving opportunities.



Launched Open Innovation Platform (OIP) and uReka programme to liberalise and accelerate Digital in TM



- **Winner at WITSA Global ICT 2018 for Mobile Excellence Award**
- **Winner at MSC Malaysia APICTA 2018 for R&D Award**

KEY INITIATIVES

In 2018, GDC continued to drive digital empowerment in TM, anchored on Digitisation and Digitalisation. Under Digitisation, we have implemented sustainable liberalisation programmes like the Open Innovation Platform (OIP) to accelerate development of digital services and uReka, the initiative that crowdsources internal talents to develop applications. As a result, Warga TM were able to translate innovative ideas into various solutions that solve both customers' and employees' day-to-day challenges. This culture of innovation has now become a norm in TM.

As we digitise our internal processes, we are able to test, learn and gain insights from the results. This has not only allowed TM to develop better and more efficient internal systems, processes and tools, but also see us potentially offering these solutions to the market, creating new revenue streams.

For Digitalisation, we focused on new undertakings such as the Electronic Know-Your-Customer (eKYC) and Customer Analytics for the Financial Services and Retail verticals respectively. Another key development area was the business transformation of the Yellow Pages Directory which outlines the shift of its focus towards digital advertising as well as providing SMEs with digital marketing capabilities with stronger Malaysian flavour. We look forward to the outcome having seen encouraging results. We shall continue iterating our solutions to the market.

Additionally, GDC continues to create value for TM and the nation at large through TM R&D's breakthrough research. Focusing on four (4) themes - Connectivity, E3 Infra, Productivity Tools and Digital Services. The research and development efforts were recognised when TM R&D won the WITSA Global ICT 2018 Mobile Excellence Awards for LTE Plus, as well as an R&D Award for Smart Helmet at the MSC Malaysia APICTA 2018.

WAY FORWARD

To keep true to the promise of Life Made Easier, GDC is tasked to drive the Simplification programme in TM. Under the Simple and Digital strategic pillar, GDC aims to generate easier and simpler ways for customers to engage with TM by simplifying business processes and products. The drive is expected to result in cycle-time improvements and productivity uplift, which leads to network, IT as well as operations simplification. This sets the foundation for sustainable cost savings and workforce productivity improvements.

At the same time, GDC shall continue to orchestrate the consolidation and synchronisation of all TM's Digital assets and capabilities, thus supporting TM's contribution towards shaping Malaysia into a Digital Nation.

Group Human Capital Management Here to Nurture Digital Talent

WHAT WE DO

Group Human Capital Management (GHCM) plays a key role in enabling digital-savvy workforce within TM. As part of our digital empowerment journey, GHCM developed a digital talent framework, which emphasises on upskilling Warga TM through specialists. The framework also encompasses competitive compensation to attract and retain talent, with specialised career paths in TM. It is our objective to position TM as a strong recruitment brand for talent in digital.

HIGHLIGHTS



KEY INITIATIVES

Throughout the year 2018, we have outlined strategies to enhance and optimise workforce productivity and at the same time continue to provide benefits for employees in terms of flexibility, work-life balance and convenience.

The "Sayangi TM" programme was introduced, with new benefits such as annual leave purchase, work from anywhere, 4-day work week, insourcing, and optional adjustment of TM's contribution to employees' EPF. This programme provided flexibility to employees, allowing them to organise their working arrangements to accommodate individual matters out of the office. The voluntary EPF contribution adjustment, which was implemented on a specific-period basis, received tremendous response from Warga TM, signalling their willingness to contribute beyond the call of duty when the Group faced challenges.

In addition to the "Sayangi TM" programme, GHCM also implemented other initiatives such as delayering the organisation structure to improve agility and decision making, adjusting working hours for critical teams, redeploying talent to areas of higher business needs and selective hiring and replacement of employees.

As part of our efforts to digitise our HR services, various apps have been developed internally to provide better accessibility to tools and resources for employees anytime, anywhere. HR functions such as leave management, internal job application, performance tracking and reporting, medical letter of guarantee application and training planner were made easier through mobile apps. Moreover, to ensure that our employees are able to stay productive and connected while they work on-the-go, our communication and collaboration app, FLOW, has been updated with more features including group chats, video calls, files transfer and tasks assignments. FLOW has replaced other instant messaging apps for work, with a live engagement platform for employees to connect and collaborate to deliver various operational and executional efficiencies. Digitisation will continue to create a mobile and digital savvy Warga TM.

Believing that a healthy workforce is a productive workforce, we also encourage healthy living through various health-related programmes and activities such as after-office gym classes, health seminars and outdoor sports. These programmes had received effective participation from Warga TM.

WAY FORWARD

For 2019, GHCM will focus on reshaping the organisation to deliver a leaner, more efficient workforce to support our overall business strategies. To achieve operational sustainability through next-level productivity, our initiatives will be centred on building a high-performing workforce with the right skills that are able to sustain business competitiveness.

In addition, we will also expedite and cultivate a more digital-enabled workforce by future-proofing our Warga TM with new emerging skills; simplify our processes and devise innovative solutions to accelerate performance.

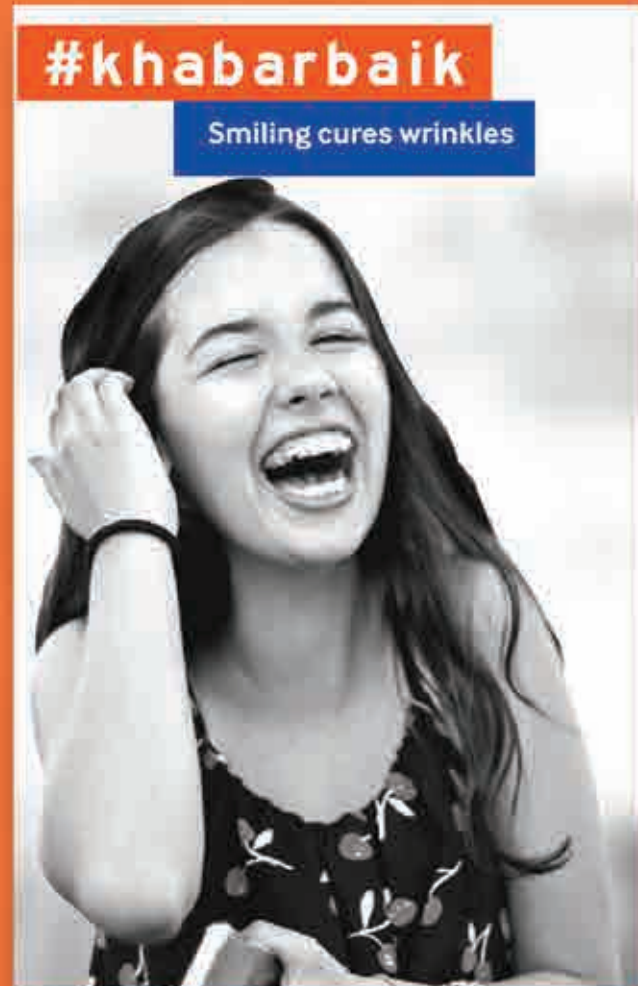
GHCM will be uniting heads, hearts and hands in nurturing a highly motivated, committed and focused workforce to increase their resilience and prepare them to face future challenges.

Way Forward In 2019

As we move forward in 2019, we will be guided by our PIP2019-2021 to navigate the organisation towards realising our vision to make life and business easier, for a better Malaysia. We are confident that under these principles, we will chart a new path as a truly customer-centric organisation. We hope that all our shareholders and stakeholders continue to place their trust in TM, as we reinforce our commitment to make life easier – always delivering value while accelerating Malaysia's digital transformation. The very purpose of our existence is to improve lives, fuel aspirations and foster growth that is meaningful for each one of you. Our motivation is shaped by our people, and the execution of our vision is enabled by our capacity to push boundaries of convergence in today's digital era. With that, we promise to always be here to develop and protect the nation's digital future, thus leading the way to a better and more connected Malaysia.



Malaysia, unifi is doing right by you!



In running a business, everything about your customers becomes 'your business'. This would include their feelings, emotions, and understanding what every customer needs and wants, which is crucial towards the success of a company.

In these highly competitive times, customer experience has garnered much attention. Many experts believe it is the next competitive battle ground. Products and services are no longer the competitive differentiators for businesses. The focus has shifted towards the experience a brand is able to deliver to their customers across the entire customer journey.

The situation is no different for unifi, a lifestyle brand across our services, dedicated to serving individuals, homes and SME customers in Malaysia. While it is important to acquire new

customers, retaining the existing ones are equally critical. Therefore, to solidify unifi's position as the nation's leading Converged Service Provider, it is imperative for unifi to make Customer Experience (CX) as a key driver of its ultimate business strategy.

Customer experience (CX) refers to a customer's perception of their overall interactions with a company. Since customer expectations are higher than ever, customer experience has become a key driver of customer retention and acquisition. In short, customer experience is more than just customer service.

To stay ahead of the competition, we regularly review and enhance our customer interaction journey for our homes and SME customers. As we continue to invest in our people development to address customer pain points, we are

constantly reminded that to deliver a high-quality customer experience is to ensure a seamless service throughout the entire customer journey. As such, we have gradually been shifting away from the traditional customer support via call centres and outlet interactions, towards an enhanced customer experience by going omni-channel. What this means is that instead of adopting a multi-channel approach, we enable our customers to interact with us and be serviced via any channel. It eliminates disjointed systems and interaction silos between various departments and also provides the opportunity to collect valuable feedback to map the common 'pain points' along the customers' journey.

Today we see more and more customers wanting to help themselves and perform their own troubleshooting with 'self-service'. A variety of initiatives have been introduced, with the aim

"The golden rule for every business is this: 'Put yourself in your customer's place.'"

– Orison Swett Marden

to reduce customer effort during engagements while delivering faster and high-quality resolution. Keeping customers informed (KCI) is key, and customers are now proactively notified of new features, installation/restoration updates, outages and potential suspensions via care@unifi app and a much improved www.unifi.com.my.

Value creation is another way unifi has proactively addressed its customer pain points. Value has many different meanings. To some, 'value' means price (what is the value of this service?), to others it means benefit (the value I get from this service). It also means the worth of something. That is why you hear some people saying "value for money" (meaning they are price sensitive); and others who prefer "money for value"

(meaning they are willing to pay for what they consider as benefits, from a brand or a better product, or more convenience etc.).

What the customer pays for is not only price (cash) but also the benefits, advantages or quality of the product, after sales service, image and brand of the company or the brand of the product, overall experience, satisfaction one gets in using the product and so on. Guided by all of these from a product and pricing perspective, unifi caters to the different types of customers based on affordability as well as their usage pattern (low/ high). While for some, value is driven by a greater speed experience via speed upgrades, others might consider richer content offering delivered via Video on Demand

(VOD) and OTT content collaborations more valuable. To string all of these together is the opportunity to have/enjoy seamless access/connectivity via unifi Home, unifi Mobile and unifi Wifi. Creating customer value increases customer satisfaction and experience.

Our efforts today is part of a journey to be a truly customer centric organisation. unifi will continue to listen and work together with our customers (through Focus Group Discussion sessions) in our efforts to not only remain competitive but also relevant in an ever-changing digital landscape for individuals, homes and SMEs. We will incorporate the element of 'care' (which we believe will go a long way) throughout the end to end customer journey.



Group Chief Financial Officer's Review

HERE TO SUPPORT BUSINESS SUSTAINABILITY

TM's financial performance in 2018 reflected the challenges we faced from the intense shifts in the competitive landscape and industry dynamics. At the same time, it also served as a catalyst for the finance organisation to take a lead in ensuring TM's sustainability as a business was protected and that the Company remained resilient in the uncertainties we faced.

Recognising the potential financial impact of the fast-changing landscape that came with the dawn of the new Malaysia, we first took the difficult, yet necessary decision to revise our Headline KPI downward from what was originally announced earlier in the year. At the same time, Management took immediate steps and implemented the PIP2018, with four (4) key objectives, which are to uplift revenue; to sustain our profitability in light of increasing operating cost; to improve our cash flow, and to increase productivity of our assets – both our network and our people.

In 2018, we recorded revenue of RM11.82 billion which was lower by 2.2% against 2017 mainly due to the challenging operating landscape. From a products perspective, our internet & multimedia revenue grew by 3.7% against last year due to higher takeup of unifi boosted by unifi TV content. Wholesale voice growth was outpaced by decline in retail voice, which resulted in lower total voice revenue by 5.3% against 2017. Data revenue declined by 8.7% mainly due to a provision of RM169.2 million, which was the estimated impact of the new Mandatory Standard of Access Pricing on our wholesale segment.

We are heartened to report that the quick action under PIP2018 helped to rein in escalating cost. Closer scrutiny and optimisation of cost, alongside reprioritisation of capital projects were undertaken and will continue through as well as refined as we undergo our next transformation phase. However, due to the challenging business, industry and economic conditions which prevailed over the second half of 2018, the Group recognised a provision of RM982.5 million for the impairment of fixed and wireless network assets. These impairment losses were projected based on an assessment of the recoverable value in use of the affected network assets at respective entity levels. Management assures that we will continue to review the economic circumstances surrounding these assets in the coming periods to reflect any potential impairment or recoverable value.

Stripping off the abovementioned impairment, we recorded improvement across our manpower, marketing, depreciation and other operating costs, with optimisation across our other cost lines resulting in the ratio of operating cost against revenue reducing from 91.1% in 2017 to 90.8% in 2018.

We delivered Group Reported PBT of RM17.4 million, mainly due to the non-cash impairment loss and lower revenue. Group Reported PATAMI was at RM153.2 million against RM929.7 million recorded in 2017. Excluding the impact of one-off non-operational items, the Group's Normalised PATAMI was RM632.4 million.



NOR FADHILAH MOHD ALI
Group Chief Financial Officer

As we weather this phase to emerge stronger, we are placing greater emphasis on cash flow and operating ratios to ensure we continue to sustain at this accelerated pace and increase value to our stakeholders.

Our total capital expenditure (CAPEX) for FY2018 was RM2.14 billion, or 18.1% of revenue. The expenditure comprised 57.0% of total spending for access, followed by 18.0% on core network and the remaining 25.0% for support systems. CAPEX last year was markedly lower than earlier guidance of 19.0-20.0% of revenue as at July 2018, revised from our initial guidance of the mid-to high-20.0% of revenue (as at early 2018), mainly due to re-prioritisation of projects and sweating of existing assets in response to the challenging conditions.

We closed the year with a healthy cash balance of RM2.76 billion, as a result of improved working capital management. We paid closer attention to collections and our Account Receivable (AR) days, with continued enhancements taking place to our credit and collection practices.

We also remain vigilant in keeping our strong financial indicators, and maintaining our debt ratios within the headroom guidance of 2.5x Gross Debt/EBITDA to preserve TM's investment-grade credit standing. In 2018, our Gross Debt/EBITDA ratio was 2.4x. Whilst we have kept our credit rating at investment-grade (as set out in the table), we acknowledge that the weakening of certain financial metrics had resulted in the downward revision of our baseline credit assessment by Moody's from "a3" to "baa1" in May 2018, and we have put in place new measures and controls to ensure that our financial fundamentals and cash flow are fortified.

TM Credit Rating

Moody's	A3 (baseline credit assessment "baa1")
S&P	A- (stand-alone credit profile "a-")
RAM	AAA

Group Chief Financial Officer's Review

TM EXISTING DEBTS

as at 31 December 2018

	IMTN 001	IMTN 002	IMTN 003	IMTN 004	IMTN 005	IMTN 006	IMTN 007	IMTN 008
Coupon	4.50%	4.20%	4.20%	4.00%	3.95%	3.95%	3.93%	4.30%
Maturity Date	25 Jun 2021	13 Sep 2021	10 Dec 2021	13 May 2022	19 Dec 2022	28 Apr 2023	23 Jun 2023	18 Dec 2020
Principal (RM)	300,000,000	300,000,000	200,000,000	250,000,000	300,000,000	400,000,000	250,000,000	200,000,000

Note: (i) ICP is an abbreviation for Islamic Commercial Paper and IMTN is an abbreviation for Islamic Medium Term Note
(ii) IMTN 001 to IMTN 007 were issued under the ICP/IMTN programme of up to RM2.00 billion
(iii) IMTN 008 to IMTN 017 were issued under ICP/IMTN programme of up to RM3.00 billion
(iv) IMTN 018 was issued under ICP/IMTN programme of up to RM4.00 billion

Foreign Currency Debt

	Yankee Bond
Coupon	7.875%
Maturity Date	1 Aug 2025
Principal (USD)	300,000,000

	Term Loan
Interest Rate	3mLibor + 0.91%
Maturity Date	30 Oct 2020
Principal (USD)	100,000,000

Note: The USD term loan was swapped to RM exposure with an average interest rate of 4.01%

	EMTN 001	EMTN 002	EMTN 003
Currency	USD	USD	USD
Coupon	3.70%	1mLibor + 1.35%	3.422%
Maturity Date	25 Feb 2026	19 Aug 2023	15 Nov 2026
Principal (RM)	50,000,000	50,000,000	75,000,000

Note: (i) EMTN is an abbreviation for Euro Medium Term Note.
(ii) EMTN 001 to EMTN 003 were issued under the multi currency EMTN programme of up to USD750.0 million, which is Islamic.

Throughout the year, regulatory and consequent competitive risks were the top-of-mind concerns in the capital markets. Clarity was regularly sought on newsflow affecting TM, such as broadband price cuts, as well as intensifying competition in the retail space alongside potential new infrastructure providers competing in the wholesale space. TM's share price was impacted over the year, closing 57.8% lower at the end of 2018, against the closing of the year prior.

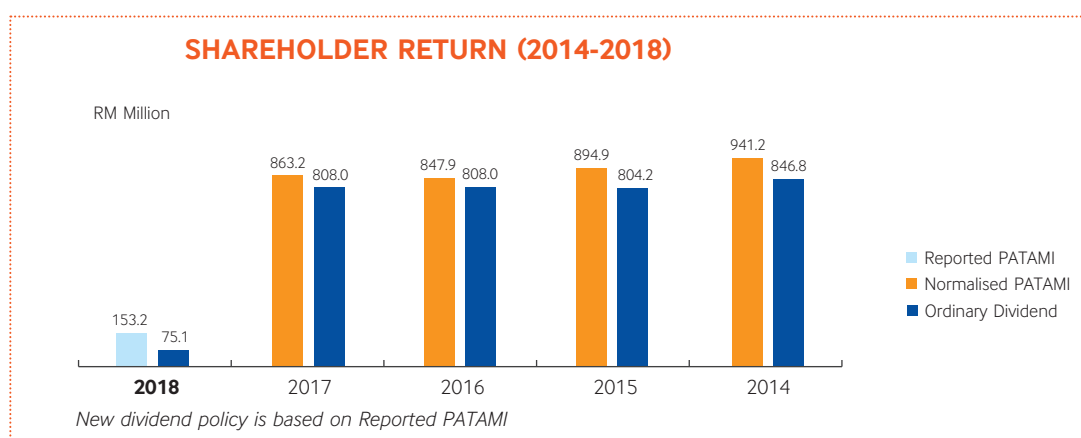
Nevertheless, efforts continue to nurture our relationship with our stakeholders in a timely, proactive and transparent manner, to keep them updated with all the developments and to clarify, to our best extent, any concerns raised.

Ensuring compliance with best practices, all communication with the capital market participants are governed by our internal policies and guidelines, which are kept in line with the numerous corporate governance and disclosure guidelines prescribed by the regulatory authorities, namely Bursa Malaysia and the Securities Commission.

In addition to the abovementioned, concerns relating to our ability to keep to our dividend commitment was also at the top of mind. These are matters of great importance to Management and the Board. In light of the current operating landscape and after careful consideration of the potential impact on our earnings alongside our efforts to transform the Company to adapt thereto, the Company revised its dividend policy to support our long-term strategic objectives. It was announced on 26 November 2018 and takes effect from the financial year end 31 December 2018. The new dividend policy states that the Company intends to distribute yearly dividends of 40.0% to 60.0% from its PATAMI. Dividends will be paid depending on overall business and earnings performance, capital commitments, financial conditions, distributable reserves and other relevant factors.



IMTN 009	IMTN 010	IMTN 011	IMTN 012	IMTN 013	IMTN 014	IMTN 015	IMTN 016	IMTN 017	IMTN 018
4.82%	4.738%	4.55%	4.55%	4.23%	4.88%	4.58%	4.73%	4.342%	4.68%
21 Mar 2024	27 Jun 2024	7 Oct 2024	20 Dec 2024	10 Jun 2022	28 Nov 2025	3 Sep 2027	18 May 2028	25 Aug 2023	31 Oct 2028
300,000,000	300,000,000	300,000,000	300,000,000	300,000,000	300,000,000	500,000,000	250,000,000	250,000,000	800,000,000



HERE TO POWER TM'S TRANSFORMATION

One of the key roles for Group Finance and the Finance organisation in this critical phase is to ensure TM remains fundamentally strong, with sound financial management to power TM into its new enhanced state. This will entail shifting the organisation's position as the partner to the business to being at the forefront – beyond reporting, budgeting and its customary role, to being the organisation that ensures the business cases associated with new projects, investments, spending and management of our assets will yield the highest and most sustainable value, whilst protecting the interests of the company with robust risk management and stringent internal controls.

Cashflow and balance sheet management remains prominent over this period, with priority to maintaining our strong liquidity position. In order to fund our business plan for 2019 (with a CAPEX guidance of the same level as 2018) and for the next few years, we have mobilised our comprehensive capital programme, the first initiative being the successful launch of our AAA-rated Islamic Commercial Papers and Islamic Medium Term Notes pursuant to an Islamic Medium Term Notes Sukuk Wakalah Programme with a Combined Limit of RM4.00 billion, in September 2018.

As we progress toward strengthening Group Finance's influence and participation in key decision making, we continue to see progress in the adoption of digital and non – traditional ways of supporting the Group and increasing the quality of our deliverables. As we speak, initiatives to strengthen the Finance organisation, in response to the higher expectations placed upon us as a team, and TM as a company, are also well underway, encompassing all the finance-related skillsets as well as future digital skills and other ancillary capabilities to add value to our people.

Strong financial discipline has always been the foundation of the TM Group, and Group Finance will reinforce our commitment to demonstrate our persona of being the most valued partner to the business, to be the organisation that will support the execution of the PIP2019-2021 and one that is here to power this phase of transformation.



Enabling Industrial Revolution (IR) 4.0





Throughout the past century, we have seen major industrial shifts across several sectors of the economy. The introduction of the assembly line propelled the manufacturing industry to become the main mechanism for the economy. However, in recent years a new wave of thinking has emerged which could disrupt the current economic landscape. The economy is moving towards a more data-driven approach. Companies and businesses are valuing data analytics to predict new global market trends. People are calling this movement Industry 4.0 (IR4.0). It refers to a new phase that moves away from the old models in the Industrial Revolution. IR4.0 emphasises on the importance of interconnectivity, automation, machine learning, and real-time data access. Plants that have adopted this concept are being called “smart factories”. These factories incorporate technology into their systems thus allowing them to monitor the physical processes of production hubs and make decentralised, non-human reliant decisions.

To be considered as IR4.0-enabled, factories and systems need to be interoperable, provide a high-level of information transparency, give technical assistance, and make decentralised decisions. The machines within these factories and systems need to be able to communicate with each other. It allows for a more fluid interaction that would help in the operations as a whole. Systems need to be able to store any data or information produced as a virtual copy which can help in contextualising information accurately. Creating these complex systems would enable a high-level of technical assistance that could support humans in making strategic decisions and solve pertinent issues. Self-correcting systems would greatly reduce the amount of human interaction needed to provide upkeep and instead focus on more innovative developments.

In Malaysia, we have begun to take steps towards embracing IR4.0. Based on the “Industry4WRD National Policy on Industry 4.0” by the Ministry of International Trade & Industry, it was mentioned that the digitalisation of production-based industries is driven by a set of rapidly evolving and converging technologies. The government realised the potential of the digital economy and has identified the major factors which contribute to it. The policy discusses about four (4) key IR4.0 technologies which are cloud computing, cybersecurity, Internet of Things (IoT), and Big Data analytics. These sectors have been the main topics in the new digital economy and it has seen a rise in demand worldwide.

On TM’s side, we have taken it upon ourselves to answer the challenge set by the market and government. We are currently restructuring our product and services portfolio which focuses on catering to Cloud services. By creating a virtual ecosystem for our services, we would be able to gather and analyse data efficiently at any given time. Cloud services consist of technology stack delivering applications such as Software-as-a-Service (SaaS), Platform-as-a-Service (PaaS), and Infrastructure-as-a-Service (IaaS) which would be able to accommodate broad variants based on our customer’s needs.

As part of our cloud-based connectivity initiatives, we have started to introduce Software Defined Wide Area Networking (SDWAN) products for our services. Through this, we are able to offer our customers

superior value-added services with distinct levels of services. This gives more power to the consumer to choose what works best for them. The choices range from Multiprotocol Label Switching (MPLS), Long Term Evolution (LTE) and C-Bands which show that our SDWAN packages were made to meet various customer demands. In 2017, we launched the ‘Biz Accelerator Suite’ (BAS) which aims to meet the minimum requirements of budget-conscious customers. For those with low and medium sized budgets, we have included the ‘SDWAN Professional’ package. These packages are catered to solve connectivity issues for the majority of our customers. As part of our premium services, we have designed the ‘SDWAN Premier’ which allows our customers to take full advantage of our high-speed connections.

Looking into the future in 2019, we have mapped out the plans for our smart services. We will focus in two (2) areas – Smart City and Smart Real Estate. With the increasing population in Malaysia and more people moving into the cities, we have created a plan to help alleviate this concern. By incorporating the use of technology into urban planning, we are able to improve on previous plans and develop a more sustainable city. The use of technology in our surroundings would help local authorities to work efficiently. Cities would be safer and any problems found in local operations would be handled by a smart ecosystem. We firmly believe that this is the right direction that we need to make in order to progress as a society.

TM ONE as the enabler for businesses and the public sector offers a comprehensive suite of fully integrated digital and infrastructure services that aid customers’ transition to new operating environments enabled by cloud, virtualised services and IoT such as digital payment platforms, Digital IDs, Cybersecurity, Geo Information System, Cloud as well as smart cities. In realising the customers’ digital transformation. These solutions will fulfil the needs of businesses in embracing digital convergence as the next frontier of advanced innovation. In today’s world of digital disruption, businesses are now able to find the best way to efficiently transform their operations through data. With technological advancement, digitisation and data analytics have rapidly reformed the business landscape, enabling the advent of new business innovations and new forms of competition.



Here for you...
for a better future



We make choices every day that affect the way we live. Some casual, some crucial but all impacting our lives to some degree. At TM, we take our responsibilities seriously, to our people, the environment and to society. By choosing to embed sustainable practices into all we do, infusing every thought and guiding every action, we continue to keep your best interests at heart, for now and the future.



Sustainability Statement

Our company's motto goes beyond making profits. We embrace the responsibility of catalysing economic growth by empowering businesses, and serving in the best interests of our people, customers, community and the environment.

As an Enabler of the Digital Nation, we are committed to help propel Malaysia towards a digital economy. In achieving our business purpose, we also fulfil our social and environmental responsibilities as a corporate citizen. In other words, our efforts extend beyond just driving financial performance. Our long-term approach to business is also to create positive Economic, Environmental and Social impact.

In 2018, the historical shift in national leadership and the impending policy reforms have had an impact on our business operations, with our role as a Government-Linked Company (GLC) placing us in a unique position. On one hand, we want to continue to catalyse national development projects, supporting local businesses and creating income opportunities. On the other hand, we want to succeed as a competitive and innovative business committed to deliver growth and value for our stakeholders. In short, we have to balance the greater responsibility that we inherited from our legacy as a multifaceted and experienced organisation, while continuously monitoring to meet the rising expectations of our various stakeholders.

Therefore, in 2018, we conducted an in-depth engagement exercise with our priority stakeholders to include our regulators, investors, customers, employees as well as chain partners. With their feedback and rich insights, we have been able to re-evaluate our priorities and address some of the most material aspects to our business and stakeholders. This will enable the future-proofing of our organisation to prepare TM for whatever lies ahead. Digital preparedness and digital transformation, in particular, will go a long way into positioning TM as a forward-looking organisation, equipped to deliver solutions of the future.

In the midst of a challenging business and operating landscape, we realised our strategies towards identifying and managing long-term risks and opportunities, with near-term as well as long-term approaches and strategies. We will focus on building a sustainable and responsible business, which will create value for all our stakeholders. We endeavour to improve stakeholder experience and our strategic response to their needs and expectations. This is part of our promise, to always be 'Here for You'.



Sustainability Disclosures

SCOPE OF REPORT

This year, as we progress on our integrated reporting journey, the management has taken a decision to digitise our sustainability report into an e-book, which will be more accessible, environmentally-friendly and easy-to-navigate. For more details on our sustainability initiatives, kindly refer to our Sustainability Report 2018 [link to report].

REPORTING STANDARDS

TM's Sustainability Report 2018 was developed in keeping with various local and international standards and frameworks:

- Bursa Malaysia's Main Market Listing Requirements on Sustainability Reporting
- Global Reporting Initiative (GRI) Sustainability Reporting Standards
- The ACCA Malaysia Sustainability Reporting Guidelines for Malaysian Companies
- ISO 26000:2010 Guidance on Social Responsibility
- The United Nations Sustainable Development Goals (UN SDGs)

BOUNDARY

Our online Sustainability Report covers TM's operations and initiatives in Malaysia, covering 15 TM states, where we have a strong presence and coverage. We have identified 22 materiality topics to include in this report, which are all directly/indirectly linked to our business. Our response to these issues is addressed through our stakeholder engagement and materiality exercise.

REPORTING PERIOD

All data and information covered in this report is for the calendar year 1 January 2018 – 31 December 2018, unless stated otherwise. The last report was published in April 2018 for the year 1 January 2017 – 31 December 2017.

INDEPENDENT ASSURANCE

The authenticity of this report was verified through an independent assurance, which was conducted through an external audit by SIRIM QAS International Sdn Bhd. This is a part of our commitment to go the extra mile to obtain independent assurance as recommended by the GRI Sustainability Reporting Standards.

POINT OF CONTACT

We are always trying to improve the quality of our reporting. We welcome all questions and feedback on TM's Sustainability Report 2018. Please contact us at: gbc@tm.com.my



Sustainability Framework

Our approach to sustainability is founded by the Company’s vision of making Life Easier for A Better Malaysia. This, in turn, translates to the creation of our Sustainability Framework, which has five (5) pillars. We have also aligned our activities to the United Nation’s Sustainable Development Goals, or UN SDG, so that we can play a role in providing action plans to address challenges that have been identified by the global community.

LIFE MADE EASIER FOR A BETTER MALAYSIA

- BETTER FUTURE
- ECONOMIC VALUE
- GREEN CITIZENSHIP
- SOCIAL EQUITY
- GOOD PRINCIPLES

ECONOMIC

Catalyse Malaysia’s transformation into a ‘Digital Economy’ via integrated network infrastructure, digital platforms, seamless connectivity and innovative solutions.



ENVIRONMENTAL

Manage our environmental impact through resource optimisation and reduction of our carbon footprint, mainly from our operations across the value chain.



SOCIAL

Nurture our people as well as the communities towards a digitally-empowered and enabled future by upskilling and education, reducing inequalities, and promoting health and well-being.



Here for you... to create better value

We have always been at the forefront of delivering cutting-edge technology in connecting Malaysians. We also realise the role that we play in the nation's economic well-being. Our purpose is clear for each and every Warga TM – to always provide the best value in every product and services that we have to offer for the country, helping Malaysia achieve the aspiration of living in a Digital Economy.

ENSURING QUALITY IN EVERYTHING WE DO



EMBEDDING INNOVATION FOR SEAMLESS CONNECTIVITY



M1 Product Innovation

Digitisation and digitalisation have pushed us towards innovating our products and services. With an extensive network of fibre, copper and submarine cables, we have inculcated an innovative culture that meets the needs of the new-age digital customers, while providing seamless connectivity for Malaysians across the country and worldwide.

Highlights 2018

Key Initiatives

- Invested heavily into expanding our Point of Presence (PoP) – high-speed telecommunications technologies that allow consumers to connect to the internet through their Internet Service Provider (ISP).
- Installed more than 90 km of submarine cables under Rural Broadband (RBB) Initiative.
- Launched the "TM ONE Process Improvement Initiative" and "TM Learning Centre" to enable continuous business efficiency by eliminating process disconnect and redundancies in all core processes.
- Developed an Open Innovation Platform (OIP) to act as an ecosystem to develop and launch digital products at lightning speeds.
- Upgraded Iskandar Puteri Core Data Centre (IPDC) and Klang Valley Core Data Centre (KVDC) into a Tier III DC Standard with state-of-the-art facilities.
- Introduced the Integrated Operations Centre (IOC) to serve as a centralised command centre for Network Operations of smart services.

Impact & Achievements

28 PoPs
throughout the globe
including nine (9) PoPs in
Malaysia

>20
submarine
cable systems

RM37.0 million
identified in
cost improvements

>5.5 million
broadband ports
deployed nationally

77.0%
unifi Mobile population
coverage



Highest levels of service availability, reliability and security with upgraded data centres



Developers are able to leverage on available services to build a future API economy



Consumers can self-diagnose their WiFi and switch to other channels



ENHANCING CUSTOMER EXPERIENCE

M2 Service Quality

At TM, we believe that customer experience is an emotional connection. The journey that customers go through with our organisation is the ethos of our branding. This year, we continue to go the extra mile by incorporating digital technology into consumer interactions, which resulted in a simpler yet engaging customer journey.

Highlights 2018

Key Initiatives

- Introduced the Driving Digital Adoption (DDA) initiative to promote our digital channels and apps to our customers for enhanced digitisation.
- Introduced the Interactive Voice Recording (IVR) system that provides self-help for customers trying to reach our call centres.
- Improved the process of dealing with unifi customers by guiding them to perform a speed test via a wired connection.
- Equipped our Customer Service Professionals (CSP) at contact centres with a system that automatically reads the technical status of the broadband and course of action to rectify the issue.
- Utilised big data platform to analyse our network strength in fixed and mobile coverage through Integrated Access Planning (IAP).
- Provided various employee training programmes for our front liners to enhance their customer service skills and knowledge.
- Launched the TM ONE Experience Centre (EC) to deliver unique customer experience in digital across various touchpoints of the interactive ecosystem.
- Launched the HERO app to leverage on employees for sales generation while managing customer feedback in real time.
- Established the Network Management Operations (NMO) Training Academy to equip our field operations with skills to deliver high-quality customer service.
- Removed Fibre Termination Box and Fibre Wall Socket during unifi installation to improve the quality of internet connection and reduce customers' waiting time.
- Launched the Integrated Service Desk (TM ONE) for an integrated omni-channel engagement experience.
- Introduced EXPRESS, a troubleshooting mechanism to improve overall fibre fault restoration and reduce unnecessary truck roll to customers.

Here for you... to create better value

Impact & Achievements

70.0% decrease in the average waiting time for walk-in customers at TMpoint outlets nationwide

95.0% of complaints resolved within our target time

13.0% increase in complaint resolution performance in 2018

Reduced call time between customers and CSP

1,500 suppliers engaged with NMO Training Academy to provide quick network restoration to reduce service disruption period

MANAGING OUR SUPPLY CHAIN

M3 Responsible Supply Chain

M19 Fair & Equitable Policies

M20 Regulatory Compliance

M22 Engagement



Our suppliers are expected to follow a set of clearly defined principles based on international and sectoral standards, which is a mandatory part of their agreement in working with our team. The contractors are also advised to meet or exceed international standards on environment, safety, human rights and sustainability measures. Their compliance is actively tracked for our risk and analysis process.

Highlights 2018

Key Initiatives

- Introduced the Procurement Institutionalisation of Technology Application and Resources (PINTAR) initiative to institutionalise improved processes in the procurement value chain.
- Launched Lapasar, an online purchasing portal to provide the best competitive prices.
- Introduced Group Procurement Online System (GPOS) to automate the operation, tracking and reporting of tasks by digitisation e.g. procurement activities tracking.
- Introduced the Digital Application Procurement for Agile Transformation (DAPAT) initiative to accelerate flexible processes for customised Digital Solutions or Applications, without compromising governance.

Impact & Achievements



>RM3.70 billion
(78.0% of total procurement)
contributed to local suppliers in 2018 compared to
RM1.36 billion in 2017



RM4.2 million
identified in cost avoidance
from improved processes



>40 hours
productivity improvement
per month



8.37 rating in
Supplier Satisfaction Index (SSI)
exceeding the 8.2 target



>7,000 current
active suppliers



10,000 hours of productivity
improvement including online quotation (RFQ)



>60.0% improvement in procurement process
cycle time

Improvement via PINTAR

DELIVER WITH INTEGRITY

M19 Fair & Equitable Policies

M20 Regulatory Compliance

Our license to operate depends on our ability to meet and exceed all relevant regulatory requirements. We commit and comply with all regulations applicable not only because we have to, but because these standards reiterate our own standards of operating at the highest level of integrity.

Highlights 2018

Key Initiatives

- Enhanced the Declaration of Assets and Interest system to also require a declaration from employees' spouses.
- Developed the e-learning AMANAH Video Series to educate employee on our ethics and integrity policies.
- Held several TM Integrity Events to educate all levels of employee in building a culture of compliance and integrity.

Impact & Achievements

99.4%
of employees completed the Declaration of Assets and Interest

1 case
of non-compliance for misconduct committed by employee and external party who dealt with TM

PROTECTING THE PEOPLE



SAFEGUARDING THE PUBLIC



M5 Consumer Health & Safety

We have mandatory policies and standards in place to ensure that we meet this promise. For instance, our Customer Premise Equipment (CPE) must comply with TM's CPE Technical Specification. This clause has high technical standards that ensures the supplied products are safe to be operated in the premises of consumers.

Highlights 2018

Key Initiatives

- Continuously comply with our code of conduct to provide safe and high-quality products.

Impact & Achievements



0 complaints on the safety of products and services



All our products are consistently in compliance with regulatory standards



STRENGTHENING ONLINE SAFETY & PRIVACY

M6 Consumer Data & Privacy

M21 Grievance Mechanism

With the nation moving towards an increasingly more digitalised lifestyle, concerns regarding online safety and data privacy have become more prevalent. We recognise the critical role we play in protecting our users from these risks. As such, our Group Information Security (GIS) is always on the lookout for any potential breaches while implementing the best initiatives to increase online safety.

Highlights 2018

Key Initiatives

- Conducted and participated in Cyber Security Seminars to raise awareness on online safety within the workforce.
- Received the Information Security Management System (ISMS) Certification for our critical domains, which is in accordance with the needs and expectations of stakeholders.
- Deployed the TM Detection and Response of Advance Persistence Threats (APT) solutions.
- Received the Payment Card Industry Data Security Standards (PCI DSS) certification for our payment system.
- Uplifted the Security Operations Centre (SOC) with capabilities and tools to better manage security threats and incidents.
- Educate TM employees about Information Security Policy via email blasts to raise awareness and avoid threats.

Impact & Achievements



0 breach of customer privacy and theft cases



0 loss of customer data cases

Here for you... to build a sustainable tomorrow

Our future is dependent on our individual efforts in taking care of the environment. As a corporate citizen, we are committed to the preservation and conservation of the natural world so that it can be enjoyed by future generations. We understand that the impact we leave on the environment affects the well-being of everyone and therefore are always looking for ways to play our part.

MANAGING ENERGY CONSUMPTION AND CLIMATE CHANGE

M7 Climate Change & Energy Management



There is an almost universal consensus on the detrimental role of greenhouse gas (GHG) emissions in global climate change, particularly carbon dioxide (CO₂) emissions. We continue to monitor and better manage our carbon footprint and energy consumption to minimise the impact on the environment.

Highlights 2018

Key Initiatives

- Engaged with an Energy Service Company (ESCOs) through our Energy Performance Contracting (EPC) model to implement our energy reduction plan.
- Held energy efficiency programmes within the workforce via internal communication tools.
- Introduced an energy efficiency programme to 150 Regional Buildings to improve the Power Usage Effectiveness (PUE) at TM nodes.
- Installed LED efficiency lighting in our commercial buildings.
- Hired a registered Energy Manager for buildings of 3 MWh for 6 months.
- Calculated greenhouse gas emissions to fully understand our impact.

Impact & Achievements

1.4% reduction in energy consumption at selected TM buildings (2017: 59.2 MWh; 2018: 58.4 MWh)

4.6 MWh in savings for 16 completed sites

9.9 MWh in savings at TM nodes

5.7 MWh in savings from new LED lighting system

14,665 tCO₂ released in GHG emissions

2.5% reduction in carbon emissions from electricity consumption

HANDLING OUR RESOURCES AND WASTE

M8 Resource Use & Waste



We take great responsibility in finding ways to minimise our use of resources as well as our waste generation to help reduce pressure on natural resources. Our buildings and operations employ the 3R principles of Reduce, Reuse and Recycle, which is further instilled in our employee and contractors.

Highlights 2018

Key Initiatives

- Calculated, our 'water footprint' – carbon emissions from water consumption.
- Used recycled water from the surau in Menara TM to water the plants surrounding the building.
- Converted paper bills into e-bills to reduce paper wastage and printing costs.
- Participated in a Technical Forum – Scheduled Waste Management for Base Stations to develop a standard guideline in managing telecommunications waste.
- Conducted frequent monitoring of dust particle concentrations to ensure compliance with regulatory limits.
- Conducted regular noise monitoring to ensure that noise emitted from sites are within acceptable limits.

Impact & Achievements



1.73 tCO₂ of carbon emissions saved from using recycled water from the surau to water the plants surrounding Menara TM



e-Bill Enhancement Initiative:

- 100.0%** of unifi customers converted to ebills to save paper
- Awarded the **Outstanding JomPay Biller** at the Malaysian – Payment Excellence Awards 2018



100.0% of **dust monitoring** results well below regulatory limits, therefore preventing employees' exposure to occupational lung cancer, tuberculosis and other lung diseases



100.0% of **noise monitoring** levels were within the acceptable limits set by regulators, therefore preventing high noise levels that lead to hearing impairment, hypertension, increased accidents or general unhappiness in the workplace

PROMOTING ENVIRONMENTAL AWARENESS



M9 Green Awareness/Education

In addition to monitoring our own environmental impact, we have the responsibility of educating others and raising awareness on how everyone can play their part. As a strong supporter of the UN Sustainable Development Agenda, we understand the need to raise the awareness of Malaysians to help achieve a better and more sustainable future for all.

Highlights 2018

Key Initiatives

- Conducted the Junior Environmental Leadership Series to raise awareness on environmental preservation for school students.
- Continued the MyCoral Marine Educational Initiative to educate the public on the importance of marine ecosystems.
- Conducted the My Summit: Trail Ecology and Sustainability programme to educate school and university students, and local mountain guides on the importance of conserving natural resources with special emphasis on trail management.
- Participated in the Earth Hour 2018 by switching off all lights for one (1) hour at selected TM buildings including TM Terengganu buildings.
- Held the Environmental Education Charity Programme by unifi to nurture young children on environmental conservation.
- Introduce Environmental Outreach campaigns to create a sense of care for the environment among warga TM.
- Organised the Kidzania Go! Education Outreach Programme to raise awareness on the importance of recycling among school students.

Impact & Achievements

 <p>>2,500 students and teachers reached in the Junior Environmental Leadership Series</p>	 <p>>1,200 coral reefs propagated by over 300 volunteers in MyCoral Marine Educational Initiative</p>	 <p>>190 participants benefitted including local mountain guides in My Summit: Trail Ecology and Sustainability Programme</p>	 <p>1,000 kg worth of recyclables collected at our environmental outreach events</p>
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Here for you... to empower lives

We are a people-centric organisation – the success of our journey is supported by our dedicated workforce, loyal customers and local communities. Our business is built on this network of people. We believe that by giving back to society, we will be able to build a sustainable environment that benefits everyone. Therefore, it is our duty and obligation to empower the lives of our people and communities, and to prepare them for excellence in the digitalised future.

NURTURING A HIGH-PERFORMANCE CULTURE



ATTRACTING TALENT



M10 Talent Retention & Attraction

Our people are the backbone of the organisation. We would not be who we are today without our dedicated workforce. Thus, it is important to continuously bring in the best talents to the organisation. The Yayasan TM (YTM) scholarship programme was established to enable us to scout for and recruit high-potential talents.

Highlights 2018

Key Initiatives

- Hired approximately 100 YTM scholars who will graduate from top universities worldwide to join our workforce.
- Developed our scholars' leadership skills through our YTM Leadership Development programmes.
- Attended career fairs both locally and abroad to recruit out the most promising young and talented Malaysians.
- Identified and trained a group of employees with adequate knowledge and skills relevant to TM's business, such as design thinking, leadership and engagement programmes.

Impact & Achievements

Winner of Malaysia's Best Employer Brand Award 2018

>700 potential leaders were identified among Warga TM

>97.0% retention rate since 2016



UPSKILLING OUR EMPLOYEES



M10 Talent Retention & Attraction

M11 Training & Development

It is not enough to just attract the top talent available. We are also responsible for providing sufficient training and development opportunities to tap into their full potential. Our training programmes not only include career progression, we also provide guidance on other areas such as financial concerns, health and family relationships.

Highlights 2018

Key Initiatives

- Launched the TM Learning and Development (TM L&D) team to set the direction for our L&D strategies.
- Delivered various L&D programmes to enhance employees' digital capabilities, mindset change, technical skills, and Information & Communication Technology (ICT) as well as generic soft skills.
- Introduced the EduBite app, an internal digital learning app that promotes continuous L&D.

Impact & Achievements



>23,000 employees participated in L&D training



>RM17.0 million spent in L&D Training



>450,000 total training hours



>1,400 training sessions conducted via various modes including classroom and e-learning



HAPPY WORKERS, HEALTHY WORK SPACE



- M12 Employee Health & Safety
- M15 Work-Life Balance
- M18 Corporate Culture
- M22 Engagement

Our business in serving the communication needs of all Malaysians requires a healthy, motivated workforce. We understand the important role we have in grooming and taking care of the wellbeing of our employee, not just for the efficiency of running our operations but also our responsibility as a corporate citizen.

Highlights 2018

Key Initiatives

- Introduced Life Coach, a dedicated counselling programme to ensure the mental wellbeing of employees.
- Held the Healthy Lifestyle Campaign to promote the physical health of employees.
- Offer complimentary health screening for our more senior employees.
- Conducted frequent employee engagement programmes throughout the year.
- Launched the Sayangi TM initiative to help our people face the challenging business environment that has impacted our financial performance this year.
 - Voluntary Annual Leave Purchase
 - Voluntary Self-Declared Recovery Leave
 - Voluntary Work Anywhere
 - Flexi Working Arrangement-Flexiweek
 - EPF Employer Contribution Adjustment

Impact & Achievements

Voluntary Annual Leave Purchase >700 employees have applied for more than 1,900 days of leave	Voluntary Self-Declared Recovery Leave >8,400 employees have utilised more than 13,300 days	Voluntary Work Anywhere >4,000 employees have opted for this programme	EPF Employer Contribution Adjustment >4,900 employees have opted for this programme
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ENHANCING THE WORK EXPERIENCE



- M15 Work-Life Balance
- M11 Training & Development
- M17 Compensation & Remuneration
- M22 Grievance Mechanism

Over the past two (2) years, we have taken concerted steps towards the digitisation of our internal processes, and HR is an area where this effort has seen tremendous progress. As part of our efforts to digitise our HR services, various apps have been developed internally to provide better access to tools and resources for employees, anytime and anywhere.

Highlights 2018

Key Initiatives

- SMILE App: tracks employee engagement levels in real-time.
- GROW App: allows employees to manage their performance goals and appraisals.
- TM Medic Mobile: provides access to various medical services.
- ERA App: enables employees to apply for job vacancies within the company.
- FLOW App: allows employees to communicate while they work on-the-go.
- Doutit App: enables employees to generate additional income and explore other areas of interest beyond the current job scope.

Impact & Achievements

Number of downloads by employee

FLOW >16,000	TM Medic Mobile >11,000	GROW >6,000	ERA >800
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Here for you... to empower lives



ENGAGING WITH UNIONS



M19 Fair & Equitable Policies

M21 Grievance Mechanism

M22 Engagement

At TM, we understand the need for Unions in protecting the rights of workers and partners. We conduct regular engagements with our Unions to create an open and positive relationship. We try to consistently listen to their grievances and maintain industrial harmony.

Highlights 2018



ENCOURAGING AN INCLUSIVE WORK CULTURE



M14 Diversity & Inclusion

We understand the value of diversity when it comes to our workforce and seek to aptly reflect the country's cultural diversity within Warga TM. We are also strong advocates for gender equality, as seen in our talent recruitment, development, promotion and remuneration, with career progression that is based on merit and not gender.

Highlights 2018



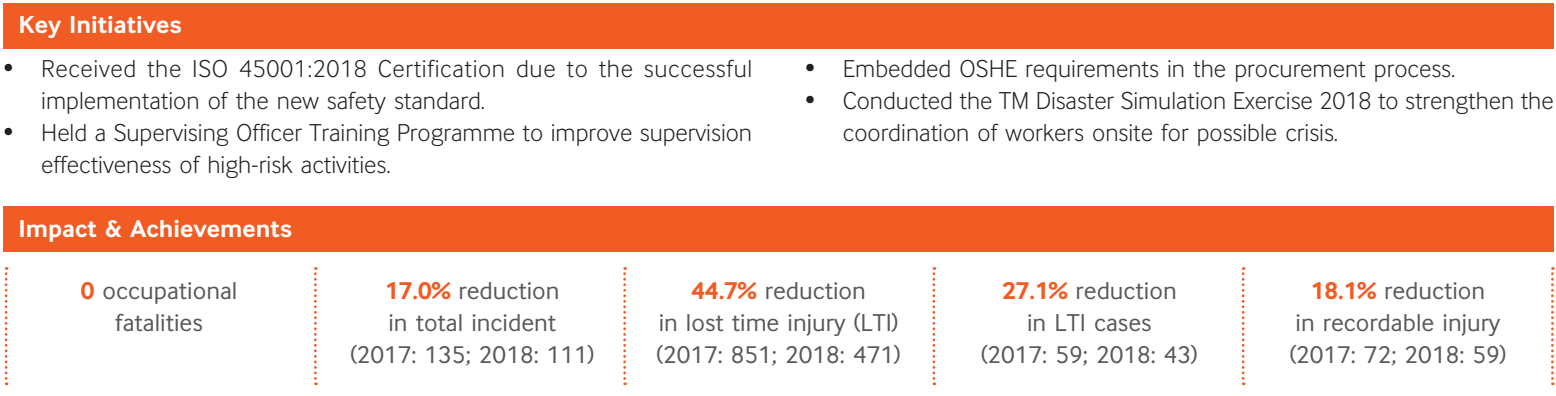
ENSURING THE HEALTH AND SAFETY OF WORKERS



M12 Employee Health & Safety

The health and safety of our employees, as well as our contractors, are vital. We have in place a strong culture of safety that is supported by continuous training, supervision and monitoring to ensure that everyone in TM has the required skills and knowledge to carry out their job function safely. We are guided by TM's Occupational Safety, Health and Environment (OSHE) Policy.

Highlights 2018



EDUCATING FUTURE INNOVATORS



YAYASAN TM (YTM)



M16 Community Welfare & Wellbeing

YTM was established as the scholarship unit in TM on 10 November 1994. Since then, it has provided aid to over 15,000 deserving students to pursue secondary and tertiary studies in Malaysia and abroad, with a total sponsorship value of over RM500.0 million. Yayasan TM remains committed in its mission to support nation-building through investment in the education and development of future leaders.

Highlights 2018

Key Initiatives

- Conducted the Young Leader Scholarship Programme and Future Leader Scholarship Programmes.
- Held the Young Explorer Passport Programme to inspire children in Science, Technology, Engineering, Arts and Mathematics (STEAM).
- Introduced the Performance Intervention Programme to assist and keep track of scholars' academic performance.
- Conducted the Digital Makers Programmes to inspire children to cultivate their creativity and digital skills.
- Restored the first Post & Telegraph (P&T) Office in Malaysia to establish the Telegraph Museum.

Impact & Achievements



>400 secondary students awarded with YTM scholarships



>RM23.0 million spent on **>1,500 students** in 2018



>RM7.0 million contributed to Arts, Culture and Heritage in 2018



MULTIMEDIA UNIVERSITY (MMU)

Our private university, MMU, provides quality education to young Malaysians in engineering and technology, with special emphasis on innovation, creativity and entrepreneurship.

Highlights 2018

Key Initiatives

- Collaborated with the Malaysian Communications and Multimedia Commission (MCMC) under the Malaysia ICT Volunteer (MIV) programme.
- Established the MMU Digital Futures Research Hub to serve as a bridge that connects researchers from various disciplines to share their knowledge, experience and research on issues regarding the digitalisation of society.
- Signed an MoU with Maruwa to collaborate research and development projects.

Impact & Achievements

An average of **90.0%** of MMU students secured a job within the first 6 months of graduating

>56,000 graduates entered the domestic workforce

Ranked between **301-350** for Computer Science and Information System Ranking by QS World University 2018

Improved ranking from 179 (in 2017) to **175 (in 2018)** in the QS Asia University Rankings.

Provided internship and career opportunities to **MMU students at Maruwa**, a global leader in electronics

Here for you... to empower lives

EMPOWERING A DIGITAL NATION



MAJOR CORPORATE RESPONSIBILITY PROGRAMMES FOR 2018



M13 Employee Volunteerism

M16 Community Welfare & Wellbeing

We take our corporate responsibility (CR) work to heart. However, our CR programmes go beyond just charity work. Our programmes are specifically cultivated to align with the United Nations Sustainable Development Goals (SDGs), and the Industrial Revolution 4.0 (IR4).

Highlights 2018

Key Initiatives

- Program Usahawan Wanita (PUW 4.0): to help elevate female entrepreneurs by using new technology as part of their business decision-making process.
- TM School Adoption Programme: to foster academic and non-academic excellence.
- TM 3Ducation Programme: to provide the necessary skills and knowledge for students and teachers in 3D technology.
- TM Nano Maker Kit Programme: to enable students to collect and analyse experimental data collected during Physics, Mathematics and ICT learning.
- TM Robotics Programme: to expose students to robotic engineering and develop their problem-solving skills.
- TM Coachunity Programme: to promote academic excellence via sports development among rural school children.
- The KidZania Go! Outreach Programme: to educate children on the importance of recycling.
- Launched the ENSANI App to enable people to channel their donations using online banking and e-wallet.
- Held the Clean as You Go Campaign to raise awareness on reducing waste, single use of plastic and recycling initiatives.

Impact & Achievements

 >200 women entrepreneurs trained since the establishment of PUW since 2015	 >28,000 lives touched under TM School Adoption Programme since 2003	 >3,000 students, educators and industry players involved in TM 3Ducation Programme and learned about 3D printing technology since 2016
 30.0% overall academic improvement among students from TM Coachunity Programme	 TM Robotics Programme alumni awarded with the Excellence Awards in Robot Performance in the National Robotics Competition 2018	 >RM300,000 contributed to local communities via CR Programmes

IT & COMPUTER SCIENCE

IS MY WANDERLUST,
LIKE REAL-LIFE GAME MAPS.
IT'S A JOURNEY LIKE NO OTHER.



#GoForIT

Hafiz Ghani
MMU Student



Here for you...
with integrity at heart



We remain steadfast in our commitment to strengthen accountability to protect the interests of our shareholders. We are also committed to achieving the highest standards of integrity, ethics and professionalism. Through good corporate governance, organisational effectiveness and efficient capital management, we will continue to act with integrity at all times.



Who Governs Us

as at 29 March 2019

From Left to Right:

- FAISAL @ PISAL ABDUL GHANI *[Non-Independent Non-Executive Alternate Director]* • SAHERAN SUHENDRAN *[Independent Non-Executive Director]*
- BALASINGHAM A. NAMASIWAYAM *[Independent Non-Executive Director]* • DATUK ZALEKHA HASSAN *[Senior Independent Director]*
- DR FARID MOHAMED SANI *[Non-Independent Non-Executive Director]* • DATO' ASRI HAMIDIN @ HAMIDON *[Non-Independent Non-Executive Director]*



From Left to Right:

- DATO' MOHD NAIM DARUWISH *[Non-Independent Non-Executive Director]* • ROSLI MAN *[Non-Independent Non-Executive Chairman]*
- GEE SIEW YOONG *[Independent Non-Executive Director]* • TUNKU AFWIDA TUNKU DATO' A.MALEK *[Independent Non-Executive Director]*
- HISHAM ZAINAL MOKHTAR *[Independent Non-Executive Director]* • HAMIZAH ABIDIN *[Group Company Secretary]* • ZAITON AHMAD *[Joint Secretary]*



Who Governs Us

Board of Directors' Profile

as at 29 March 2019

ROSLI MAN

Chairman / Non-Independent Non-Executive Director

Malaysian / 65 / Male

Date of Appointment:

- 3 December 2018

Date of Last Re-election:

- Not Applicable

Qualifications

- Bachelor of Science (Electrical and Electronic Engineering), University of Glasgow, United Kingdom (UK)
- Diploma in Electrical and Electronic Engineering (Communications), Technical College, Kuala Lumpur

Working Experience:

Rosli Man has more than 32 years of experience in the telecommunications industry, before he resigned as an Independent Non-Executive Director of TM in 2008. Since then, he has immersed himself in consultation works before returning to TM as its Non-Independent Non-Executive Chairman on 3 December 2018.

He first joined the telecommunications industry in Jabatan Telekom Malaysia in 1976 as Assistant Controller where he gained wide exposure in telecommunication services including the task to implement the country's first mobile telecommunication service i.e. ATUR 450. He then moved to the private sector by joining the Fleet Group as its Group Manager, Technical Services in 1985. From 1988 to 1996, he was instrumental in setting up the first privately owned telecommunications company in Malaysia, the then Celcom (Malaysia) Sdn Bhd (Celcom), catering to the cellular telecommunication business. He left Celcom as its President in 1996 to join Prismanet Sdn Bhd as Managing Director and held the position until November 1998. In July 2000, he joined Natrindo Telpon Sellular (NTS), the GSM 1800 cellular operator in East Java, Indonesia as Chief Operating Officer. He left NTS in January 2002.

Directorship

Listed Issuers:

- Telekom Malaysia Berhad

Public Companies:

- None

Board Committee

None

Attendance at Board Meeting in 2018

Nil (No meeting held since his appointment during the year)

Other Information

Non-Executive Chairman nominated by Special Shareholder of TM, the Minister of Finance, a body corporate established under the Minister of Finance (Incorporation) Act 1957 (MOF Inc.).

DATO' ASRI HAMIDIN @ HAMIDON

Non-Independent Non-Executive Director

Malaysian / 53 / Male

Date of Appointment:

- 3 October 2018

Date of Last Re-election:

- Not Applicable

Qualifications

- Master of Economics, Hiroshima University, Japan
- Bachelor of Economics (Hons), University of Malaya (UM)
- Diploma in Public Administration, National Institute of Public Administration (INTAN)
- Completed Harvard Premier Business Management Programme

Working Experience:

Dato' Asri began his career as Assistant Director of the Economic Planning Unit (EPU) in the Prime Minister's Department in 1994. Later, he moved to the then Anti-Corruption Agency in April 1998, before serving as Administrative and Diplomatic Officer in the Public Service Department from March 2003. Dato' Asri continued his service as the Principal Assistant Secretary in the Ministry of Finance (MOF) and has held several other positions since, including Deputy Under-Secretary, Investment, MOF Inc. and Privatisation Division. He was appointed the Under-Secretary, Government Investment Companies (GIC) Division, MOF in July 2015 before being promoted as the Deputy Secretary General of Treasury (Investment) in March 2018.

Directorship

Listed Issuers:

- Telekom Malaysia Berhad
- Bina Darulaman Berhad

Public Companies:

- Small Medium Enterprise Development Bank Malaysia Berhad
- DanaInfra Nasional Berhad
- Aset Tanah Nasional Berhad
- GovCo Holdings Berhad
- 1Malaysia Development Berhad
- Protecthealth Malaysia
- Malaysia Convention & Exhibition Bureau

Board Committee

- Member of Board Tender Committee (BTC)
- Member of Board Investment Committee (BIC)

Attendance at Board Meeting in 2018

Attended 3 out of 4 meetings since his appointment

Other Information

Non-Executive Director nominated by MOF Inc.

DR FARID MOHAMED SANI*Non-Independent Non-Executive Director***Malaysian / 43 / Male****Date of Appointment:**

- 1 January 2019

Date of Last Re-election:

- Not Applicable

Qualifications

- PhD in Chemical Engineering from University of Cambridge, UK
- Masters in Engineering from University of Cambridge, UK
- Bachelor of Arts specialising in Chemical Engineering from University of Cambridge, UK

Working Experience:

Dr Farid is currently the Head of Telecommunications, Investments in Khazanah Nasional Berhad (Khazanah), a position he recently held after re-joining Khazanah in 2018. Prior to that Dr Farid served as the Chief Strategy Officer (CSO) of UEM Group Berhad between 2017 to 2018 and also as CSO in TM for more than four (4) years until 2017. Between 2004 and 2012, Dr Farid was in Khazanah as Director in Investments Division, focusing in the telecommunications sector, as a Senior Vice President in Transformation Management Office and Special Officer to the Managing Director's Office. Dr Farid was an Associate at McKinsey & Company for two (2) years before joining Khazanah in 2004.

Directorship**Listed Issuers:**

- Telekom Malaysia Berhad

Public Companies:

- None

Board Committee

- Member of Nomination and Remuneration Committee (NRC)
- Member of BTC
- Member of BIC
- Chairman of the LTIP Committee, a sub-Committee of the NRC

Attendance at Board Meeting in 2018

Not Applicable

Other Information

Non-Executive Director nominated by Khazanah, a major shareholder of TM.

DATO' MOHD NAIM DARUWISH*Non-Independent Non-Executive Director***Malaysian / 58 / Male****Date of Appointment:**

- 3 October 2018

Date of Last Re-election:

- Not Applicable

Qualifications

- Bachelor of Law (LLB), UM

Working Experience:

Dato' Mohd Naim is currently the Deputy Chief Executive Officer (Operations) of the Employees Provident Fund (EPF), a position he has held since 1 October 2014. He started his career in the Judiciary and Legal Services as Magistrate from 1985 to 1992. He joined EPF in 1992 as a Manager in the Prosecution/Litigation Division and has held several positions, including as Head of the Enforcement Department, the Legal Department and the Contribution Department.

From December 2011 to September 2014, he was seconded to the Companies Commission of Malaysia as Chief Executive Officer and later resumed service with the EPF as Deputy Chief Executive Officer (Operations) beginning October 2014.

Directorship**Listed Issuers:**

- Telekom Malaysia Berhad

Public Companies:

- None

Board Committee

None

Attendance at Board Meeting in 2018

Attended 3 out of 4 meetings since his appointment

Other Information

Non-Executive Director nominated by EPF, a major shareholder of TM.

Who Governs Us

Board of Directors' Profile

DATUK ZALEKHA HASSAN

Senior Independent Director

Malaysian / 65 / Female

Date of Appointment:

- Appointed as NINED on 9 January 2008
- Redesignated as INED on 1 June 2011
- Appointed as SID on 1 February 2019

Date of Last

- Re-election:**
- 26 April 2018

Qualifications

- Bachelor of Arts (Hons), UM
- Attended the Advanced Management Programme at Harvard Business School, Harvard University, USA

Working Experience:

Datuk Zalekha began her career in the civil service in 1977 as an Assistant Director in the Training and Career Development Division of the Public Service Department. She continued to serve the Government in numerous ministries including the Ministry of Health, Ministry of Social Welfare and Ministry of National Unity and Social Development.

She later joined the MOF in 1997 as Senior Assistant Director of the Budget Division and continued to serve in various capacities including with the Government Procurement Division. She was the MOF's Deputy Secretary-General (Management) until her retirement in May 2011. She was then appointed as MOF's Procurement Advisor from June 2011 until June 2013.

Datuk Zalekha is the Chairman of Menara Kuala Lumpur Sdn Bhd, a wholly-owned subsidiary of TM.

Directorship

Listed Issuers:

- Telekom Malaysia Berhad
- Malaysia Airports Holdings Berhad

Public Companies:

- None

Board Committee

- Chairman of BTC
- Chairman of NRC
- Member of Board Risk Committee (BRC)

Attendance at Board Meeting in 2018

Attended 10 out of 11 meetings

GEE SIEW YOONG

Independent Non-Executive Director

Malaysian / 69 / Female

Date of Appointment:

- 13 March 2014

Date of Last Re-election:

- 26 April 2017

Qualifications

- Member of the Malaysian Institute of Certified Public Accountants
- Member of the Malaysian Institute of Accountants
- Attended the International Banking Summer School (IBSS) Cambridge, Massachusetts, USA

Working Experience:

Gee began her career in 1969 with PriceWaterhouse, leaving in 1981 as Senior Audit Manager and Continuing Education Manager. She then joined the Selangor Pewter Group as Group Financial Controller and was seconded to the USA from 1983 to 1984 as CEO of Senaca Crystal Inc., a company in the Selangor Pewter Group, which was undergoing reorganisation under Chapter XI of the US Bankruptcy Code. She later became the Personal Assistant to the Executive Chairman of Lipkland Group from 1985 until 1987.

Gee was then appointed by Bank Negara Malaysia (BNM) as the Executive Director (ED) and Chief Executive of Supreme Finance (M) Berhad, a financial institution undergoing rescue and reorganisation under the supervision of BNM until the successful completion of the reorganisation in 1991. She later joined Land & General Berhad as its Group Divisional Chief, Management Development Services in 1993 before joining Multi-Purpose Capital Holdings Berhad as Executive Assistant to the Chief Executive in 1997 until 1999. During this period, she also served as a Director of Multi-Purpose Bank Berhad, Multi-Purpose Insurans Berhad and Executive Director of Multi-Purpose Trustee Berhad.

Gee has been appointed as an Independent Non-Executive Director to several public listed companies since 2001.

Directorship

Listed Issuers:

- Telekom Malaysia Berhad
- Sapura Energy Berhad
- Tenaga Nasional Berhad

Public Companies:

- None

Board Committee

- Chairman of Board Audit Committee (BAC)
- Member of BIC

Attendance at Board Meeting in 2018

Attended all 11 meetings

TUNKU AFWIDA TUNKU DATO' A.MALEK

Independent Non-Executive Director

Malaysian / 53 / Female

Date of Appointment:

• 28 April 2016

Date of Last Re-election:

• 26 April 2017

Qualifications

- Bachelor of Science (Hons) in Economics and Accountancy from City University, UK
- Member of the Malaysian Institute of Accountants
- Chartered Accountant of the Institute of Chartered Accountants in England and Wales (ICAEW)

Working Experience:

Tunku Afwida has held senior roles in investment banks. From 2006 until 2008, she was Chief Executive Officer (CEO) and ED of Kenanga Investment Bank Berhad. Prior to that, from 2003 to 2006, she was CEO and ED of MIMB Investment Bank Berhad (now known as Hong Leong Investment Bank Berhad) and from 1995 to 2003, she was ED/Chief Investment Officer of Commerce Asset Fund Managers Sdn Bhd.

She is currently a director and shareholder of Asia Equity Research Sdn Bhd, a company licensed by the Securities Commission of Malaysia to provide advisory services in corporate finance including compliance and funding advisory related services.

Tunku Afwida is also a director of Webe Digital Sdn Bhd (webe).

Directorship

Listed Issuers:

- Telekom Malaysia Berhad
- Gamuda Berhad
- Lafarge Malaysia Berhad

Public Companies:

- Export-Import Bank of Malaysia Berhad

Board Committee

- Member of BAC
- Member of NRC
- Member of BRC
- Member of BIC
- Member of the LTIP Committee

Attendance at Board Meeting in 2018

Attended all 11 meetings

BALASINGHAM A. NAMASIWAYAM

Independent Non-Executive Director

Malaysian / 67 / Male

Date of Appointment:

• 28 April 2016

Date of Last Re-election:

• 26 April 2017

Qualifications

- Bachelor of Science (Hons) in Electrical Engineering, Portsmouth Polytechnic, UK
- Diploma in Electrical Engineering, Technical College, Kuala Lumpur
- Fellow of the Institution of Engineers, Malaysia
- Member of the Institution of Engineering and Technology, UK
- Professional Engineer of the Board of Engineers, Malaysia

Working Experience:

Balasingham has been involved in the telecommunications industry for more than 30 years. He began his career with the then Jabatan Telekom Malaysia in 1972 as Technical Assistant, and thereafter served in various capacities, covering planning, implementation, maintenance and control of key technical projects and operational aspects within TM Group. His last position in TM was General Manager of Specialised Network Services, responsible for the marketing, implementation, operation and maintenance of networks for various customers.

In 2003, he was appointed CEO of Fiberail Sdn Bhd (Fiberail), TM's joint venture company, which involved in the deployment of fibre cable and sale of fibre products. In 2008, he was appointed Business Advisor of Fiberail, assisting the Board and Management in all aspects of the company, until the expiry of his contract in June 2009. He was previously a director of TIMEdotCom Berhad from July 2009 until mid-April 2016.

He is also Chairman of webe and a director of Universiti Telekom Sdn Bhd.

Directorship

Listed Issuers:

- Telekom Malaysia Berhad

Public Companies:

- None

Board Committee

- Chairman of BRC
- Member of BAC
- Member of NRC
- Member of BTC
- Member of the LTIP Committee

Attendance at Board Meeting in 2018

Attended all 11 meetings

Who Governs Us

Board of Directors' Profile

HISHAM ZAINAL MOKHTAR

Independent Non-Executive Director

Malaysian / 57 / Male

Date of Appointment:

- 3 October 2018

Date of Last Re-election:

- Not Applicable

Qualifications

- Master of Business Administration from Massachusetts Institute of Technology, USA
- Master of Science in Mathematics from Illinois State University, USA
- Bachelor of Science in Mathematics from Illinois State University, USA
- Chartered Financial Analyst, CFA Institute

Working Experience:

Hisham was most recently a Director in the Group Managing Director's Office at Malaysian Industrial Development Finance Berhad until end of March 2019.

He was the Chief Operating Officer of Astro Overseas Limited from July 2014 until June 2018 and prior to that a Director in the Investments Division at Khazanah from April 2009 to June 2014. Hisham joined Khazanah in May 2005 from Tricubes Berhad where he was an ED and Vice President of Corporate and Financing Planning.

Hisham started his career in 1987 in the insurance industry at Universal Life and General Insurance and thereafter at William M. Mercer Sdn Bhd in 1988. From there, he became an investment analyst at Crosby Research (M) Sdn Bhd in 1991, at Barings Research (Malaysia) Sdn Bhd in 1994 and at UBS Research (Malaysia) Sdn Bhd in 1996. In 1998, he was a financial consultant at Sithe Pacific LLC, a regional independent power producer prior to setting up an investment advisory firm, KE Malaysia Capital Partners Sdn Bhd with a partner in 2000. He is also a Business Coach at Asia School of Business since August 2018.

Directorship

Listed Issuers:

- Telekom Malaysia Berhad
- Media Prima Berhad

Public Companies:

- CIMB-Principal Asset Management Berhad
- Sistem Televisyen Malaysia Berhad

Board Committee

- Chairman of BIC
- Member of BAC

Attendance at Board Meeting in 2018

Attended all 4 meetings since his appointment

SAHERAN SUHENDRAN

Independent Non-Executive Director

Malaysian / 58 / Male

Date of Appointment:

- 3 October 2018

Date of Last Re-election:

- Not Applicable

Qualifications

- LLM from the University of Cambridge, UK
- LLB (Honours) from the University of London, UK
- Barrister-at-law of Gray's Inn

Working Experience:

Saheran was admitted to the Bar of England and Wales in 1983, the Malaysian Bar in 1985 and the Singapore Bar in 2007.

He is currently a consultant with Messrs. Sanjay Mohan. He has been practicing law for over 34 years including as a consultant with Chua Associates and as a partner at Zul Rafique & Partners and Kadir Andri & Partners before joining Messrs. Sanjay Mohan in 2019.

Saheran has extensive experience in corporate and commercial disputes as well as corporate restructuring and insolvency work. He is highly regarded in the niche practice of corporate and commercial malpractices and corporate and shareholder disputes and has appeared in derivative actions and oppression petitions. He also has considerable experience advising on contentious acquisitions and take-overs and has successfully defended many notable financial institutions and government-linked institutions. Saheran also serve as member of the Insolvency Practitioners Association of Malaysia.

Directorship

Listed Issuers:

- Telekom Malaysia Berhad

Public Companies:

- None

Board Committee

- Member of BRC

Attendance at Board Meeting in 2018

Attended all 4 meetings since his appointment

Profile of Company Secretaries

FAISAL @ PISAL ABDUL GHANI

Non-Independent Non-Executive Alternate Director

Malaysian / 40 / Male

Date of Appointment:

- 31 December 2018

Date of Last Re-election:

- Not Applicable

Qualifications

- Master of Public Administration from University of Alabama, Birmingham, USA
- Bachelor of Business Administration (Finance) from Universiti Tenaga Nasional (UNITEN)
- Diploma in Public Administration from INTAN

Working Experience:

Faisal began his civil service career in February 2004 in the MOF as an Assistant Secretary. He was later promoted as Senior Assistant Secretary in 2006, in the Investment, MOF Inc. and Privatisation Division. He then served as a Principal Assistant Secretary in the GIC Division, MOF, in 2015 and in June 2016 was appointed the Section Head for Energy, Utilities and Technologies, a position he currently held to date.

In June 2018, he was appointed member of an Executive Committee of Suria Strategic Energy Resources Sdn Bhd, a MOF subsidiary. Faisal also serves as director in private companies under the purview of MOF, among others PDX.com Sdn Bhd and Northern Gateway Sdn Bhd.

Directorship

Listed Issuers:

- Telekom Malaysia Berhad

Public Companies:

- Nil

Board Committee

- Alternate member to Dato' Asri Hamidin @ Hamidon in BTC and BIC

Attendance at Board Meeting in 2018

Nil (No meeting held since his appointment during the year)

Other Information

Alternate Director to Dato' Asri Hamidin @ Hamidon, Non-Executive Director nominated by MOF Inc.

HAMIZAH ABIDIN

Group Company Secretary

Malaysian / 48 / Female

Qualifications

- Bachelor of Law (Hons) from International Islamic University of Malaysia
- Licenced Company Secretary since December 1998

Working Experience:

Hamizah started her career in private legal practice and was a qualified advocate and solicitor of the High Court of Malaya. She subsequently joined TM as an Assistant Company Secretary in 1996 and promoted to Assistant General Manager in 2007. She was appointed as Joint Secretary on 15 July 2011 and thereafter as General Manager of Company Secretarial Unit of Group Legal, Compliance and Company Secretarial Division in 2012. She was made the Group Company Secretary of TM effective 1 January 2017, heading the Group Company Secretarial Division of TM. Hamizah has more than 22 years corporate experience attending to company secretarial and compliance matters, due diligence exercises and special projects.

ZAITON AHMAD

Joint Secretary

Malaysian / 58 / Female

Qualifications

- Chartered Secretary of The Institute of Chartered Secretaries and Administrators (ICSA), UK
- Associate member of the Malaysian Institute of Chartered Secretaries & Administrators (MAICSA) since 1993

Working Experience:

Zaiton started her career in a public listed company in 1984 and has over 35 years' experience in corporate secretarial matters. She joined TM in 1991 as an Assistant Company Secretary and was named as one of the Joint Secretaries of TM in 1996. She became an Assistant General Manager in 2006 and remains as a Joint Secretary of TM and its Group of Companies.

ADDITIONAL INFORMATION OF THE BOARD OF DIRECTORS

Family Relationship

Save as disclosed, none of the Directors has any family relationship with any Director and/or major shareholder of TM.

Conflict of Interests

Save as disclosed, none of the Directors has any conflict of interests with TM.

Conviction for Offences

Save as disclosed, none of the Directors has any conviction for offences, other than traffic offences, for the past 5 years.

Public Sanction or Penalty

Save as disclosed, none of the Directors has any sanction or penalty imposed on them by any regulatory bodies during the financial year ended 31 December 2018.

Telekom Malaysia Berhad
Twenty Eighteen IAR



• Dato' Kairul Annuar Mohamed Zamzam • Ahmad Azhar Yahya • Ir Ts Azizi A Hadi • Izlyn Ramli • Hazimi Kassim
• Mohd Farid Shah Mohd Basir • Amar Huzaimi Md Deris



Who Leads Us

Profile of Key Senior Management as at 29 March 2019

IMRI MOKHTAR

Acting Group CEO (AGCEO) / Chief Operating Officer (COO)

Malaysian / 45 / Male

Date of Appointment:

- 1 October 2014

Qualifications

- First Class Honours in Electronics Engineering with Management Studies from University College London (UCL), UK
- Attended various leadership programmes by Harvard Business School and Cambridge Judge Business School

Working Experience:

Imri was appointed AGCEO of TM effective 16 November 2018.

Prior to his appointment as AGCEO, Imri was designated as COO of TM responsible for overseeing the business operations of TM Group with special focus on the Performance Improvement Programme. He was most recently the Executive Vice President (EVP) of unifi, TM's premier convergence brand, responsible for the end-to-end management of the converged portfolio comprising phone, broadband, mobile, TV, WiFi and value-added services for TM's home and SME customers.

He brings over 20 years of experience in business strategy and operations from the communications and media industry. He first started his career with TM in 1996 and re-joined TM in 2005. He had served in various positions in TM including as Vice President (VP), Programme and Performance Management Office and EVP, Consumer. Prior to re-joining TM in 2005, Imri was at a pay-TV operator in Malaysia and before that a consultant at a global management consulting firm.

He sits on the boards of several subsidiaries of TM including Webe Digital Sdn Bhd (webe) and as Chairman of TM Info-Media Sdn Bhd (TMIM), Telekom Sales & Services Sdn Bhd (TSSSB) and Telekom Applied Business Sdn Bhd (TAB).

Directorship

Listed Issuers:

- None

Public Companies:

- None

NOR FADHILAH MOHD ALI

Group Chief Financial Officer (GCFO)

Malaysian / 49 / Female

Date of Appointment:

- 15 May 2017

Qualifications

- Bachelor of Accounting (Hons) from International Islamic University, Malaysia
- Institute of Chartered Secretaries and Administrators (ICSA), UK
- Chartered Accountant of the Malaysian Institute of Accountants
- Member of the Malaysian Institute of Chartered Secretaries and Administrators
- Attended Digital Transformation Programme for Senior Executives held by IMD Business School
- Attended Oxford Strategic Leadership Programme at Saïd Business School, University of Oxford, UK

Working Experience:

Nor Fadhilah joined TM in August 1993 and has gathered more than 20 years of experience in strategy, corporate finance, financial planning, mergers and acquisitions, business development; and business restructuring and transformation. She began her career in PricewaterhouseCoopers prior to joining TM.

She was appointed the Financial Controller of TM Group on 16 August 2015.

On 15 May 2017, she assumed her current role as the GCFO. She also oversees the operations of Support Business and other non-core subsidiaries of TM Group. She sits on the board of several subsidiaries of TM Group including Universiti Telekom Sdn Bhd (UTSB).

Directorship

Listed Issuers:

- None

Public Companies:

- Hijrah Pertama Berhad
- Tulip Maple Berhad

DATO' KAIRUL ANNUAR MOHAMED ZAMZAM

Chief Strategy Officer (CSO)

Malaysian / 55 / Male

Date of Appointment:

- 1 February 2009

Qualifications

- Bachelor in Engineering Science from University of Western Ontario, Canada
- Master of Business Administration from Multimedia University (MMU), Cyberjaya
- Attended the Advanced Management Training Programme at INSEAD

Working Experience:

Dato' Kairul has over 30 years of experience in the telecommunications industry, starting off with the then Jabatan Telekom Malaysia in 1985 as a Human Resource Planning Executive. He has since held various positions in local access, switching and transmission networks. He was appointed General Manager (GM) of the Terengganu Operations Area in 1998 and then as Personal Assistant to the Group Chief Executive in 2002. He was made GM of Corporate Affairs and later VP, Consumer & Business Sales Division in TM Retail in 2004 before being appointed as Chief Executive Officer (CEO) of TSSSB in 2005. Dato' Kairul was appointed as EVP, Government in 2009 and became Chairman, Managed Account Council (MAC) on 7 September 2016, where under his stewardship, Managed Account cluster embarked on a transformation journey in becoming a single entity that focuses on delivering integrated business solutions and capturing new business opportunities. He assumed his current position as TM's CSO on 15 May 2017 where his portfolio include the Group's corporate and business strategy, regulatory and legal matters.

He sits on the boards of several subsidiaries of TM Group including as Chairman of VADS Lyfe Sdn Bhd, Inneonusa Sdn Bhd and Lyfe Medini Sdn Bhd (LMSB) and as director of Fiberail Sdn Bhd and Fibrecomm Network (M) Sdn Bhd (FCN).

Directorship

Listed Issuers:

- None

Public Companies:

- None

DATO' MOHD RAIS AZHAR

Chief Technology & Innovation Officer (CTIO)/

Chief Information Security Officer (CISO)

Malaysian / 54 / Male

Date of Appointment:

- 18 February 2018

Qualifications

- Bachelor of Science (Computer Science) from Indiana State University, USA
- Attended the Leading Digital Business Transformation Programme at IMD Business School in Lausanne, Switzerland

Working Experience:

Dato' Rais was appointed as CTIO of TM effective 18 February 2018, and remains as CISO of TM since 1 January 2017.

As CTIO, Dato' Rais is responsible for Network, IT and overall technical delivery, fulfilment and assurance for TM Group. In addition to his position, he is responsible to strategise, formulate, direct and lead the implementation and operations of Information Security organisation covering the information security strategy, architecture, governance, risk, compliance, development, threat intelligence and operations in order to ensure the confidentiality, integrity and availability of information assets protection for TM Group.

He was appointed the Deputy CTIO in 2017 and VP of Network Architecture and Technology in 2010. He was instrumental in various transformation projects in TM including the national High Speed Broadband (HSBB) project launched in March 2010, offering the first nationwide triple-play services. He has vast experience in telecommunications industry of over 30 years and was also one of the pioneers in establishing the Corporate Information Superhighway (COINS) team, providing the first TM's Frame Relay service in 1997.

Dato' Rais is the Chairman of TM Technical Security Council and Telekom Research & Development Sdn Bhd (TM R&D). He is also a director of other TM subsidiaries including webe, FCN and Telekom Multi-Media Sdn Bhd.

Directorship

Listed Issuers:

- None

Public Companies:

- None

Who Leads Us

Profile of Key Senior Management

MOHD FARID SHAH MOHD BASIR

Chief Human Capital Officer (CHCO)

Malaysian / 48 / Male

Date of Appointment:

- 1 October 2018

Qualifications

- Diploma in Business Studies from Universiti Teknologi Mara (UiTM)
- Bachelor's Degree (Hons) in Human Resource Management from UiTM
- Professional Diploma in Development and Training from University of Malaya Centre for Continuing Education
- Attended the Building on Talent Programme at the International Institute for Management Development (IMD) in Lausanne, Switzerland
- Attended the Cambridge Islamic Finance Programme, UK

Working Experience:

As a former TM scholar, Farid first commenced his career at TM in 1994, gaining extensive experience over the following 7 years in the fields of human resources' policy, planning, training and development.

Prior to rejoining TM in 2018, he was the CHCO at Bank Kerjasama Rakyat Malaysia Bhd, a position he held for almost three (3) years. He brings along valuable and various HR-related experience, having served with local and multinational companies, namely Etiqa General Takaful Bhd and Nestle S.A. During his 11-year tenure at Nestle, Farid took on several key positions and assignments abroad, continentally at its home-base Switzerland and South Africa, and regionally, in the Philippines.

Professionally, Farid has garnered four (4) top global certifications, namely HRCI-HR Management Professional, HRCI-Global HR Professional, SHRM-Senior Certified Professional and Global Remuneration Professional.

Directorship

Listed Issuers:

- None

Public Companies:

- None

Awards/Recognitions

- Upcoming Personality in Islamic Finance 2017 award at the Global Islamic Finance Awards 2017
- Chief Human Resource Officer of the Year award at the World HRD Congress 2018

MOHAMAD MOHAMAD ZAIN

Chief Procurement Officer (CPO)

Malaysian / 55 / Male

Date of Appointment:

- 1 September 2014

Qualifications

- Chartered Insurance Practitioner
- Associate Member of the Chartered Insurance Institute, UK
- Member of the Society of Fellow Chartered Insurance Institute, UK
- Diploma in General Insurance from the Australian Insurance Institute
- Master of Communications Management from the University of Strathclyde, Glasgow, UK

Working Experience:

Mohamad gained vast experience in insurance services while serving a UK-based insurance company for six (6) years, including as officer in charge for agency and direct client underwriting, claim management and re-insurance, designing insurance for credit card company and bank assurance, serving both domestic and Multinational Corporation clients.

He joined TM in 1993 as Assistant Manager and was tasked with managing the corporate insurance programme and implementing the Enterprise Risk Management programme for TM in 2001. In 2007, he was appointed GM entrusted with an expanded portfolio of Group Business Assurance (GBA) covering enterprise risk management, revenue assurance, fraud management, insurance management, credit management policy and monitoring, corporate compliance, business continuity management and enterprise business management. He was promoted to VP, GBA, a position he held from 2011 until his appointment as CPO on 1 September 2014.

Directorship

Listed Issuers:

- None

Public Companies:

- None

AHMAD AZHAR YAHYA

Chief Digital Officer (CDO)

Malaysian / 54 / Male

Date of Appointment:

- 2 August 2004

Qualifications

- Bachelor of Science in Electrical Engineering from Oklahoma State University, USA
- Attended the Strategic IQ Programme at Harvard Business School, USA

Working Experience:

Ahmad Azhar began his career in 1987 as an engineer in Agilent Technologies. He then joined management consulting firm, Accenture in 1990 servicing a portfolio of clients in Malaysia, Asia and the Middle East in various industries from communications to high technology, oil and gas and the public sector. His experience includes strategic planning and change management, business and operations support systems, enterprise resource management, revenue and customer relationship management.

He became a Partner at Accenture in 2000 before joining TM as Group Chief Information Officer on 2 August 2004. He was later appointed as TM's Programme Director of the High Speed Broadband (HSBB) Programme in 2008, and contributed to the successful launch of unifi in March 2010. He assumed various positions in TM Group; CSO of TM from 15 July 2010 until December 2011, CEO of VADS Berhad from 1 January 2012 until 31 January 2015 and Chief Customer Advocate (CCA) on 1 February 2015. Ahmad was appointed as CDO on 4 October 2016 to head TM's Digital Transformation initiatives throughout the Group whilst continue to serve as CCA.

He ceased to be CCA on 15 May 2017 to fully focus on his current role as CDO. He sits on the board of several subsidiaries including TM R&D, TAB, LMSB and Unitele Multimedia Sdn Bhd.

He also assumed the role of CEO of TAB since 28 August 2017 and was appointed a member of the Advisory Board of the National Library, an organisation under the purview of the Tourism Ministry on 26 July 2017. Ahmad was also appointed Chairman of ACASIA Communications Sdn Bhd, a unique ASEAN consortium among 7 leading telecommunications service providers in the region, in 2018.

Directorship

Listed Issuers:

- None

Public Companies:

- VADS Berhad

HAZIMI KASSIM

Chief Internal Auditor (CIA)

Malaysian / 54 / Male

Date of Appointment:

- 1 November 2011

Qualifications

- Bachelor of Arts in Accounting from the University of Canberra, Australia
- Certified Practising Accountant (CPA) of the Australian Society of Certified Practising Accountants (ASCPA)
- Chartered Member of the Malaysian Institute of Accountants (IIAM)
- Chartered Member of the Institute of Internal Auditors Malaysia (IIAM)
- Attended the Wharton Advanced Management Programme at the University of Pennsylvania, USA
- Attended the Executive Development Programme on Executing Strategy for Results at London Business School, UK

Working Experience:

Hazimi has vast experience in external and internal audit, financial and management accounting, corporate finance as well as strategic planning, business development and investor relations.

His wide-ranging career to date has spanned across audit and consulting services to securities, insurance, banking and telecommunications companies. He was the Chief Audit Executive in the Internal Audit Division of Malayan Banking Berhad and later Head of Corporate and Strategic Planning prior to joining TM as the CIA on 1 November 2011.

Hazimi is Alternate Chairman of the Corporate Compliance Steering Committee.

Directorship

Listed Issuers:

- None

Public Companies:

- None

Who Leads Us

Profile of Key Senior Management

MOHARMUSTAQUEEM MOHAMMED

*Acting Executive Vice President, unifi/
Chief Executive Officer, webe*

Malaysian / 43 / Male

Date of Appointment:

- 15 May 2017

Qualifications

- LL.B from the University of Kent Canterbury, UK
- Postgraduate Diploma in Advance Legal Studies from City University London, UK
- Called to the Bar of the High Court of England & Wales by Gray's Inn in 2000

Working Experience:

In a career spanning over 15 years, Mohar has worked in roles comprising business unit leadership, product marketing, strategy and major account leadership. He began his career as an Advocate & Solicitor with Shearn Delamore & Co from January 2001 to December 2003.

Prior to joining TM in 2011, he served Digi Telecommunication Sdn Bhd (Digi) from September 2003. He started his career in Digi as an executive in the Project Planning & Control, Technology Division and was then appointed as Head of Compliance & Strategic Implementation in Network Development before moving to Pricing & Strategy, Product Management. In July 2008, he was appointed as Head of Postpaid and thereafter as the Head of Prepaid. He then proceeded to head Digi's Segment Marketing before capping his career with the company as the Head of Market Operations & Commercial Partnerships in November 2011.

He first served the TM Group in 2011 as GM of Business Integration in New Media. He then became Head of Mass Market Marketing Operations in 2013, where he was responsible for the planning and execution of all products and services within TM's mass market portfolio and ensuring that revenue and customer satisfaction goals were met.

Mohar was promoted to VP of Mass Market Marketing Operations in 2014, where he shared overall responsibility for ensuring marketing targets and correlating success parameters for the Mass Market portfolio were met before appointed to his current role as the Chief Executive Officer (CEO) of webe on 15 May 2017. As CEO, Mohar is responsible for all aspects of webe's operations of TM's digital mobility services provider and Centre of Excellence in Digital, Mobility and Design Thinking. He is tasked with driving webe's role as TM's mobility arm in delivering new value-added digital services.

On 16 November 2018, he assumed an additional role as Acting EVP of unifi. He also sits on the boards of several TM subsidiaries under the unifi business cluster, including TM R&D, TMIM and TAB.

Directorship

Listed Issuers:

- None

Public Companies:

- None

Ir Ts AZIZI A HADI

Executive Vice President, TM ONE

Malaysian / 55 / Male

Date of Appointment:

- 15 June 2011

Qualifications

- Bachelor of Science in Electrical Engineering from Wichita State University, USA
- Master of Business Administration from Universiti Putra Malaysia
- Attended various leadership programmes at Harvard, Cambridge and Stanford universities

Working Experience:

Azizi has more than 20 years of experience in the telecommunications industry, which includes engineering, operations, sales, product development and management in both fixed and mobile operator. He started his career with the Royal Malaysian Army as an Engineering Officer in the Royal Signals Regiment from 1987 to 1996, where his main responsibilities were in planning tactical radio networks, evaluating new equipment and training. He was also the Country Business Development Manager of Global One Communications, an international telecommunications service provider where he was entrusted with the country's MNC sales in 1999. Prior to joining TM in 2006, he was with Maxis Communications Berhad as the Head of Broadband Business Unit and in Network Engineering and Operations.

His career in TM started as the GM, Technology & Innovation, TM Retail. He was then promoted to VP of Retail Product on 1 February 2009 where he was responsible for the development and commercialisation of TM's products and services. He then became the EVP, SME in 2011 before assuming his role as Chief Operating Officer of webe in 2014 and later ED and CEO of webe on 1 August 2016. He was subsequently appointed EVP, TM ONE on 15 May 2017 to lead TM ONE through the transformation journey to improve TM's market share as a fully integrated digital enabler enterprises and public sector.

Azizi is also a board member of several subsidiaries under the purview of TM ONE and other TM subsidiaries, namely GITN Sdn Bhd, TAB as well as President Commissioner of PT VADS Indonesia, a wholly-owned subsidiary of TM.

Directorship

Listed Issuers:

- None

Public Companies:

- VADS Berhad

AMAR HUZAIMI MD DERIS

Executive Vice President, TM GLOBAL

Malaysian / 43 / Male

Date of Appointment:

- 1 September 2018

Qualifications

- Bachelor of Commerce (Accounting and Finance) from Monash University, Australia
- Masters in Business Administration (MBA) from Deakin University, Australia
- Fellow Certified Practising Accountant Australia (FCPA Australia)
- Attended various leadership programmes, including Proteus at London Business School, UK

Working Experience:

Amar joined TM in 1998 under the Group Financial Controller Division, where he was involved in various business and operational capacities including revenue management and assurance; billing and invoicing; and strategic costs management. In 2005, he joined the Group Internal Audit Division, responsible for the effectiveness of TM Risk Management, Internal Controls and Governance processes. Subsequently, in July 2009, he was promoted to Deputy Chief Internal Auditor in the same office and a year later as a GM, Group Corporate and Regulatory, responsible for Economic Regulation.

Amar was appointed to the position of GM, Group CEO's Office in 2011. He was entrusted to manage key strategic initiatives portfolio for the Group and ensures its execution effectiveness. In October 2016, he assumed the position of VP Carrier Sales of TM GLOBAL, responsible to foster domestic and international carrier business opportunities; and managing TM regional offices in the UK, USA, Hong Kong, Singapore, Dubai and Australia. On 1 September 2018, he assumed the role of EVP, TM GLOBAL overseeing the Group's global and wholesale business operations.

Amar also sits on the boards of several subsidiaries of TM Group under the TM GLOBAL cluster.

Directorship

Listed Issuers:

- None

Public Companies:

- Malaysian Access Forum Berhad

Awards/Recognitions

- CPA Australia's 40 Young Business Leaders in 2012, which highlighted talented individuals across regions and sectors.

IZLYN RAMLI

Vice President, Group Brand and Communication

Malaysian / 48 / Female

Date of Appointment:

- 1 October 2010

Qualifications

- Bachelor of Science (Hons) in Economics from University College London, UK
- Masters in Business Administration (Distinction) from City University (Cass) Business School, UK, specialising in Strategic Management of Technology and E-Business

Working Experience:

Izlyn started her career in 1992 at PricewaterhouseCoopers before moving to BzW Capital as an investment analyst. Izlyn joined TM in 1998 and served ten (10) years in Group Strategy and Planning. From 2006 until 2008, she was also appointed Special Assistant to the TM Group Chairman, as key policy liaison officer for national and international fora and organisations, including APEC, APEC Business Advisory Council and United Nations Global Alliance, focused on ICT Development and ICT for Development.

Following the TM demerger in 2008, Izlyn moved to Axiata Group Berhad and was promoted to head the Corporate Communication Division. She was a key member of the Axiata rebranding team, and was also key in crafting Axiata's Corporate Responsibility Strategy. Izlyn returned to TM as VP, Group Corporate Communication on 1 October 2010 and was reassigned with an expanded role as VP, Group Brand and Communication effective 1 June 2014.

Directorship

Listed Issuers:

- None

Public Companies:

- None

Awards/Recognitions

- Awarded Pioneering Women Leader at 6th Edition of World Woman Leadership Congress & Awards 2019
- Awarded CSR Leadership at 7th Asia Best CSR Practices Awards 2017
- Awarded one of the Most Influential Brand Leaders at the World Brand Congress 2016
- Women Leadership Award at the Golden Globe Tigers Awards 2015
- Listed in the Global Telecoms Business Industry's Top 50 Chief Marketing Officers (CMOs) to Watch in 2015

Who Leads Us

Profile of Key Senior Management

ROHAILA MOHAMED BASIR

General Manager, Corporate Finance & Investor Relations

Malaysian / 43 / Female

Date of Appointment:

- 16 July 2017

Qualifications

- LLB (Hons.) from University of Malaya, Malaysia

Working Experience:

Rohaila spent 5 years in private legal practice specialising in banking and corporate finance before joining Malaysian Airline System Berhad in 2004, where she served as General Counsel until 2008. She then joined MMC Corporation Berhad as its Legal Advisor and later moved on to be Senior Manager, Group Managing Director's Office in 2009, where she headed the corporate communications function and handled investor relations for the company.

She then joined TM as GM of Investor Relations in February 2011. In July 2017, she was assigned an expanded role as GM, Corporate Finance & Investor Relations. In May 2017, she also assumed the role as Special Officer to the then AGCEO, Datuk Bazlan Osman until his retirement on 28 February 2019.

Directorship

Listed Issuers:

- None

Public Companies:

- Hijrah Pertama Berhad
- Tulip Maple Berhad

Awards/Recognitions

- Alpha Southeast Asia Corporate-Institutional Investor Awards – Most Organised Investor Relations (2011, 2012, 2014, 2016)

ADDITIONAL INFORMATION ON THE KEY SENIOR MANAGEMENT (KSM)

Date of Appointment:

Date he/she was appointed to be KSM.

Family Relationship:

Save as disclosed, none of the KSM has any family relationship with any Director and/or major shareholders of TM.

Conflict of Interests:

Save as disclosed, none of the KSM has any conflict of interests with TM.

Conviction for Offences:

Save as disclosed, none of the KSM has any conviction for offences, other than traffic offences, for the past 5 years.

Public Sanction or Penalty:

Save as disclosed, none of the KSM has any sanction or penalty imposed on them by any regulatory bodies during the financial year ended 31 December 2018.



Everything you need from a data centre. For total peace of mind.

As Malaysia's First Commercial Data Centres to be Uptime Institute Tier III Certified for Design and Constructed Facility, the TM ONE Core Data Centres are purpose-built carrier-neutral facilities that enable the digital transformation of all businesses and public agencies.

Iskandar Puteri Core Data Centre



Klang Valley Core Data Centre



LOCATION

Accessible to key cities & transportation hubs

SECURITY

TVRA assessed with 9 layers of physical security

CAPABILITY

Supported by highly experienced & dedicated teams

CONNECTIVITY

Carrier-neutral & cloud-ready

Corporate Governance Overview

2018 was undoubtedly one of the most challenging times faced by TM. Changes to the business and industry landscape, solidify the need for us to make significant adjustments on how we operate and do business, taking into consideration the Company’s status and long term sustainability. The Board fully supported Management’s transformation initiatives.

Our governance provides much needed guiding principles to wade through the challenges, imparts the moral compass that directs and leads the Company whilst continuing to accord honour, integrity, transparency and accountability in our business conducts.

The Board underwent significant changes but continues to uphold the highest standards of corporate governance. This is due to the fact that the Board understands its ultimate responsibility is towards the Company and all stakeholders by taking cognisance of its role towards society, environment and upholding ethical integrity.

OUR GOVERNANCE MODEL AND FRAMEWORK

Our governance model is based on relevant requirements of the Main Market Listing Requirements (Main LR) of Bursa Malaysia Securities Berhad (Bursa Securities), Malaysian Code on Corporate Governance 2017 (MCCG 2017), Corporate Governance Guide 2017 (CG Guide), Corporate Disclosure Guide, Green Book on Enhancing Board Effectiveness, international best practices and standards, in addition to being benchmarked against the ASEAN Corporate Governance (CG) Scorecard.

The Board approves the Group’s governance framework where specific powers of the Board are delegated to the relevant Board Committees and Management based on their specialised skills such as financial information review, human capital management, internal controls and risk management as well as governance, procurement and investment matters, as depicted below:

GOVERNANCE FRAMEWORK



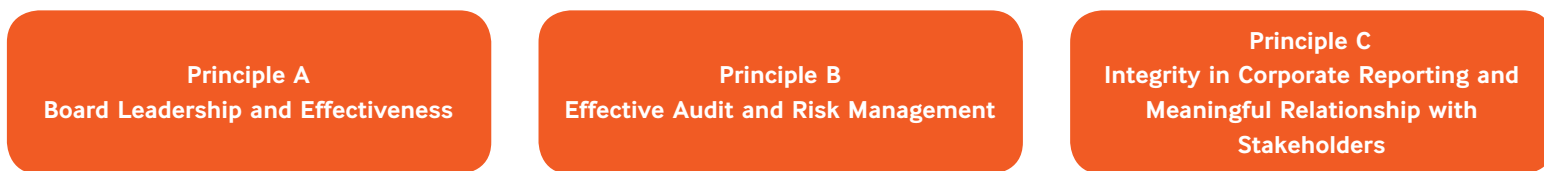
Governance Framework Includes:

- 1 Open, clear and timely communication with our shareholders
- 2 A skilled, experienced, diverse and independent Board, with a Board Committee structure suited to our needs
- 3 Clear delegation, decision making and accountability framework
- 4 Robust systems of risk management and assurance
- 5 Our Values, Code of Conduct and policy framework which define the standards of behaviour we expect of each other in delivering our purpose and to achieve our strategy

The Governance Model is supported by the Board Charter, Limits of Authority (LoA) Matrix of TM Group and Business Policy and Governance (BPG). Issues and decisions reserved for the Board are clearly identified in the Board Charter while Tier 1 LoA provides empowerment to the Board, BTC and Top Management. The LoA Matrix and BPG are reviewed as and when required, to adapt to the complexity of the business and operational changes which reflect TM's key business policies and governance across key function areas throughout the organisation.

The Board acknowledged the importance of honouring the CG substance which embodies the tenets of good governance. The Company has subscribed to all 12 Intended Outcomes with some deviations on the Practices of the MCG 2017.

This CG Overview Statement made reference to the following three (3) key CG principles as set out in the MCG 2017:



The statement is to be read together with the CG Report 2018 of the Company which is available on our website at www.tm.com.my. The CG Report provides the details on how the Company has applied each Practice as well as the departures and alternative measures in place within the Company.

We are pleased to present our application of the Principles of MCG 2017 throughout this Statement which illustrate how the Board provides leadership to the Company, manages risks, monitors internal controls, and how decisions are made.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

BOARD RESPONSIBILITIES

The Board acknowledged the legal framework on its primary responsibilities and key duties as directors as provided in the Companies Act 2016 (CA 2016) and directors of a public listed company, per the Main LR as well as the principles and practices enumerated in MCG 2017. A refresher forum on "Directors' Duties and Responsibilities" was conducted in January 2019 to enable the Board to appreciate further its responsibilities in stewarding the Company to a path of sustainable growth.

The Board takes collective responsibility and accountability for the smooth functioning of core processes involving Board governance, business value and ethical oversight. It also collectively assumes responsibilities for the Company's leadership and is responsible for meeting the objectives and goals of the Company. Directors have fiduciary duties to act in good faith and exercise reasonable care, skill and diligence to safeguard the interest of the Company as well as ensuring high ethical standards are applied throughout the TM Group. Board activities are structured to assist the Board in achieving its goal on management oversight, to support and advise the Executive Directors (EDs) and Management Team within a transparent governance framework.

In discharging its roles and responsibilities, our Board is mindful of the need to protect the interests of all stakeholders. Board Committees have been established with clear Terms of Reference (ToR) comprising Directors who have committed their time and effort as members to facilitate the effective discharge of these responsibilities.

Although there are several changes to the leadership and Board composition, the Group's business direction and strategy remain unchanged albeit additional focus on transformation and performance improvement.

The Board has assessed its performance on execution of Board Responsibilities including General Responsibilities, Strategic Planning, Performance Management, Risk Management and Internal Controls, Human Capital Management and CG in the 2018 Board Effectiveness Evaluation (BEE). Overall, there are challenges in the Board's performances but the Board remains optimistic and steadfast in its commitment to improve the overall organisation moving forward. Areas of improvement have been identified and the findings and concerns are shared with Management, to better prepare in facing the challenges for financial year 2019.



Corporate Governance Overview

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

BOARD CHARTER

The Board Charter is a comprehensive reference document for Directors in relation to its roles, powers, duties and functions. It outlines processes and procedures for the Board and its committees in discharging their stewardship effectively and efficiently on matters relating to the Board and its processes. Our Board Charter is continuously reviewed and updated to align with current rules and regulations and also ensuring the tightening of governance aspects of the Company's management for its continued relevance depending on the situation. This review forms part of the annual exercise under the Board Performance Improvement Programme (BPIP) to ensure consistency of governance practices and adherence to the relevant rules and regulations.

In 2018, several key enhancements to the Board Charter were approved by the Board to further strengthen the governance and management of the Company. The Board Charter is accessible on our website at www.tm.com.my.

DEMARCATION OF RESPONSIBILITIES BETWEEN THE BOARD, BOARD COMMITTEES AND MANAGEMENT

The roles and responsibilities of the Board, Board Committees and Management are clearly demarcated in the Board Charter. The Board Charter also segregated the roles and responsibilities of the Chairman, Senior Independent Non-Executive Director (SID), Non-Executive Directors (NEDs) and EDs. Nevertheless, their respective functions remain mutually co-dependent enabling efficient and effective execution of their respective duties and responsibilities whilst ensuring an element of check and balance within the Company.

Demarcation of these functions ensures the smooth running of the Company's business and operations. The separation of power further ensures that no one individual or group can dominate the decision-making process, thus safeguarding the equilibrium of power in the Company. Adherence to the separation of power accords a balance of authority within the Board, in line with best governance practices.

In instilling good CG practices in the Company, the Chairman leads the Board in ensuring Board effectiveness. The SID supports the Chairman in delivering this function.

THE ROLE OF CHAIRMAN

The Chairman's overarching responsibilities are to provide appropriate leadership to the Board and to ensure the Board fulfils its obligations to the Company. He is also to lead the Board in the oversight of Management. At all times the positions of Chairman and CEO were held by different individuals with clear and distinct roles as documented in the Board Charter.

2018 has seen a change in the position of TM Chairman, with the resignation of Tan Sri Dato' Seri Dr Sulaiman Mahbob on 30 November 2018, followed by the appointment of Rosli Man on 3 December 2018. They have never been executive members of the Board and have never held the position of the CEO of the Company.

In view of his short stint as TM's Chairman, the performance of the new Chairman will be assessed in the next BEE review. However from the short term of his chairmanship to-date, Rosli is found to be enthusiastic and not daunted with the challenges ahead. He provides leadership in decision making process and maintained the Board decorum, allowing open discussions amongst members.

THE ROLE OF SID

Tunku Dato' Mahmood Fawzy Tunku Muhiyiddin was our SID until his resignation on 31 December 2018. His appointment was based on his experience with the Board, seniority amongst the directors, and strong comprehension of the Company's governance matters. He fulfilled the prescribed criteria for a SID and has wielded his position judiciously with care and respect for his fellow Board members and Management with the Company's interest being the first and foremost throughout his tenure. In discharging his role, he has always maintained his independence from Management.

The SID is responsible in leading confidential discussions with other NEDs who may have concerns which they believe have not been properly considered by the Board as a whole. These discussions are held as and when required or deemed necessary by the SID in the absence of EDs. During the year, a SID meeting was held on 27 February 2018 to discuss primarily on the NEDs' issues and concerns.

The Board in 2019 has appointed Datuk Zalekha Hassan as the new SID effective 1 February 2019 after considering her leadership skills, astuteness, experience, and in-depth knowledge of TM Group as well as her strong principles in upholding integrity and governance. As the longest serving member on the Board, Datuk Zalekha is well aware of the roles and responsibilities of a SID. The Board believes that Datuk Zalekha, who is also highly rated by her peers, will continue the commendable legacy left by Tunku Dato' Mahmood Fawzy.

THE ROLE OF EDs

During the year, the Company experienced changes in its Management leaderships. As TM's ED, Datuk Bazlan assumed leadership as Acting Group Chief Executive Officer (AGCEO) on 6 June 2018 following the departure of Dato' Sri Mohammed Shazalli Ramly as Managing Director (MD)/GCEO. He relinquished his position as AGCEO and ED on 16 November 2018 and 28 February 2019 respectively. In ensuring continuity and stability to the Management and Company as a whole, the Board appointed Imri Mokhtar, TM's Chief Operating Officer (COO) as AGCEO.

The EDs were in command of their collective and primary function which were to ensure the smooth running of the Company's day-to-day operations. Their primary areas of responsibilities were reflected in their shared TM Group Scorecard which were reviewed, evaluated and approved by the Board.

The EDs were supported by several management committees in their operational and management duties. These forums provide the Senior Management team, including the heads of various divisions and business clusters, the platform to interact directly with each other, provide their views and review the objectives, strategies and operations of the Company on a regular basis.

FOSTERING COMMITMENT OF THE BOARD

Our Board has provided its commitment to the Company as evidenced by the attendance of Directors and time spent at Board and Committee meetings in pages 122 to 123.

The Board also agreed for Directors to notify the Group Company Secretary on their appointment and directorships in other companies for disclosure at Board meetings.

A schedule for TM Board and Committees' meetings for 2018 was prepared and presented to the Board in August 2017 and shared with the Directors before the beginning of the year to ensure Directors' time commitment. A total of 11 meetings were held during the year to discuss and decide on quarterly financial results, performance reports and various other matters based on predetermined agendas. A Board Retreat was held in November 2018 for the Company's strategic discussions, the Group's Annual Operating Plan (AOP) and financial targets. Besides Board meetings, urgent decisions were sought via 20 Directors' Circular Resolutions during the year.

The amount of time spent on Board and Committees' meetings for the financial year, is monitored via the BPIP.

All Directors complied with the minimum attendance of at least 50.0% of Board meetings held in the financial period pursuant to the Main LR. The 50.0% minimum attendance requirement continues to be adopted for Board Committees, with attendance from Alternate Directors considered for purposes of the attendance of the principal Director. Overall, all Board Committee members complied with the attendance threshold.

Decisions made at Board meetings are mostly on consensus or via majority votes. In accordance with the Company's Constitution, resolutions in writing signed by a majority of the Directors or their Alternates, majority of whom are independent shall be valid and effectual as if the resolution had been passed at a Board meeting. The Constitution of the Company is accessible on our website.

CORPORATE INTEGRITY

The Company Directors' Code of Ethics is internalised in TM by the Directors. Directors have implemented the principle relating to transparency, integrity and responsibility through disclosure of interest at every meeting.

Apart from the above, the conduct of TM Board, Management, employees and all stakeholders of the Group is governed by the Code of Business Ethics (CBE), Procurement Ethics Rules and Practices, Integrity Pact, TM Anti-Corruption Guide and Whistleblower Policy. These policies and guidelines aim to uphold the value of Uncompromising Integrity. They underline the Company's intolerance towards corrupt practices and undesirable behaviour within and in relation to the Group, championed by the Group Internal Audit, Corporate Investigation Unit, Group Human Capital Management and Group Procurement.



Corporate Governance Overview

Summary of Board and Board Committees' memberships, number of meetings, attendances and time spent during 2018:



BOARD OF DIRECTORS

Name	Meeting Attendance
------	--------------------

Rosli Man (Chairman) (Appointed on 3/12/18)	N/A
Dato' Asri Hamidin (Q Hamidon*) (Appointed on 3/10/18)	3/4
Dr Farid Mohamed Sani (Appointed on 1/1/2019)	N/A
Dato' Mohd Naim Daruwish (Appointed on 3/10/18)	3/4
Datuk Zalekha Hassan	10/11
Gee Siew Yoong	11/11
Tunku Afwida Tunku Dato' A.Malek	11/11
Balasingham A. Namasiwayam	11/11
Hisham Zainal Mokhtar (Appointed on 3/10/18)	4/4
Saheran Suhendran (Appointed on 3/10/18)	4/4
Faisal (Q Pisal Abdul Ghani) [Alternate to Dato' Asri Hamidin (Q Hamidon)] (Appointed on 31/12/18)	N/A

Former Directors

Datuk Bazlan Osman (ED) (Resigned on 28/2/19)	11/11
Tunku Dato' Mahmood Fawzy Tunku Muhiyiddin (Resigned on 31/12/18)	11/11
Nik Rizal Kamil Tan Sri Dato' Nik Ibrahim Kamil (Resigned on 31/12/18)	11/11
Tan Sri Dato' Seri Dr Sulaiman Mahbob (Chairman) (Resigned on 30/11/18)	11/11
Davide Giacomo Federico Benello (Resigned on 3/10/18)	7/7
Datuk Seri Fateh Iskandar Tan Sri Dato' Mohamed Mansor (Resigned on 8/6/18)	4/4
Dato' Sri Mohammed Shazalli Ramly (MD/Group CEO) (Resigned on 6/6/18)	4/4
Dato' Sri Dr Mohamad Isa Hussain (Resigned on 26/4/18)	3/3

* Ceased as alternate to Dato' Sri Dr Mohamad Isa Hussain on 26/4/18



BOARD AUDIT COMMITTEE (BAC)

Member	Meeting Attendance
--------	--------------------

Chairman Gee Siew Yoong	11/11
Members	
▶ Tunku Afwida	10/11
▶ Tunku Dato' A.Malek	
▶ Balasingham A. Namasiwayam	11/11
▶ Hisham Zainal Mokhtar (Appointed on 1/1/19)	N/A
Former Members	
▶ Datuk Zalekha Hassan (Resigned on 31/12/18)	10/11
▶ Nik Rizal Kamil	11/11
Tan Sri Dato' Nik Ibrahim Kamil (Resigned on 31/12/18)	
Former Permanent Invitee	
▶ Datuk Bazlan Osman (Resigned on 28/2/19)	11/11



37.72
BAC Meeting Hours



NOMINATION AND REMUNERATION COMMITTEE (NRC)

Member	Meeting Attendance
--------	--------------------

Chairman Datuk Zalekha Hassan (Appointed as Chairman on 1/1/19)	9/9
Members	
▶ Dr Farid Mohamed Sani (Appointed on 1/1/19)	N/A
▶ Tunku Afwida	9/9
▶ Tunku Dato' A.Malek	
▶ Balasingham A. Namasiwayam	9/9
Former Members	
▶ Tunku Dato' Mahmood Fawzy Tunku Muhiyiddin (Chairman) (Resigned on 31/12/18)	9/9
▶ Nik Rizal Kamil	9/9
Tan Sri Dato' Nik Ibrahim Kamil (Resigned on 31/12/18)	
Former Permanent Invitees	
▶ Dato' Sri Mohammed Shazalli Ramly (Resigned on 6/6/18)	2/3
▶ Datuk Bazlan Osman (Resigned on 28/2/19)	7/9



18.50
NRC Meeting Hours



BOARD AND BOARD COMMITTEES MEETING CALENDAR

Month	BAC	BOD	BIC	BRC	NRC
JAN	BTC - 19 NRC - 22 BAC - 22	BOD - 25 BIC - 26			
FEB	LTIP - 8 BTC - 16 BAC - 20,23 BRC - 21	BIC - 21 NRC - 22 BOD - 27			
MAR	BAC - 5	BTC - 27			
APR	BIC - 9 BAC - 10	BTC - 18 BOD - 24			
MAY	BTC - 15 BIC - 16 BRC - 16	BAC - 21 BOD - 22			
JUN			NRC - 6	BOD - 27	
JUL	BTC - 9 BAC - 19	BIC - 25			
AUG	BAC - 6, 24 NRC - 13	BRC - 15 BTC - 16 BOD - 29			
SEP	NRC - 3, 24	BOD - 3			
OCT	BOD - 15, 23 BAC - 22 NRC - 23, 24	BTC - 24			
NOV	NRC - 13 BOD - 13,14,26 BTC - 19	BAC - 22 BRC - 22			



Board Meeting Hours

57.25



Total Board & Board
Committees' Meeting Hours

152.59



BOARD TENDER COMMITTEE (BTC)

Member	Meeting Attendance
Chairman Datuk Zalekha Hassan	9/9
Members	
▶ Dato' Asri Hamidin (Q Hamidon) <i>(Appointed on 3/10/18)</i>	1/2
▶ Dr Farid Mohamed Sani <i>(Appointed on 1/1/19)</i>	N/A
▶ Balasingham A. Namasiwayam	9/9
▶ Faisal (Q Pisal Abdul Ghani) <i>(Alternate to Dato' Asri Hamidin (Q Hamidon) (Appointed on 31/12/18)</i>	N/A
Former Members	
▶ Datuk Bazlan Osman <i>(Resigned on 28/2/19)</i>	9/9
▶ Nik Rizal Kamil Tan Sri Dato' Nik Ibrahim Kamil <i>(Resigned on 31/12/18)</i>	9/9
▶ Dato' Sri Mohammed Shazalli Ramly <i>(Resigned on 6/6/18)</i>	3/5
▶ Dato' Sri Dr Mohamad Isa Hussain <i>(Resigned on 26/4/18)</i>	2/4
Former Alternate Member	
▶ Dato' Asri Hamidin (Q Hamidon) <i>(Alternate to Dato' Sri Dr Mohamad Isa Hussain) (Ceased on 26/4/18)</i>	N/A



22.67
BTC Meeting Hours



BOARD INVESTMENT COMMITTEE (BIC)

Member	Meeting Attendance
Chairman Hisham Zainal Mokhtar <i>(Appointed on 1/1/19)</i>	N/A
Members	
▶ Dato' Asri Hamidin (Q Hamidon) <i>(Appointed on 3/10/18)</i>	N/A
▶ Dr Farid Mohamed Sani <i>(Appointed on 1/1/19)</i>	N/A
▶ Gee Siew Yoong	5/5
▶ Tunku Afwida Tunku Dato' A.Malek	5/5
▶ Faisal (Q Pisal Abdul Ghani) <i>(Alternate to Dato' Asri Hamidin (Q Hamidon) (Appointed on 31/12/18)</i>	N/A
Former Members	
▶ Datuk Bazlan Osman <i>(Resigned on 28/2/19)</i>	4/5
▶ Tunku Dato' Mahmood Fawzy Tunku Muhiyiddin <i>(Resigned on 31/12/18)</i>	5/5
▶ Nik Rizal Kamil Tan Sri Dato' Nik Ibrahim Kamil <i>(Appointed as Chairman on 8/6/18) (Resigned on 31/12/18)</i>	5/5
▶ Datuk Seri Fateh Iskandar Tan Sri Dato' Mohamed Mansor <i>(Chairman) (Resigned on 8/6/18)</i>	3/3
▶ Dato' Sri Dr Mohamad Isa Hussain <i>(Resigned on 26/4/18)</i>	2/3
Former Alternate Member	
▶ Dato' Asri Hamidin (Q Hamidon) <i>(Alternate to Dato' Sri Dr Mohamad Isa Hussain) (Ceased on 26/4/18)</i>	N/A
Former Permanent Invitee	
▶ Dato' Sri Mohammed Shazalli Ramly <i>(Resigned on 6/6/18)</i>	2/4



7.50
BIC Meeting Hours



BOARD RISK COMMITTEE (BRC)

Member	Meeting Attendance
Chairman Balasingham A. Namasiwayam <i>(Appointed as Chairman on 1/5/18)</i>	4/4
Members	
▶ Datuk Zalekha Hassan <i>(Appointed on 1/1/19)</i>	N/A
▶ Tunku Afwida Tunku Dato' A. Malek	4/4
▶ Saheran Suhendran <i>(Appointed on 1/1/19)</i>	N/A
Former Members	
▶ Datuk Bazlan Osman <i>(Resigned on 28/2/19)</i>	4/4
▶ Nik Rizal Kamil Tan Sri Dato' Nik Ibrahim Kamil <i>(Appointed on 8/6/18 and resigned on 31/12/18)</i>	2/2
▶ Datuk Seri Fateh Iskandar Tan Sri Dato' Mohamed Mansor <i>(Resigned on 8/6/18)</i>	2/2
▶ Gee Siew Yoong <i>(Resigned on 15/5/18)</i>	1/1



8.95
BRC Meeting Hours

Corporate Governance Overview

BOARD ACCESS TO MANAGEMENT, COMPANY SECRETARY, INFORMATION AND EXTERNAL EXPERTS

The Board has direct access to Senior Management with unrestricted and immediate access to information relating to the Group's business. The Directors are able to discharge their duties effectively to arrive at informed decisions with access to the Company's Senior Management and their expertise in telecommunication business, legal, accounting, financial, taxation, human capital and other advisors.

The Board also has full access to the Company Secretaries who are qualified to act as company secretary under the CA 2016. The Company Secretaries are equipped with the skills and expertise to provide sound governance advice and ensure adherence to the relevant policies and procedures in regards to CG issues, corporate secretarial and compliance matters.

The Group Company Secretary, supported by the Joint Secretary together with their team comprising Group Company Secretarial and PLC Compliance Units are responsible in providing comprehensive support, appropriate advice and guidance to the Board of TM Group of companies on policies and procedures, rules and regulations and relevant laws as well as best practices in CG.

The Group Company Secretary continues to be the common denominator for all board and management committees' operation and oversees the corporate secretarial functions of TM Group. Other than a source of information and advisor to the Board, the Group Company Secretary is also able to facilitate consistency in Board conduct and effective Boardroom practices throughout the Group.

Meeting materials are provided to the Board within a reasonable period prior to the meeting to accord the Directors sufficient time to assess the proposals or information anytime and anywhere. Materials are disseminated electronically and instantly via a secured electronic meeting management system on average five (5) calendar days prior to board meeting. In 2018, an average of six (6) calendar days was recorded for distribution of Board papers save for Special Board Meetings for which a shorter timeframe has been agreed with the Board. Upon conclusion of meeting, Board minutes are circulated to the NEC and EDs within 7 working days. The draft minutes of Board and Committees meetings were disseminated and archived in the electronic meeting management system for the Board's easy access.

Other than the aforesaid internal resources, the Board and its Committees have at their disposal access to external expert advice at the expense of the Company, if they deem it necessary in ensuring performance of their duties.

BOARD COMPOSITION

The Board actively seeks to ensure it has an appropriate mix of diversity, skills, experience and expertise to effectively discharge its collective responsibilities. In discharging its fiduciary duties and leadership functions, the Board recognises the need for it to continuously evolve as a dynamic Board in understanding and shaping the strategic direction of the TM Group for the benefits of the Company, shareholders and other stakeholders.

Following the adoption of the new Constitution which was approved by the shareholders at the 33rd Annual General Meeting (AGM), the maximum number of Directors was revised from 12 to 15.

As at 29 March 2019, the Board comprises ten (10) NEDs. They are four (4) Non-Independent Directors i.e. one (1) Non-Independent Non-Executive (NINE) Chairman and three (3) NINEDs representing the interests of the Special and Major Shareholders; and six (6) INEDs, with one (1) NINE Alternate Director. Other than the Special Shareholder, none of the other directors appoint an alternate director. Majority of our Directors are INEDs. Details of the Directors, including their qualifications and experience, together with details of their length of service, can be referred to in the Profile of Directors section of this Integrated Annual Report.

REPRESENTING THE INTEREST OF TM'S SPECIAL AND MAJOR SHAREHOLDERS

Rosli Man

Dato' Asri Hamidin @ Hamidon

Dr Farid Mohamed Sani

Dato' Mohd Naim Daruwish

Faisal @ Pital Abdul Ghani

(Alternate to Dato' Asri Hamidin @ Hamidon)

PARTICIPATION ON BEHALF OF MANAGEMENT AND REPRESENTATIVE OF SPECIAL SHAREHOLDER

Dato' Sri Mohammed Shazalli Ramly

MD/GCEO

(1 May 2017 to 6 June 2018)

Datuk Bazlan Osman

ED/DGCEO

(1 April 2017 – 6 June 2018)

ED/AGCEO

(6 June 2018 – 16 November 2018)

ED

(16 November 2018 – 28 February 2019)

REPRESENTING MINORITY SHAREHOLDERS AND THE PUBLIC

Datuk Zalekha Hassan

Gee Siew Yoong

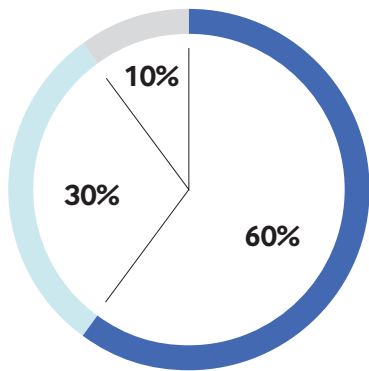
Tunku Afwida Tunku Dato' A.Malek

Balasingham A. Namasiwayam

Hisham Zainal Mokhtar

Saheran Suhendran

Board Composition



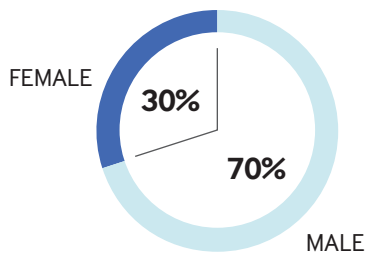
● INED 60% ● NINED Chairman 10%
● NINED 30%

Skills and Experience

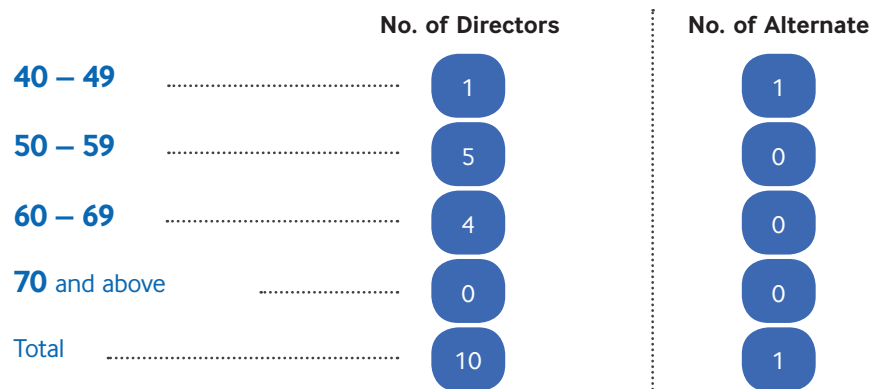
No. of Directors



Gender



Range (age) in years



Corporate Governance Overview

Director's Name	Age	Nationality/Ethnicity	Date of Appointment	Tenure (Years (Y)) (Month (M))
Non-Independent Directors				
Rosli Man	65	Malaysian/Malay	3 December 2018	4M
Dato' Asri Hamidin (Q Hamidon)	53	Malaysian/Malay	3 October 2018	6M
Dr Farid Mohamed Sani	43	Malaysian/Malay	1 January 2019	3M
Dato' Mohd Naim Daruwish	58	Malaysian/Malay	3 October 2018	6M
Independent Directors				
Datuk Zalekha Hassan	65	Malaysian/Malay	9 January 2008 – 30 May 2011 (NINED) 1 June 2011 – present (INED)	3Y 5M 7Y 10M
Gee Siew Yoong	69	Malaysian/Chinese	13 March 2014	5Y
Tunku Afwida Tunku Dato' A.Malek	53	Malaysian/Malay	28 April 2016	2Y 11M
Balasingham A. Namasiwayam	67	Malaysian/Indian	28 April 2016	2Y 11M
Hisham Zainal Mokhtar	57	Malaysian/Malay	3 October 2018	6M
Saheran Suhendran	58	Malaysian/Ceylonese	3 October 2018	6M
Alternate Directors				
Faisal (Q Pisal Abdul Ghani (Alternate to Dato' Asri Hamidin (Q Hamidon)	40	Malaysian/Malay	31 December 2018	3M

BOARD INDEPENDENCE

Our Board recognises the important role that Independent Directors play in ensuring good CG practices within the organisation. All Directors, regardless of their independent status, are required to act in the best interests of the Company and to exercise free, unfettered and independent judgement. We determine the independence of our Directors in accordance with the independence criteria in Paragraph 1.01 of the Main LR which is also stated in the Board Charter. To date, all six (6) INEDs satisfy the independence criteria.

The NEDs are not involved in the day-to-day operation of the Company. Business transactions undertaken by the Company are free from their involvement other than for the final approval when the collective Board's decision is required, as the case may be. This mitigates risk of possible undue influence from third parties and allows the Directors to exercise fair judgements and avoids any possible conflict of interest situations.

It has been the Directors' practice to disclose their interest or any possible conflicts on any matter put forth for the Board's consideration. Any interested Director shall recuse himself/herself when required and abstain from deliberation to allow unbiased and open discussion and decision making. The Directors are highly cognisant of their duties to disclose conflict of interest situation and recuse themselves accordingly.

Having a diverse Board with the Directors varied in terms of their backgrounds, education and experiences, dissenting views or even unpopular opinions are a norm. The practise of open, healthy and thorough deliberations continued to be exercised in arriving at a firm decision. The Board continues to exercise objective judgement, uninfluenced by non-related factors, to act in the best interest of the Company and safeguarding stakeholders' interests with strong moral values, firm principles and clear understanding of good governance practices.

Apart from the above criteria, the independence of all TM Directors, including the NEDs, is assessed through the BEE on an annual basis. The NRC, as part of its ToR, undertakes the annual review of INEDs' independence status and tables its findings and recommendations to the Board. The Directors' skills, experience, contributions as well as their backgrounds and family relationships are considered. Thereafter, the NRC determines whether the Directors can continue to bring independent and objective judgement to the Board. The NRC also determines in accordance with their character and judgement, whether there are relationships or circumstances which could affect, or able to affect, the Independent Directors' judgement.

In ascertaining the independence status of the Directors, the Board continues to believe that tenure should not form part of the assessment criteria. It is of the view that the fiduciary duties of Directors are the primary concern of all Directors, regardless of their status. The Board firmly believes that the ability of a Director to serve effectively is dependent on his/her calibre, qualification, experience and personal qualities, particularly his/her integrity and objectivity. With more than half of the Board members newly appointed, there are significant advantages of having long-serving Directors who possess insight and knowledge of the Company's business and affairs to ensure continuity and enable the new members to familiarise themselves with the growing challenges faced by the Company.

The Board is steadfast in its opinion that although Practice 4.3 of the MCGG 2017 on the limitation of nine (9) years cumulative tenure of INED is not formally adopted by the Company, it does not necessarily precludes the Board from adhering to the spirit of the principle. The Board adopted Practice 4.2 whereby any retention of INED who served for more than nine (9) years is to be put up for shareholders' consideration. As at the date of the AGM, none of our INED's tenure exceed the cumulative term limit of nine (9) years.

BOARD DIVERSITY

The Board recognised that having a diverse range of skills, background, expertise and experience are critical elements in ensuring a vibrant, effective and robust Board. The Board acknowledges that there is always room to enhance diversity and inclusivity in ensuring continuous efficient functioning of the Board to lead the Company in addressing the challenges with the ever changing telecommunications industry. It also opines that creating a diverse Board involves a myriad of critical elements that are not limited to gender and/or age, but including experience and skills-sets as well as the members' background – education and personality, ethnicity/race, nationality, religious beliefs and cultural or socio-economic personal histories.

The Group's approach to ensure Board diversity is as stipulated in the Board Charter. The Board believes that the existing appointment process in selecting new Board member is adequate as it takes into consideration the required skills-set, experience, competency, regional and industry experience, and knowledge of the individual candidate, in addition to the candidate's gender and age.

Whilst the policy on 30% women director has yet to be formally adopted, the initiatives in this regard have been put in place. Additional prominent and suitably qualified women have continued to be identified and included in the Directors' Pool for possible nomination as part of the succession plan for TM Directors. On the Management side, TM has continuously identify and selects qualified women in Senior Management to undergo training to equip them with relevant knowledge to serve as directors on the boards of TM's subsidiaries and associate companies.

The number of women directors on the Board remain the same i.e. three (3) female representation who serve as INEDs, but the percentage has increased to 30% of total number of Directors. Our Board agreed that the existing female representation is appropriate for the Company.

To-date, there are 12 women serving as nominee directors on the Boards of TM Group as well as 13 women appointed to senior positions within the organisation. The Board regards these as consistent steps in cultivating talented women employees in TM as future directors in support of the government's initiative.

BOARD APPOINTMENT

The Company maintains a formal and transparent procedure for the appointment of new Directors. The process is enumerated in the Company's Constitution. Nominees to the Board are first considered by the NRC, taking into account the mix of skills, competencies, experience and other qualities required in managing a highly regulated telecommunication business, before they are recommended to the Board.

While the Board is responsible for the appointment of new Directors, the NRC is delegated with the role of screening and conducting an initial selection, which includes an external and independent search, before making a recommendation to the Board. NRC evaluates the nominees' ability to discharge their duties and responsibilities before recommending their appointment as Directors to the Board for approval.

In 2018, the NRC having considered their respective qualifications, expertise, skills and experience recommended to TM Board the appointment of Rosli, Dato' Asri, Dr Farid, Dato' Mohd Naim, Hisham, Saheran and Faisal as new Directors and Alternate Director of the Company.

Corporate Governance Overview

DIRECTORS' RETIREMENT AND RE-ELECTION

Taking into account the requirements in the Constitution of the Company, the Directors' Rotation for Retirement List was presented to the NRC for endorsement. The Directors recommended for re-election at the AGM are subject to prior assessment by the NRC and the affected Directors are required to give their consent on their re-election prior to TM's Board meeting. In assessing the candidates, NRC takes into consideration their attributes, competencies, commitment, personality and qualities, as well as their contribution and performance based on the BEE. Assessment of the Board's structure and balance as well as the concerned Directors' independence are also made. NRC's recommendations are thereafter submitted to the Board and shareholders for approval.

At the forthcoming 34th AGM, seven (7) directors will be considered for re-election pursuant to two (2) different provisions under the Constitution. For the 34th AGM, Gee Siew Yoong being the director representing one-third and longest in office since her last election shall retire by rotation.

Gee, INED, is a member of the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants. She is the BAC Chairman and member of BIC. A former auditor, who has also held the position of CEO tasked to reorganise troubled organisations, including financial institutions, local and international, Gee has considerable experience in business and financial matters. She is always mindful of rules and regulations applicable to the Company and is very thorough in assessing audit and control issues affecting the Group. She has given her consent to be re-elected as director. The NRC and the Board (save for the Interested Director) are of the opinion that there is conflict of interest in view of her position as a director in a company which is a licensee of the Malaysian Communications and Multimedia Commission (MCMC), and is directly competing with TM and hence, do not recommend her re-election as Director.

Six (6) Directors were appointed to fill casual vacancies since TM's 33rd AGM. They were to hold office until the following AGM where they are required to retire. The Directors are recommended for re-election by the NRC and Board, and they have given their consents to be re-elected as Directors. The six (6) Directors, as evaluated by the NRC and approved by the Board, have met the Board's expectations. The Board is of the view that these Directors are objective during deliberations and would be able to perform their fiduciary duties.

During his short term as a NINE Chairman, Rosli Man has shown his keen interest in the Company's business and management. He is building a professional relationship with the Board and Management in order to ensure the smooth running of the Company. The NRC and the Board were of the opinion that Rosli provides a healthy mix to the Board's expertise and recommended him for re-election.

Dato' Asri Hamidin (Q Hamidon) was previously an Alternate Director on the TM Board for more than two (2) years, during which he also acted as an alternate member in the Company's BTC and BIC, affording him the familiarity with the Company's business and operations. Dato' Asri is currently the NINED representing the interest of the Special Shareholder. He has provided the valuable assistance in navigating and ascertaining the government's perspectives on various issues. Based on the 2018 BEE assessment, the Board opined that Dato' Asri could contribute to the Board mix. NRC and the Board recommended his re-election.

Dr Farid Mohamed Sani, NINED, a telecommunication strategist, has an astute ability to assess and review issues methodically before imparting his opinions. He has in-depth knowledge of the telecommunications industry and specifically TM, being one of the telcos under the telecommunication portfolio managed by his office in Khazanah. He has previously served as an alternate director in the Board of TM and later as TM's Chief Strategy Officer. The NRC and the Board were of the opinion that Dr Farid provides a healthy mix to the Board's expertise and recommended him for re-election.

Dato' Mohd Naim Daruwish, NINED, is the new addition to the Board representing the interests of our Major Shareholder, EPF. Dato' Mohd Naim's professional background equipped him with both the confidence and affirmation of an investor's perspective. He is inquisitive and relentless in seeking clarifications before making decisions. He is also vocal in Board meetings. Based on the BEE's peer to peer assessment, Dato' Mohd Naim will be able to provide variety to the Board mix. The NRC and the Board recommended that he be re-elected as Director of the Company.

As a chartered financial analyst, Hisham Zainal Mokhtar, INED, is methodical and highly analytical in his assessment of any subject matter put forth for discussion. He is immaculate in extracting relevant information, able to analyse, dissect and evaluate it for better decision making. He is not averse to utilising every available resource in his fact-finding quest. In the short four (4) months of his term as director, Hisham has already displayed his value as INED which led the Board to ascertain that he is essential to the Board mix. Based on the BEE's peer to peer assessment, Hisham would be invaluable to the Board mix. The NRC and Board thus recommended him to be re-elected as Director at the forthcoming AGM.

Saheran Suhendran, INED, an experienced corporate and commercial lawyer, highly regarded in his field is a welcome addition to the Board. Saheran actively participates in discussions, meticulous and cohesive in making his points and arguments and thorough in his assessment before making decisions. He is firm on issues, demonstrated professionalism and knowledge and has shown independence of judgement. Based on the BEE's peer assessment, the NRC and the Board were of the opinion that Saheran provides a variation to the skill set diversity and recommended him for re-election.

BOARD EFFECTIVENESS EVALUATION (BEE)

Our BEE comprises a Board Evaluation, a Committee Evaluation and a Directors' Self and Peer Assessment, designed to improve the Board's effectiveness as well as to draw the Board's attention to key areas that need to be addressed in order to maintain Board cohesion despite its diversity.

It was conducted internally by the Group Company Secretarial Division who has professionally and continuously maintained an objective evaluation methodology. Candid assessment by the Directors are well kept to maintain the confidentiality of the feedback givers. It was then analysed and the findings presented to the NRC and Board for discussion. Our Board believes that the process was well managed without any due interference from Directors and Management. Our Board also noted Practice 5.1 of the MCCG 2017 which recommends Large Companies to engage independent experts periodically to facilitate objective and candid board evaluations. The Board in February 2019 has analysed the BEE 2018 Report and was satisfied with the findings and objectivity rendered. As the current Board will be serving its one (1) year term by end 2019, the Board agreed for the BEE 2019 to be conducted internally to provide continuity to the assessment. An independent expert will be engaged for BEE 2020 to provide external assessments.

BEE assesses the Board's responsibilities, composition, ways to foster commitment, administration and process, conduct, interaction and communication with Management and stakeholders, and its evaluation on the Chairman and ED. The respondents to the 2018 BEE are of the opinion that as majority of the Board members are new, a fair assessment on the performance of the current Board is too premature.

The BEE also assesses the effectiveness of the Board Committees, particularly their structure and processes as well as accountability and responsibility. Save for BTC and LTIP Committee, which were rated "Good" or "Outstanding", the other Board Committees are rated between "Acceptable" to "Outstanding" indicating that the Committee members have discharged their duties and responsibilities with commitment and professionalism with areas for improvement. These issues were shared with the Committees to strengthen their cohesiveness and future delivery.

Self and Peer Evaluation are conducted to assess each Director's professional competency, attributes and personality. Directors' Peer Evaluation overall results continued to be high in 2018.

Based on the 2018 BEE results, the Board will continue to focus on the following strategic areas in 2019 to maintain TM's competitive edge.

Strategic and Inorganic Growth	Performance Management	Business Sustainability & Risks	Succession Planning
<i>Realising Convergence & Go Digital aspirations</i>	<i>More engagement between Board & Management for improvement on overall business performance process.</i>	<i>Management to clearly define sustainability plan & risks.</i>	<i>(1) Recruiting required skillsets for Directors & right talent for Management (2) Attractive remuneration packages for Board and Senior Management.</i>

DIRECTORS AND SENIOR MANAGEMENT'S REMUNERATION

Our Directors' remuneration policy ensures that the remuneration mix is competitive and equitable. The aim of the remuneration policy is to align with our strategic thrusts and value drivers, attract and retain Directors of such calibre who are able to provide the necessary skills and experience, commensurate with the responsibilities for the effective management of TM Group as well as in support of the philosophy of value-based management.

The policy and framework for the overall remuneration of the EDs and NEDs are reviewed against market practices by the NRC, following which recommendations are submitted to the Board for approval.

Corporate Governance Overview

NON-EXECUTIVE DIRECTORS (NEDs)

NEDs' remuneration package is determined by the Board in a holistic manner. Director's fee is based on a standard fixed fee while meeting allowances are paid based on attendances at Board and Committee meetings.

Shareholders had at the 33rd AGM held on 26 April 2018, approved the payment of Directors' Fee for the Non-Executive Chairman (NEC) and NEDs with effect from the 33rd AGM until the 34th AGM of the Company as follows:

Directors	Fee
NEC	RM360,000 per annum (Q RM30,000 per month)
NED	RM240,000 per annum (Q RM20,000 per month)
SID*	RM27,000 per annum (Q RM2,250 per month)

Note: * On top of NED fees.

The benefits payable applicable to NEC and NEDs based on the Board Charter are meeting fee, emoluments and claimable benefits. The quantum for the said benefits remained unchanged for the year as below:

(i) Meeting fee structure for Board and Board Committees

	Meeting Allowance per Attendance (RM)						
	Board	BAC	NRC	BTC	BRC	BIC	LTIP Committee
Chairman	3,500	3,250	2,500	3,250	2,500	2,500	2,500
NED	3,000	2,500	2,000	2,500	2,000	2,000	2,000

Note: Board is authorised to determine the fees for ad-hoc Board Committee

(ii) Meeting fees under the SRF:

Category of TM Subsidiaries	NEC	NED	Committee Fee	
	Meeting Fee (RM)	Meeting Fee (RM)	Chairman Meeting Fee (RM)	Member Meeting Fee (RM)
Tier 1	1,500	1,000	500	300
Tier 2	1,500	1,000	Nil	Nil

(iii) Customary benefits such as claimable benefits on annual overseas business development trips, leave passage, per diem travelling for foreign director, business equipment, telecommunication bills, insurance and medical coverage.

(iv) Meeting attendance allowances are payable to NEDs only and payable for each Board and/or Board Committee meeting held on per meeting basis. The said allowances are payable to Alternate Director who attend meetings in the absence of his substantive Director.

Shareholders' approval will be sought at the coming 34th AGM for the payment of directors' fees and any benefits payable to NEDs according to Section 230(1) of the CA 2016.

NEDs are not entitled to participate in any employees share scheme or variable performance-linked incentive schemes pursuant to the Blue Book issued by the Putrajaya Committee on Government Linked Companies (GLCs) High Performance (PCG).

TM has also in place a Subsidiaries' Board Remuneration Framework (SRF) in which subsidiaries are categorised into tiers based on its strategic, revenue and impact levels to TM, as well as focus of business. Based on the SRF, directors' fees for Tier 1 Subsidiaries has been set at 50% of TM's Board's Remuneration Framework. Shareholders had at the 33rd AGM held on 26 April 2018, approved the fees for NEC and NEDs appointed on the boards of Tier 1 Subsidiaries to RM15,000 per month and RM10,000 per month respectively, with effect from the 33rd AGM.

Details of the total remuneration of each Director of the Company received from TM Group of Companies, categorised into appropriate components for the financial year ended 31 December 2018, are as follows:

No.	Name of Directors	Salary (RM)	Allowance (RM)		Benefit In Kind (RM)	Total Amount (RM)	
			TM				
NON-INDEPENDENT AND EXECUTIVE DIRECTORS (NIED)							
1	Datuk Bazlan Osman <i>(Redesignated as ED on 16 November 2018 and resigned on 28 February 2019)</i>	1,713,423.40 ^a	60,000.00 ^b		139,267.72	1,912,691.12	
2	Dato' Sri Mohammed Shazalli Ramly <i>(Resigned on 6 June 2018)</i>	1,739,481.70 ^c	26,000.00 ^b		99,126.10	1,864,607.80	
TOTAL AMOUNT (RM)		3,452,905.10	86,000.00		238,393.82	3,777,298.92	
No.	Name of Directors	Director's Fees (RM)		Benefits Payable		Total Amount (RM)	
				Allowance (RM)			Benefit In Kind (RM)
		TM	Subsidiary	TM	Subsidiary		
NON-INDEPENDENT AND NON-EXECUTIVE DIRECTORS (NINED)							
1	Rosli Man (Chairman) <i>(Appointed on 3 December 2018)</i>	30,000.00	–	–	–	5,067.67	35,067.67
2	Dato' Asri Hamidin (Q Hamidon) <i>(Appointed on 3 October 2018) (Ceased as Alternate to Dato' Sri Dr Mohamad Isa Hussain on 26 April 2018)</i>	58,709.68	–	17,000.00	–	1,880.50	77,590.18
3	Dr Farid Mohamed Sani <i>(Appointed on 1 January 2019)</i>	–	–	–	–	–	–
4	Dato' Mohd Naim Daruwish <i>(Appointed on 3 October 2018)</i>	58,709.68 ^d	–	12,000.00	–	1,675.00	72,384.68
INDEPENDENT AND NON-EXECUTIVE DIRECTORS (INED)							
5	Datuk Zalekha Hassan	220,000.00	145,000.00	110,250.00	5,000.00	69,716.75	549,966.75
6	Gee Siew Yoong	180,000.00	–	86,750.00	–	60,180.75	326,930.75
7	Tunku Afwida Tunku Dato' A.Malek	259,000.00 ^e	–	105,500.00 ^e	–	74,495.87	438,995.87
8	Balasingham A. Namasiwayam	363,833.32 ^e	114,354.84	135,600.00 ^e	6,600.00	109,186.10	729,574.26
9	Hisham Zainal Mokhtar <i>(Appointed on 3 October 2018)</i>	58,709.68	–	15,000.00	–	3,912.75	77,622.43
10	Saheran Suhendran <i>(Appointed on 3 October 2018)</i>	58,709.68	–	15,000.00	–	14,268.17	87,977.85

Corporate Governance Overview

No.	Name of Directors	Director's Fees (RM)		Benefits Payable			Total Amount (RM)
				Allowance (RM)		Benefit In Kind (RM)	
		TM	Subsidiary	TM	Subsidiary		
NINE ALTERNATE DIRECTOR							
11	Faisal @ Pital Abdul Ghani <i>(Alternate to Dato' Asri bin Hamidin @ Hamidon) (Appointed on 31 December 2018)</i>	-	-	-	-	-	-
DIRECTORS RESIGNED IN 2018							
12	Tan Sri Dato' Seri Dr Sulaiman Mahbob <i>(Chairman) (Resigned on 30 November 2018)</i>	281,000.00	151,000.00	45,500.00	7,000.00	37,102.51	521,602.51
13	Dato' Sri Dr Mohamad Isa Hussain <i>(Resigned on 26 April 2018)</i>	60,000.00	-	23,000.00	-	42,382.50	125,382.50
14	Nik Rizal Kamil Tan Sri Dato' Nik Ibrahim Kamil <i>(Resigned on 31 December 2018)</i>	200,000.00 ^d	-	107,500.00 ^d	-	6,842.99	314,342.99
15	Tunku Dato' Mahmood Fawzy Tunku Muhiyiddin <i>(Resigned on 31 December 2018)</i>	352,166.67 ^e	101,500.00	110,500.00 ^e	1,500.00	20,319.61	585,986.28
16	Davide Giacomo Federico Benello <i>(Resigned on 3 October 2018)</i>	161,333.33	-	103,000.00 ^f	-	11,883.40	276,216.73
17	Datuk Seri Fateh Iskandar Tan Sri Dato' Mohamed Mansor <i>(Resigned on 8 June 2018)</i>	79,000.00	60,183.33	31,000.00	1,500.00	81,915.39	253,598.72
TOTAL AMOUNT (RM)		2,421,172.04	572,038.17	917,600.00	21,600.00	540,829.96	4,473,240.17

Notes:

a Inclusive of Company's contribution to provident fund.

b Car allowances in lieu of provision of company car.

c Inclusive of Company's contribution to provident fund and variable pay.

d Inclusive of payment made to Khazanah Nasional Berhad and Employees Provident Fund as management fee for their respective nominee directors.

e Inclusive of fee and allowance received from subsidiaries.

f Inclusive of per diem allowance for foreign director.

ED AND SENIOR MANAGEMENT

EDs and Senior Management are paid salaries, allowances, performance based incentives including bonus and other customary benefits as appropriate to Top Management. A significant portion of the Top Management's compensation package has been made variable depending on the Company's performance during the financial year, which is determined based on the individual KPIs, and aligned to TM Group's Balanced Scorecard. The EDs are not paid Director's fees or meeting allowances for Board and Board Committee meetings that they attend and are members of.

The performances of the EDs (as well as that of the Pivotal Positions and the Group Company Secretary) are reviewed annually by the NRC, and recommendations are submitted to the Board on specific adjustments in their remuneration and/or reward payments, reflecting their contributions for the year. During the year, the Pivotal Positions as prescribed in the Board Charter have been expanded to include C-Suite Management members, Executive Vice Presidents of Lines of Business and/or any other positions that are deemed strategic to the Company by the NRC from time to time.

The EDs and Management team are rewarded according to a combination of achievement of targets and their 360-degree ratings. These payments are competitive in line with the Group's corporate objectives and strategy. The EDs recused themselves during deliberations on their performance rewards and remuneration review at NRC and Board meetings.

The remuneration of the top five (5) Senior Management (including salary, bonus, benefit-in-kind and other emoluments) for the financial year ended 31 December 2018 ranged as follows:

Top 5 Senior Management	Remuneration ranges per annum (RM)
Dato' Kairul Annuar Mohamed Zam Zam (Chief Strategy Officer)	1,100,000 – 1,150,000
Nor Fadhilah Mohd Ali (Group Chief Financial Officer)	850,001 – 900,000
Mohamad Mohamad Zain (Chief Procurement Officer)	750,001 – 800,000
Dato' Mohd Rais Azhar (Chief Technology & Innovation Officer)	600,000 – 650,000
Mohd Farid Shah Mohd Basir* (Chief Human Capital Officer)	150,000 – 200,000*

* Appointed on 1 October 2018

At the Extraordinary General Meeting of the Company held on 28 April 2016, the shareholders have approved a Long-Term Incentive Plan (LTIP) for all eligible employees and EDs. The main objectives of the LTIP are to encourage performance culture and as a retention tool. The LTIP comprises Restricted Share and Performance Share grants, whereby the main differences are on the eligibility of the employees in terms of their job grades in the Group, the performance metrics to be met which will be determined prior to the grant being made and the vesting periods of the Grant to the Eligible Employees. The LTIP is administered and managed by the LTIP Committee, a sub-committee of the NRC established in accordance with the by-laws governing the LTIP (LTIP By-Law). No new LTIP was granted in 2018.

Corporate Governance Overview

NOMINATION AND REMUNERATION COMMITTEE (NRC)

Chairperson

Datuk Zalekha Hassan

Senior Independent Director
[Appointed as Chairman on 1 January 2019]

Members

Dr Farid Mohamed Sani

Non-Independent Non-Executive Director
[Appointed on 1 January 2019]

Tunku Afwida Tunku Dato' A.Malek

Independent Non-Executive Director

Balasingham A. Namasiwayam

Independent Non-Executive Director

Former Members Who Served During the year under Review

Tunku Dato' Mahmood Fawzy

Tunku Muhiyiddin
Senior Independent Director
[Resigned on 31 December 2018]

Nik Rizal Kamil

Tan Sri Dato' Nik Ibrahim Kamil
Non-Independent Non-Executive Director
[Resigned on 31 December 2018]

Key Objective

The NRC carries dual roles since its inception. Both roles were combined for the purpose of expediency and practicality, whereby the same members are entrusted with both functions. In addition to the nomination and remuneration roles, NRC also oversees governance matters.

Membership

Since the last report, there were several changes to NRC's composition with the cessations of long serving Chairperson and member.

NRC was chaired by SID and comprises exclusively of NEDs, with majority being independent. The EDs and AGCEO/COO are invited as permanent invitees to NRC meetings.

Responsibilities

In carrying its nomination function, the NRC's primary role is to assist the Board in reviewing and determining its appropriate size and balance, and ensuring the Directors bring characteristics to the Board which provide a required mix of responsibilities, skills and experiences.

NRC ensure Board composition meets the needs of the Company. It also develops, maintains and reviews the criteria to be used in the recruitment process and annual assessment of directors.

NRC's primary remuneration function is supporting the Board in developing and maintaining policy framework on all elements of the remuneration for EDs and Pivotal Positions including terms of employment, reward structure and benefits, as well as to maintain and administer remuneration entitlements of the NEDs.

NRC also support the Board in ensuring efficiency and transparency of TM's governance related matters or issues that may directly or indirectly affect the Board.

Overview

Throughout the year in review, NRC continued to provide critical support to the Board in relation to the succession planning of the Board and Management.

Other key issues deliberated were the assessment and succession plans for the Pivotal Positions and their remuneration. In the effort to strengthen the leadership bench in view of the challenges faced by the Company, the Pivotal Positions have been further expanded to include C-Suite Management members.

NRC also deliberated and recommended to the Board the Company's Headline Key Performance Indicators (KPIs) and its review during the year, as well as the review and adoption of the Company's new Constitution. NRC continues to oversee the implementation of the performance linked reward i.e. LTIP via its sub-committee known as the LTIP Committee and oversees the review of the Board Charter.

Main Activities of NRC in 2018

During the year, the NRC have undertaken the following activities:

Nomination Function

NRC considered and made recommendations to the Board on the following matters:

- Re-appointment and re-election of Directors at the 33rd AGM.
- Succession planning for Top Management.
- Succession planning for Board.
- Appointment of SID.
- Annual assessment and review of composition of all TM Board Committees.
- Annual assessment of independence status of the INEDs.

Remuneration Function

Considered and made recommendations to the Board on the following matters:

- Revision to NED's remuneration.
- Remuneration package for Pivotal Positions.
- Performance evaluation of the EDs, Pivotal Positions as well as the Group Company Secretary against pre-set KPIs.
- Vesting of shares pursuant to the LTIP Performance Share Programme.
- LTIP for ED and eligible TM employees.
- Performance Reward Pool and salary increment for TM employees.
- 2018 Headline KPIs and its review during the year.
- Review of SRF.
- Gratuity payment for previous MD/GCEO and ED/AGCEO.

Governance Function

- Implementation and scope of the BEE assessment for 2018.
- Status of Directors' continuing education programme in compliance with the Board Training Programme (BTP).
- Observance and monitoring of governance requirements by the Directors.
- Annual review of the Board Charter.
- Assessment on the Company's application of the new MCCG 2017.
- Recommendation to TM Board on CG Overview Statement and CG Report.

NRC Effectiveness Review and Performance

Based on the 2018 BEE findings, NRC was rated as effective and has performed well and continued to provide excellent support to the Board. NRC's composition ensures appropriate mix and balance to uphold the interests of all stakeholders and to meet the needs of the Group.

Corporate Governance Overview



LTIP COMMITTEE

Chairperson

Dr Farid Mohamed Sani

Non-Independent Non-Executive Director
[Appointed as Chairman on 1 January 2019]

Members

Tunku Afwida Tunku Dato' A.Malek

Independent Non-Executive Director

Balasingham A. Namasiwayam

Independent Non-Executive Director

Former Members Who Served During the year under Review

Nik Rizal Kamil

Tan Sri Dato' Nik Ibrahim Kamil

Non-Independent Non-Executive Director
[Resigned on 31 December 2018]

Davide Giacomo Federico Benello

Independent Non-Executive Director
[Resigned on 3 October 2018]

Key Objective

- ▶ LTIP Committee was established as a sub-committee to the NRC to implement and administer TM's Long Term Incentive Plan (LTIP) in accordance with TM LTIP By-Laws.

Responsibilities

- ▶ The powers, duties and responsibilities of the LTIP Committee is governed by its own ToR. Its main duties is to oversee the administration of the TM LTIP in accordance with the By-Laws. The LTIP Committee has the power to review and consider the transactions, agreements, deeds, documents and arrangements as may be required in connection with the administration of TM LTIP.

Overview

- ▶ LTIP Committee continued to perform its duties pursuant to its ToR and LTIP By-Laws. The Committee met only once during the year as the LTIP criteria for vesting was not met which does not warrant LTIP Committee to convene its meeting.

During the year, LTIP Committee considered the maximum allocation of LTIP grants for the then MD/GCEO and ED/DGCEO for recommendation to NRC. The recommendations were duly accepted by the Board and subsequently approved by the shareholders at the 33rd AGM held on 26 April 2018.

LTIP Committee Effectiveness Review and Performance

- ▶ BEE 2018 showed that LTIP Committee has been effective and provided adequate advice to Management and Board on matters related to TM LTIP.



TENDER COMMITTEE (BTC)

Chairperson

Datuk Zalekha Hassan

Senior Independent Director

Members

Dato' Asri Hamidin @ Hamidon

Non-Independent Non-Executive Director
[Appointed on 3 October 2018]

Dr Farid Mohamed Sani

Non-Independent Non-Executive Director
[Appointed on 1 January 2019]

Balasingham A. Namasiwayam

Independent Non-Executive Director

Alternate Member

Faisal @ Pisal Abdul Ghani

Non-Independent Non-Executive
Alternate Director
[Appointed on 31 December 2018]

Former Members Who Served During the year under Review

Datuk Bazlan Osman

Non-Independent Executive Director
[Resigned on 28 February 2019]

Nik Rizal Kamil

Tan Sri Dato' Nik Ibrahim Kamil

Non-Independent Non-Executive Director
[Resigned on 31 December 2018]

Dato' Sri Mohammed Shazalli Ramly

MD/GCEO

Non-Independent Executive Director
[Resigned on 6 June 2018]

Dato' Sri Dr Mohmad Isa Hussain

Non-Independent Non-Executive Director
[Resigned on 26 April 2018]

Dato' Asri Hamidin @ Hamidon

Non-Independent Non-Executive Alternate Director
[Cease to act on 26 April 2018]

Key Objective

- ▶ BTC was established to consider all procurement proposals in TM Group based on the approved LoA in line with the Board's delegation of power.

Membership

- ▶ BTC composition has gone through various changes due to the changes in TM Board composition.
- ▶ BTC was chaired by SID, whilst AGCEO/COO was a permanent invitee to BTC meetings. TM's Chief Procurement Officer (CPO) and Chief Technology & Innovation Officer (CTIO) also attended those meetings to provide input on procurement and technical matters. Management Evaluation Committee members were invited to brief BTC on specific issues as and when required.

Responsibilities

The key functions of the BTC are summarised as follows:

- ▶
 - Ensure that the procurement process is in accordance and complies with all applicable procurement ethics, policies and procedures.
 - Verify the validity of technical and financial capabilities of the tenderers.
 - Consider and approve bids which will benefit the Company and Group taking into consideration various factors, such as pricing, utilisation of goods/services, quantity, delivery/commissioning timeframes and other relevant factors.
 - Ensure that the objectives of the Bumiputera Entrepreneurship Development Programme and Vendor Programme are achieved through careful monitoring of the performance and track records of the companies/vendors appointed under these programmes.

Overview

- ▶ BTC has executed its duties and responsibilities well whilst providing sound advice on procurement governance for adoption by the Company. BTC is supported by sub-management procurement committees chaired by the AGCEO, GCFO and CPO respectively, depending on the level of authority accorded to them.

Main Activities in 2018

▶ During the year, BTC had deliberated on the following matters:

- Procurement proposals within its authority limits.
- Procurement performance report and status summary.
- Procurement plan and strategy.
- Identified procurement issues.

Significant matters reserved for Board's approval and procurement proposals within the authority limits of TM Board were tabled at Board meetings.

BTC Effectiveness Review and Performance

- ▶ In BEE 2018, BTC continued to operate effectively under established governance processes. The Board opined that all members have collectively contributed to the effectiveness of the Committee.

Corporate Governance Overview

INVESTMENT COMMITTEE (BIC)

Chairperson

Hisham Zainal Mokhtar

Independent Non-Executive Director
[Appointed as Chairman on 1 January 2019]

Members

Dato' Asri Hamidin @ Hamidon

Non-Independent Non-Executive Director
[Appointed on 3 October 2018]

Dr Farid Mohamed Sani

Non-Independent Non-Executive Director
[Appointed on 1 January 2019]

Gee Siew Yoong

Independent Non-Executive Director

Tunku Afwida Tunku Dato' A.Malek

Independent Non-Executive Director

Alternate Director

Faisal @ Pisal Abdul Ghani

Non-Independent Non-Executive
Alternate Director
[Appointed on 31 December 2018]

Former Members Who Served During the year under Review

Datuk Bazlan Osman

Non-Independent Executive Director
[Resigned on 28 February 2019]

Nik Rizal Kamil

Tan Sri Dato' Nik Ibrahim Kamil

Non-Independent Non-Executive Director
[Appointed as Chairman on 7 June 2018 and resigned on 31 December 2018]

Tunku Dato' Mahmood Fawzy

Tunku Muhiyiddin

Senior Independent Director
[Resigned on 31 December 2018]

Datuk Seri Fateh Iskandar

Tan Sri Dato' Mohamed Mansor

Independent Non-Executive Director
[Resigned on 8 June 2018]

Dato' Sri Dr Mohamad Isa Hussain

Non-Independent Non-Executive Director
[Resigned on 26 April 2018]

Dato' Asri Hamidin @ Hamidon

Non-Independent Non-Executive Alternate Director
[Cease to act on 26 April 2018]

Key Objective

BIC was established to consider and evaluate strategic equity investment and/or divestment related proposals of TM Group for recommendation to the Board. It is also tasked to consider and deliberate all proposals relating to TM Group's properties (i.e. land and buildings).

Membership

Since the last report, BIC composition has gone through a number of changes in its Chairmanship and Memberships. BIC was last chaired by a NINED and he was succeeded by an INED. Majority of its members are INEDs. AGCEO/COO, GCFO and CSO also attended BIC meeting as invitees.

Responsibilities

Key BIC's responsibilities are summarised below:

- To review, evaluate and recommend to the Board the Management's recommendations on strategic equity investment and divestment related proposals.
- To review, evaluate and recommend to the Board the Management's recommendations on land matters related proposals.
- To review post investment review (PIR) report on post-acquisition or post-investment implementation on major and strategic investment by TM and Group and provide the necessary guidance as appropriate.

Overview

BIC continued to perform its duties diligently during the year and provided clear guidance and advices to Management on strategic investment and land commercialisation matters in accordance with TM's internal policy to protect the Group's interest.

TM Board has high regard of BIC's capability and opinions and accepted BIC's recommendations accordingly.

Main Activities of BIC in 2018

During the year, BIC has deliberated and recommended to the Board on the following matters:

- Proposal to exercise TM's rights and option under an Investment Agreement relating to a subsidiary.
- Review of TM's investment in an innovation fund.
- Proposed way forward on an existing Joint Land Development of TM's land.
- Proposal on TM's participation in a business arrangement in a property development.
- Proposal on New Local Currency Funding Programme.

BIC Effectiveness Review and Performance

BEE 2018 showed that the BIC has continued to be proactive and highly engaged on related issues, and has fulfilled its responsibilities in facilitating the Board's informed decisions.



RISK COMMITTEE (BRC)

Chairperson

Balasingham A. Namasiwayam

Independent Non-Executive Director
[Appointed as Chairman on 1 May 2018]

Members

Datuk Zalekha Hassan

Senior Independent Director
[Appointed on 1 January 2019]

Tunku Afwida Tunku Dato' A. Malek

Independent Non-Executive Director
[Redesignated from BRC Chairman to Member
on 1 May 2018]

Saheran Suhendran

Independent Non-Executive Director
[Appointed on 1 January 2019]

Former Members Who Served During the year under Review

Datuk Bazlan Osman

Non-Independent Executive Director
[Resigned on 28 February 2019]

Nik Rizal Kamil

Tan Sri Dato' Nik Ibrahim Kamil

Non-Independent Non-Executive Director
[Appointed on 8 June 2018
and resigned 31 December 2018]

Datuk Seri Fateh Iskandar

Tan Sri Dato' Mohamed Mansor

Independent Non-Executive Director
[Resigned on 8 June 2018]

Gee Siew Yoong

Independent Non-Executive Director
[Resigned on 15 May 2018]

Key Objective

- ▶ BRC was established to oversee the Company's Enterprise Risk Management (ERM) framework and policies. BRC also monitors key business risks to safeguard shareholders' investments, TM's interests and assets as well as managing stakeholders' concerns on risks matters.

Membership

- ▶ Since the last report, BRC composition has gone through a number of changes in its Chairmanship and Memberships. BRC was chaired by an INED and majority of its members are INEDs.

The changes in its membership has further strengthened BRC's composition. BRC continues to engage Management on the inherent and emerging risk issues that and may have impact on the Group. Further, BRC adds value by ensuring the effectiveness of the mitigating actions taken by Management in controlling, minimising or eliminating the risks.

AGCEO/COO, GCFO, CSO and Vice President of Group Business Assurance, who also heads the Risk Management Unit, attended the BRC meetings as permanent invitees. Other attendees, external or internal, were invited to attend all or part of meetings as and when appropriate and with the consent of the Chairman.

Responsibilities

- ▶ BRC is responsible to enhance the CG practices of TM Group with focus on risks issues and assist the Board in overseeing a sound and robust ERM framework and policies for TM Group.

The powers, duties and responsibilities of the BRC are incorporated in the Board Charter which is accessible on the Company's official website at www.tm.com.my.

Overview

- ▶ As part of its functions, BRC oversees the following:

- the review of policies and plans for risk management.
- the effectiveness of implementation of the policies.
- the adoption of appropriate steps for potential or unpredictable risks.
- risks are managed within the appropriate and adequate levels of tolerance as approved by the Board.
- the risk management plans are disseminated throughout the Group and integrated in the Group's day-to-day activities.



Corporate Governance Overview



RISK COMMITTEE (BRC) (CONTINUED)

BRC continues to engage and cross refer information and issues with the GIA and BAC to ensure better monitoring and mitigation of risks in TM Group. It has assisted the Board to continuously review and improve the monitoring systems and processes. It continued to be proactive in highlighting risk issues, and was open in discussing its views and/or reservations and provided guidance to Management on the risk controls to mitigate and/or pre-empt the risks. Under BRC's guidance and advice, Management are more aware and mindful of existing and possible risks, being more proactive in managing and monitoring the Group's risks specifically risk relating to the Group's operations and business sustainability.

Main Activities of BRC in 2018

During the year, BRC continues to be active and undertook the following activities:

- Monitored key risk highlights and corporate risks, prioritising on strategy, financial, technology and operational risks that could potentially impacted the Group and means of mitigating the risks.
- Monitored the industry and regulatory landscape affecting the Group's business.
- Establishment of project risk management framework.
- Monitored external compliances to statutory and regulatory and mitigative actions in respect of the same.

BRC Effectiveness Review and Performance

Pursuant to the BEE 2018, the Board acknowledged BRC's recommendation to address several areas of improvement to further enhance existing risk management framework in view of the business and regulatory challenges.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT



AUDIT COMMITTEE (BAC)

Chairperson

Gee Siew Yoong

Independent Non-Executive Director

Members

Tunku Afwida Tunku Dato' A.Malek

Independent Non-Executive Director

Balasingham A. Namasiwayam

Independent Non-Executive Director

Hisham Zainal Mokhtar

Independent Non-Executive Director

[Appointed on 1 January 2019]

Former Members Who Served During the year under Review

Nik Rizal Kamil

Tan Sri Dato' Nik Ibrahim Kamil

Non-Independent Non-Executive Director

[Resigned on 31 December 2018]

Datuk Zalekha Hassan

Senior Independent Director

[Resigned on 31 December 2018]

Key objective

- ▶ BAC plays a crucial role in providing assistance to the Board in fulfilling its oversight responsibilities through review of financial information and provides an unbiased review of the effectiveness and efficiency of the Group's internal control from an independent perspective.

Membership

- ▶ Throughout 2018, the membership of BAC remains unchanged with five (5) members comprising one (1) NINED and four (4) INEDs. The composition of BAC has undergone a review on 31 December 2018 resulting in its membership to consist of four (4) INEDs, correspondingly fulfilling the requirement of Step-Up Practice 8.4 under MCGG 2017.

BAC continues to fulfil the requirement of Paragraph 15.09 of the Main LR of Bursa Securities in terms of its composition and also Clause 5.1.2 of the Board Charter with regard to the governance of the BAC. No alternate Director is a BAC member.

To-date, two (2) BAC members fulfil the requirement of Paragraph 15.09 (1) (c) (i). The Chairperson, Gee Siew Yoong is a member of the Malaysian Institute of Certified Public Accountants and Malaysian Institute of Accountants (MIA). While Tunku Afwida is a member of the MIA and a qualified Chartered Accountant with the Institute of Chartered Accountants in England and Wales.

All BAC members, as shown by their profiles on pages 104 to 106, are financial literate. They have sound judgement, objectivity, independent attitude, management experience, professionalism, integrity and knowledge of the industry. With diverse skills and experience, they were able to discharge their duties responsibly.

The ED, AGCEO/COO and GCFO attended BAC meetings as invitees as part of the Management representation in BAC.

Responsibilities

- ▶ The ToR establishes the powers, duties and responsibilities of the BAC, and is incorporated in the Board Charter which is accessible on the Company's official website at www.tm.com.my.

Corporate Governance Overview

How the Committee operates

Members' attendance at BAC meetings is provided in page 122.

During the financial year, attendance at all BAC meetings met the requisite quorum as stipulated in the BAC ToR. Majority of the members present at all meetings were Independent Directors.

BAC meetings were structured into two (2) deliberation clusters; ensuring efficient planning by Management and sufficient time spent for the members to deliberate and discuss the various matters:

Meetings	Financial Results	Other Audit Matters
Dates	20 February 23 February 21 May 24 August 22 November	22 January 5 March 10 April 19 July 6 August 22 October
Matters Discussed	<ul style="list-style-type: none"> Quarterly results and related matters Audited Financial Statements 	<ul style="list-style-type: none"> Management issues under BAC's purview Internal and external audit matters Integrated Annual Report matters

Apart from the above meetings, two (2) Circular Resolutions were issued.

Operational issues that could potentially risk the Company's performance highlighted by the GIA or external auditors that BAC deemed warrants closer monitoring or constant updates will be segregated as separate agenda item until the issues are resolved to BAC's satisfaction.

BAC has also during the course of the year requested presentation by Management on issues that merit in-depth explanation to ensure appropriate resolutions.

The Company Secretaries act as the BAC Secretary in all BAC meetings. The meetings were also attended by the ED/DGCEO/AGCEO, GCFO, Chief Internal Auditor (CIA) together with other members of Senior Management, external auditor and professional firm, upon invitation, to brief BAC on pertinent issues.

Reports on the proceedings of the BAC were presented to the Board while minutes of BAC meetings are circulated to all members and extracts of the decisions made are escalated to relevant process owners for action.

Significant matters reserved for the Board's approval are tabled at TM Board meetings. The Chairman of BAC provides a report and highlights significant points on the decisions and recommendations of BAC to TM Board.

Main activities of BAC in 2018 (and how BAC met its responsibilities)

Throughout 2018, BAC executed various strategies and actions to discharge its duties and responsibilities effectively. Main activities performed during the financial year are as follows:

1. Financial Reporting

The following matters were reviewed by the BAC before being recommended to TM Board for approval:

- Quarterly audited and unaudited financial statements of TM Group in compliance with Malaysian Financial Reporting Standards (MFRS) 134 and the Main LR.

- BAC noted the recommendation of Best Practices Committee (BPC) on the Company's quarterly financial performance and deliberated on the Company's quarterly financial statements on 20 February, 21 May, 24 August and 22 November for the financial quarters of 4Q 2017, 1Q 2018, 2Q 2018 and 3Q 2018 respectively. BAC concluded that the reports presented a true and fair view of the Company's financial performance.
- BAC also reviewed the draft announcements of the audited and unaudited financial statements to Bursa Securities, to ensure compliance with regulatory requirements.
- BAC discussed the quarterly internal audit reviews to ensure compliance with MFRS 134.

- Reviewed the audited financial statements of TM Group for the financial year ended 31 December 2017 in February 2018 and concluded that the financial reports presented a true and fair view of the Company's financial performance for the year and was in compliance with regulatory requirements.
- Recommended on the proposed dividend pay-out for the financial year ended 31 December 2017, whereby during 2018, interim dividend was declared and announced on 27 February 2018 in respect of FY 2017. BAC reviewed and received assurance from Management, that the distribution of the dividends were in accordance with the provisions in the CA 2016.
- Reviewed proposed revised dividend policy which was approved by TM Board in November 2018.

2. Internal Control

- a) Deliberated on Directors' Statement on Risk Management and Internal Control (SORMIC), which was reviewed by the external auditor, in February 2018 for inclusion in the 2017 Integrated Annual Report. The statement was also jointly reviewed by the BRC.

The SORMIC was supported by the 2017 Assurance Letters from the GCEO, the then DGCEO and GCFO. These assurances were supported by Special Review on Annual Risk Management and Internal Control Assurance for 2017 and Internal Control Incident Report. Based on these documents, BAC reviewed and concluded that the SORMIC presented a true and fair view of the Company's state of internal control.

- b) Reviewed the reports on the adequacy, effectiveness and reliability of internal control systems based on controlled assessments performed annually by the management of the Lines of Businesses and subsidiaries. The issues were discussed at length to secure satisfactory conclusion on moving forward actions by Management.
- c) Deliberated on the quarterly reports from the Audit and Business Assurance Committee (ABAC), a sub-management committee headed by the GCFO, on actions taken by Management to resolve significant internal control and accounting issues highlighted by the internal and external auditors.

BAC deliberated and monitored the progress and status of the audit issues for TM Group raised by both internal and external auditors until their satisfactory conclusions.

- d) Monitored specific issues or concerns affecting the Company's efficiency and performance, until BAC is satisfied that sufficient controls are in place.
- e) Deliberated on the reports from the BPC, a BAC sub-committee chaired by the GCFO.

BPC assists BAC in ensuring compliances and best practices for TM Group in terms of statutory, regulatory and financial standards in TM Group's disclosures.

3. External Audit

- a) Reviewed the external auditor's report for the financial year ended 31 December 2017 and SORMIC in February 2018 before recommending to TM Board for approval.
- b) Reviewed the Internal Control Memorandum (ICM), together with Management's response to the findings of the external auditor in April 2018. The audit issues raised by the external auditor were deliberated and monitored by ABAC and tracked by the Group Business Assurance Division until their conclusion. The activity, status and progress thereof were reported on a quarterly basis to BAC.
- c) Reviewed the overall performance and the effectiveness of the external auditor for TM Group. Recommended their re-appointment for the financial year 2018 and fees payable in respect of the scope of work performed for TM Board's approval. Assessments of the effectiveness of the external auditor were conducted by relevant Management members and the BAC coordinated by the GIA. The external auditor declared that they have maintained their independence in the course of audit for TM Group during the year in accordance with the firm's requirement and the By-Laws on Professional Independence of the MIA. They further declared that upon review of the non-audit services to TM, none of the services provided compromise their independence as the Group's external auditor.
- d) The external auditor, which has been TM's external auditor since 1999, was recommended to be re-appointed for the ensuing year. The financial year ended 2018 marked the first year of the new audit partner and audit team's engagement with TM Group. This is in accordance to Section 290.520 of MIA's By-Law (On Professional Ethics, Conduct and Practice) and embodied in Clause 8.2.5 of the Board Charter, that the key audit partner of the external auditor engaged to the Company shall not be a key audit partner for more than seven (7) consecutive years and subsequently in accordance with Section 290.522, serve a cooling-off period of five (5) consecutive years.
- e) Reviewed the 2018 external auditor's audit plan for TM Group, encompassing the proposed audit approach, detailing the nature and scope for the year's audit, its delivery targets and engagement strategy in July 2018 prior to its implementation.
- f) Reviewed the 2018 Interim Audit Committee Report in August 2018 prior to the tabling of the final report for BAC's deliberation in February 2019. Key audit matters and areas of concern for TM and its subsidiaries highlighted by the external auditor provided a platform for Management and BAC to focus on. The external auditor also provided internal control recommendations and highlighted matters that may be of concern in preparation for the year-end audit.

Corporate Governance Overview

- g) Reviewed the terms of engagement of the external auditor for the 2018 statutory audit and SORMIC review, upon confirmation of its independence and objectivity. The engagement of the external auditor for TM Group was supervised and processed under the Group's umbrella to streamline their terms of engagement.
- h) Reviewed and approved the non-audit services provided by the external auditor while ensuring there was no impairment of independence or objectivity. This includes monitoring the fee of the total non-audit work carried out by the external auditor.

BAC monitored the non-audit engagement of the external auditor on quarterly basis to ensure their independence was not impaired and that they remained objective throughout the financial year.

The non-audit engagements underwent relevant procurement processes and procedures. BAC has authorised the GCFO to approve the proposed non-audit engagement for any engagement valued below 50% of the cumulative value of the statutory audit fee for the current year. A report on the engagement of external auditors approved by the GCFO for non-audit work and the cumulative value is tabled every quarter to BAC.

Non-audit service fees paid to the external auditor and member firms of PricewaterhouseCoopers International Ltd during the year and its value relative to the statutory audit fees are as follows:

Particulars	RM Million	
	Company	Group
2018 Statutory Audit Fees		
• Statutory Audit	1.51	3.03
• Audit Related Services	0.61	1.04
Total Audit and Audit Related Services	2.12	4.07
2018 Non-Audit Fees		
Tax Service	0.62	0.75
Other Services	1.38	1.38
Total Non-Audit Fees	2.00	2.13
Percentage of Non-Audit Fees over Statutory Audit & Audit Related Services Fees	94.34%	52.33%

The Company engaged the external auditor and its affiliates for the following non-audit work:

- Taxation matters involving amongst others consultation on land disposal, post-tax incentives, tax assessment, special tax audit and country by country and transfer pricing reporting requirement.
- Consultancy and development of human capital application system.

- i) BAC also exercised its right to hold meetings with the external auditor without Management's presence. These sessions enabled open discussion between BAC and the external auditor. The topics of discussion are open and not confined to just the audit scope.

During the year, two (2) formal private sessions were held on 24 August 2018 and 22 November 2018.

The BAC Chairman, CIA and external auditor also held private sessions without Management's presence as and when required. These helped to reinforce the independence of the internal and external audit functions of the Company.

4. Internal Audit

- a) Review the internal audit budget to ensure adequate scope and comprehensive coverage of the Group's activities.
- b) Reviewed the KPIs, performance, competency and resources of the internal audit functions to ensure that, collectively, GIA has the required expertise and professionalism to discharge its duties.
- c) Deliberated on the internal audit reports, audit recommendations and Management's action plan regarding these recommendations. Where appropriate, BAC instructed Management to rectify and improve the control systems based on GIA's recommendations and suggestions for improvements. The summary of the major findings were presented and deliberated at BAC's interval meetings. These reports were accessible and archived electronically for quick and easy reference.
- d) Updated on Management's implementation of the internal audit recommendations on outstanding issues on a quarterly basis to ensure that all key risks and control weaknesses were being properly addressed.
- e) Held private meetings and discussions with CIA on key internal controls and internal audit related matters.

5. Related Party Transactions (RPTs), Recurrent Related Party Transactions (RRPTs) and Conflicts of Interest

- a) Reviewed reports of RPTs and possible conflict of interest transactions, ensuring they were in the best interest of TM, fair and reasonable, on normal commercial terms and not detrimental to the interest of the minority shareholders.

In December 2018, BAC reviewed a RPT with a related party and concluded that the contract satisfied the criteria enabling transaction with related party without conflict of interest. TM subsequently announced to Bursa Securities of the award on 21 February 2019.

- b) Reviewed the estimated RRPT Mandate for the ensuing year and Circular to Shareholders on the Renewal of Shareholders' Mandate for RRPT, and recommended the same for TM Board's approval.

In February 2019, BAC reviewed the proposed estimates for RRPT Mandate.

- c) Periodically reviewed the RRPTs that were mandated at the 33rd AGM held on 26 April 2018 and tracked the transactions against their mandated amount.

Based on the approved RRPT mandate, BAC found that there were reasonable controls in monitoring the RRPT amount transacted during the year.

6. Integrity and Ethics

Deliberated on reports in relation to internal control incidents, investigations and domestic inquiries and major cases of internal and external misconduct that breach the Group's Code of Business Ethics, Integrity Pact and whistle-blower programme via reports to the CIA.

7. Whistle Blowing and Fraud

During the year, BAC engaged the services of an independent professional firm to audit identified projects. Based on the findings, Management has taken the necessary actions to address the issues identified and would continue to improve further the internal controls and address the gaps in governance and compliance.

8. Annual Reporting

Reviewed the Integrated Annual Report and recommended the adoption by the Board.

9. Significant Judgements and Key Audit Matters for 2018

The following were identified by the External Auditors, PricewaterhouseCoopers (PwC) as Key Audit Matters:

- a) Assessing the carrying value of goodwill allocated to webe digital Sdn Bhd (webe) and VADS Berhad (VADS);
- b) Assessing the carrying value of property, plant and equipment;
- c) Revenue recognition – accuracy of revenue recorded given the complexity of systems and the initial application of MFRS 15 – Revenue from Contracts with Customers (MFRS 15) including revenue from significant contracts with public sector and enterprise customers;
- d) Valuation of webe put option; and
- e) Assessing the carrying value of equity investments in and amounts receivable from subsidiaries

These matters require significant judgement from Management. In assessing the carrying values of property, plant and equipment, the Management exercised judgement in determining the value-in-use, useful economic lives, technological obsolescence and operating conditions. In addition to this, assessing the carrying value of goodwill, the identification of cash generating units (CGU) for which goodwill is allocated requires Management to apply significant judgement, as well as future market conditions affecting forecast cash flows such as growth rates, customer churn, average revenue per user, operating margins and discount rates.

In ascertaining the quantum and timing of revenue recognised, Management considered significant estimates and made critical judgements on contract costs incurred, contractual rights and obligations being recognised and measured and recoverability of contract assets including service costs incurred to date.

In addressing the Key Audit Matters identified, PwC performed various procedures and did not identify any material exception. This was reported to the BAC by PwC as set out in their Independent Auditors' Report on pages 174 to 181 of the Financial Statements.

The BAC has received the report by PwC and is satisfied that the accounting treatments applied under the financial reporting standards, the significant judgement and key assumptions used in the preparation of the financial statements and conclusions reached are appropriate.

Corporate Governance Overview

Regulators and our financial reporting

The quarterly financial result reports, upon approval by the Board were disseminated to the public through Bursa Securities and the regulators.

BAC Effectiveness Review and Performance

The review of the effectiveness of BAC, including its structure and process, performance, accountability and responsibilities as well as the member's term of office and performance was duly assessed as part of the annual BEE. The result shows that BAC had effectively and professionally discharge of its duties and responsibilities to the benefit of the Company. TM Board agreed that the BAC remained effective in assisting the Board in discharging its duties.

Training

During the year, BAC members attended various conferences, seminars and training programmes to enhance their knowledge in order to efficiently discharge their duties as Directors of the Company, generally to enhance their technical competencies in their respective fields of expertise but specifically in relation to accounting and auditing standards.

A briefing on the impact of new MFRS 9, 15 and 16 was held on 5 March 2018. On 22 October 2018, BAC members were updated on MFRS 16 specifically on leases and its impact to TM Group and the Company's readiness.

The 2018 BEE shows that the BAC members were able to maintain a high level of technical competency and generally keep themselves abreast of technical changes and updates.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

COMMUNICATION, INTERACTION AND RELATIONSHIP WITH STAKEHOLDERS

The Board acknowledges the importance of an effective, transparent and regular communication with its stakeholders, institutional investors and the investing public at large to provide a clear picture of the Group's performance and position. TM is committed in maintaining high standards in the dissemination of relevant and material information on the Group in order to maintain effective, comprehensive, timely and continuing disclosure of information.

An Internal Communication Policy and Best Practices was established to facilitate the handling and disclosure of material information in a timely and accurate manner. The Policy, based on openness and transparency, two-way communication, accountability, timeliness, accuracy and simplicity, ensures compliance with the disclosure requirements of the Main LR and other relevant laws. The Company has also adopted the Corporate Governance Guide (3rd Edition) issued in December 2017 by Bursa Securities.

In 2018, TM has issued its first Integrated Annual Report for 2017, drafted based on the International Integrated Reporting Council's International Integrated Reporting Framework. As a key channel of communication between the Group and its stakeholders, the Integrated Annual Report contains a comprehensive report on the Group's direction and financial performance, providing disclosure beyond the requirements of the Main LR in promoting better governance.

CONDUCT OF GENERAL MEETING

Another significant avenue of communication and dialogue with shareholders is TM's general meetings, in particular the AGMs. During the AGM, the EDs present a comprehensive review of the Group's performance as well as current developments or updates on the Group. Questions raised by the Minority Shareholders Watch Group prior to the AGM are also shared with all shareholders during the AGM together with feedback on pertinent issues and queries relating to the Company's business. The presentations are uploaded onto the Company's website upon conclusion of the AGM.

The Board encourages active participation by shareholders and investors during the AGM. Attendance at the 33rd AGM of the Company held on 26 April 2018 continued to be high. 4,726 shareholders, proxies and corporate representative representing 83.22% of our total ordinary shareholding registered at the said AGM.

Upon commencement of the general meeting, the Chairman explained the rules, including voting procedures that will govern the meeting. The Chairman also identified and reminded interested parties who should abstain from voting on particular proposals, prior to the voting on the proposal. The Company also engaged independent scrutineers to man the poll stations, count, audit and validate the votes for each proposal presented to shareholders. Mobile e-polling was also introduced in 2018 for ease of shareholders. All 15 resolutions, including one special resolution tabled at the 33rd AGM in 2018 were voted by poll.

At every general meeting, shareholders have encouragingly taken the opportunity to raise questions on the agenda items of the meeting. Appropriate answers and/or clarification are provided by the Board members, Committee chairmen or Senior Management. A press conference is held immediately after the AGM at which the Chairman, the EDs, GCFO and relevant Senior Management members are present to clarify and explain issues raised by the media.

Voting for the resolutions laid for the coming 34th AGM shall continue to be by electronic polling and mobile e-polling.

COMPLIANCE STATEMENT

This Statement together with the Sustainability Report and CG Report set out the manner in which the Company observes the Intended Outcome as prescribed in MCCG 2017.

The Board remains steadfast in strengthening its governance practices to safeguard the interests of all its stakeholders.

This Statement is made in accordance with the resolution of the Board of Directors duly passed on 10 April 2019.



Directors' Statement on Risk Management and Internal Controls

Pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements (Main LR) of Bursa Malaysia Securities Berhad (Bursa Securities), the Boards of listed companies are required to include in their annual report, a statement about the state of internal control of the listed issuer as a group. Accordingly, TM Board is pleased to provide the following statement that has been prepared in accordance with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed issuers endorsed by Bursa Securities which outlines the nature and scope of the risk management and internal control within TM Group during the financial year under review.

RESPONSIBILITY AND ACCOUNTABILITY

THE BOARD

The Board is responsible for the establishment as well as oversight of the Group's risk management framework and internal control systems that are designed to manage the Group's risk appetite within acceptable levels of tolerance as set by the Board and Management, rather than eliminate totally the risk of failure to achieve the Group's goals and objectives in generating returns to shareholders. The Board periodically reviews the effectiveness and adequacy of the framework and systems by identifying, assessing, monitoring and communicating key business risks to safeguard shareholders' investment and the Group's assets.

The two (2) committees at the Board level that have primary risk management and internal control oversight responsibilities are:

RISK COMMITTEE (BRC)

The main responsibility of the BRC is to assist the Board in ensuring a sound and robust Enterprise Risk Management (ERM) framework and its implementation to enhance the Group's corporate governance practices with focus on risk issues. The Terms of Reference (ToR) and main duties of the BRC in relation to risk management are incorporated in the Board Charter which is accessible on the Company's official website at www.tm.com.my.

AUDIT COMMITTEE (BAC)

The main responsibility of the BAC is to assist the Board in assessing the effectiveness of the Group's internal control structure and review of the financial reporting. BAC also reviews the adequacy and integrity of the Group's internal control systems and management information systems, including compliance with applicable laws, rules, directives and guidelines through Group Internal Audit (GIA) function. The BAC's ToR is stipulated in the Board Charter which is accessible in the Company's website. The main duties of the BAC in assessing the adequacy and effectiveness of the internal control systems implementation within the Group are detailed in pages 143 and 144.

Other Board Committees such as the Nomination and Remuneration Committee, Tender Committee and Investment Committee are also established with clearly defined duties and responsibilities to oversee various key business activities involved within the Group. The Board acknowledges that it remains responsible for all the actions of the committees with regard to the execution of the delegated roles, including the outcome of the review and disclosure on key risks and internal control systems in this integrated annual report.

MANAGEMENT

Management is accountable to the Board and responsible for implementing the processes of identifying, evaluating, monitoring and reporting of risks and the effectiveness of internal control systems, taking appropriate and timely corrective actions as required. The Management has assured the Board that the Group's risk management and internal control systems are operating adequately and effectively in all material aspects, based on the ERM framework and internal control systems adopted by the Group. In respect of risk management, Management has implemented the necessary processes to:

- Identify and analyse the risk appetite relevant to the business and determine the level of risk tolerance towards the achievement of the Group's objectives and strategies;
- Design, implement and monitor the ERM framework in accordance with the Group's strategic vision and overall risk appetite; and
- Identify changes to risks or emerging risks, take appropriate actions and bring these promptly to the attention of the Board.

ENTERPRISE RISK MANAGEMENT

ENTERPRISE RISK MANAGEMENT FRAMEWORK

ERM remains an integral part of the organisational governance processes in ensuring all inherent and emerging risks are measured, mitigated and monitored to safe guard the interests of the Group.

TM has over the years adopted the MS ISO 31000 Risk Management Standard which serves as a guideline for identifying, evaluating, managing and monitoring significant risks by the Group in order to align its ERM process with industry best practices. Figure 1 illustrates TM's ERM framework.

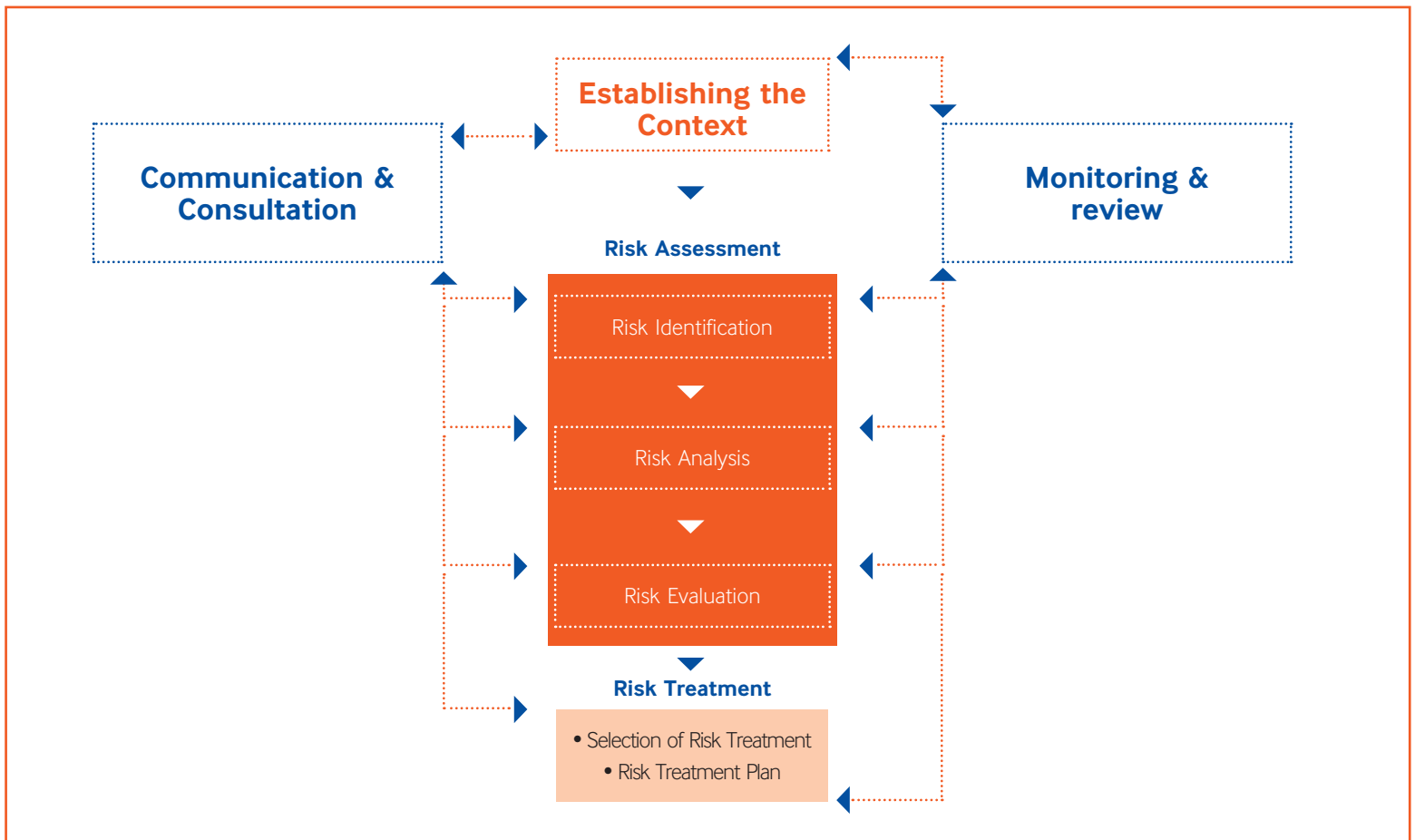


Figure 1: MS ISO 31000

The ERM practice has been implemented throughout TM including its subsidiaries to support the convergence and digital journeys under the TM Performance Improvement Plan (PIP) 2018. Figure 2 below illustrates TM's ERM governance, context and framework.



Directors' Statement on Risk Management and Internal Controls

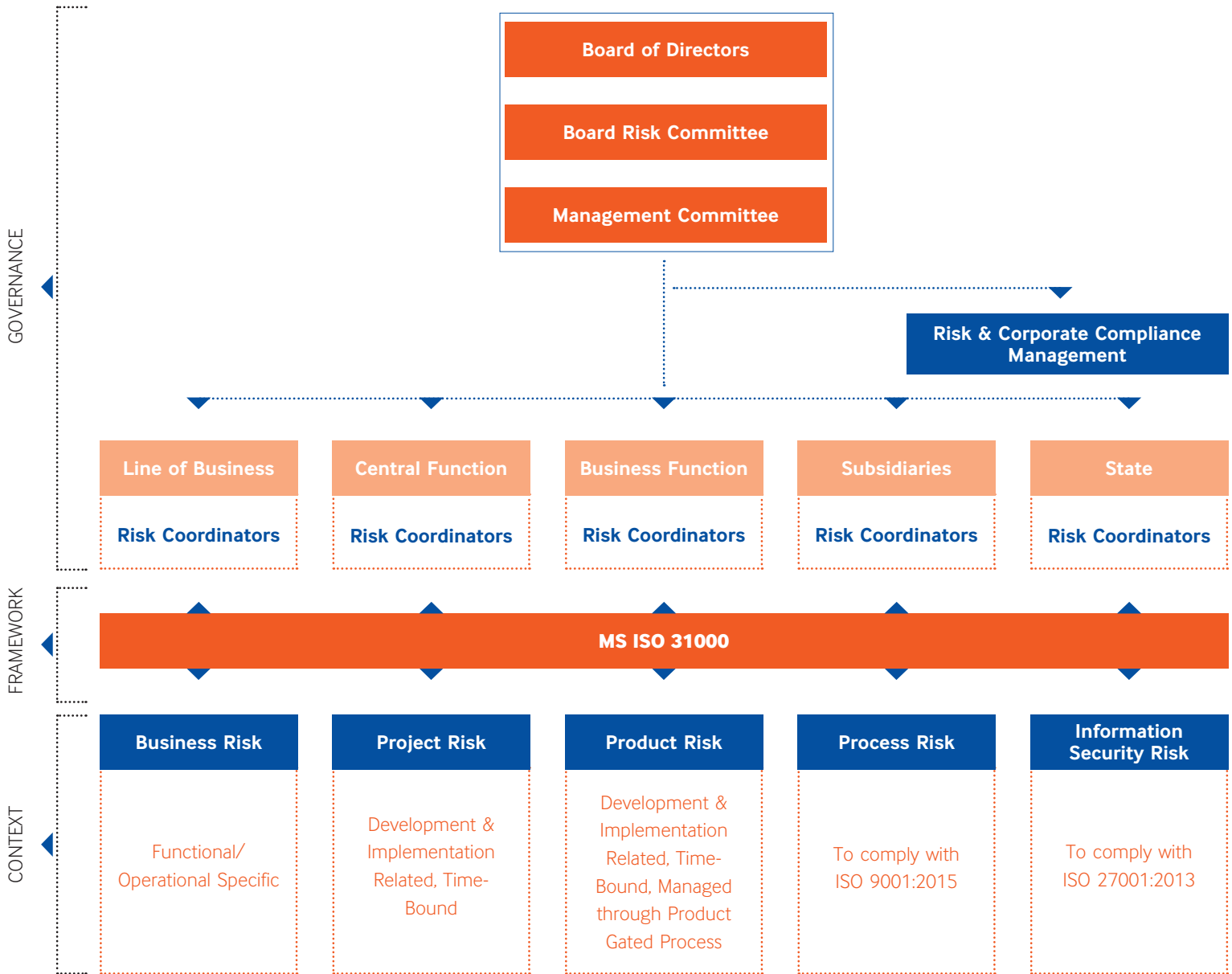


Figure 2: TM's ERM Governance and Framework

TM's ERM structure spans the entire organisation, from the Board right down to the operational level. Through such governance and framework, material risks are consolidated from all Business Segments to the Management Committee, escalated up to the BRC and finally to the Board. Responsible Risk Coordinators are identified at every Line of Businesses (LOBs), central function, business function and subsidiary to coordinate the ERM activities towards building a risk-based decision making culture amongst the staff with the undivided support from the respective Heads. In all ERM activities, the importance of the role played by the staff is always emphasised.

RISK APPETITE

A key BRC focus on effective risk oversight is to approve the Board's acceptable corporate risk appetite as identified and reviewed by the Group. Operational level risk will be based on either the approved tolerance in Corporate Risk Appetite by BRC or to customise its own risk appetite (Customised Risk Appetite) to align with its strategic objectives.

To ensure uniformity and clear understanding on the risk appetite process, the Group has established risk appetite guidelines which have been communicated through a series of engagements and awareness sessions. It contains the risk appetite statement that emphasises TM's commitment to allocate necessary resources in ensuring risks are managed within acceptable levels, ensuring sustainable profitability and upholding TM's reputation/brand to safeguard the Company's assets and enhance shareholder value. The process of establishing the risk appetite is depicted in Figure 3 below:



Figure 3: TM's Risk Appetite Establishment Process

CORPORATE RISK SELECTION METHODOLOGY

The Corporate Risk Selection Methodology was introduced with the objective of optimising the BRC and Management Committee (MC) meetings by focusing and deliberating on key risk issues. Through this approach, corporate risks that meet any of the predefined criteria will be identified and reported in the Corporate Risk Dashboard for Board and MC attention as depicted in Figure 4 below. Risks that do not qualify for escalation to the Board and/or MC level, will be monitored and reviewed by the respective divisions.

Directors' Statement on Risk Management and Internal Controls

Corporate Risk Selection Criteria

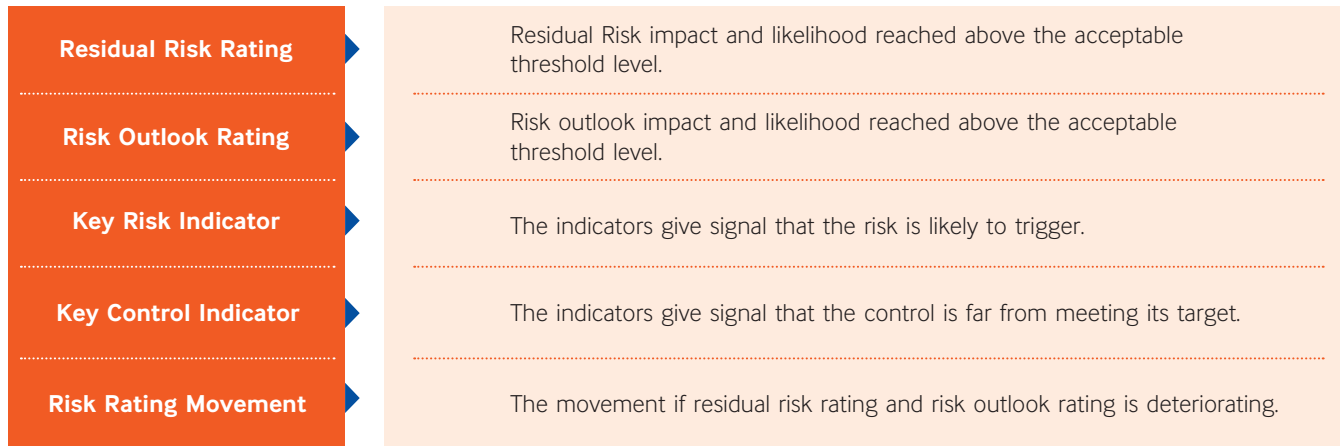


Figure 4: Corporate Risk Selection Criteria for Board and Management Attention

PRINCIPAL RISKS

A reporting format by risk cluster has been introduced in which risks have been categorised and prioritised based on their rating and impact, namely **Strategic Risk, Financial Risk, Technology/ System Risk and Operational Risk**. The principal risks that have been clustered and are being monitored by the Board are listed in Figure 5 below.

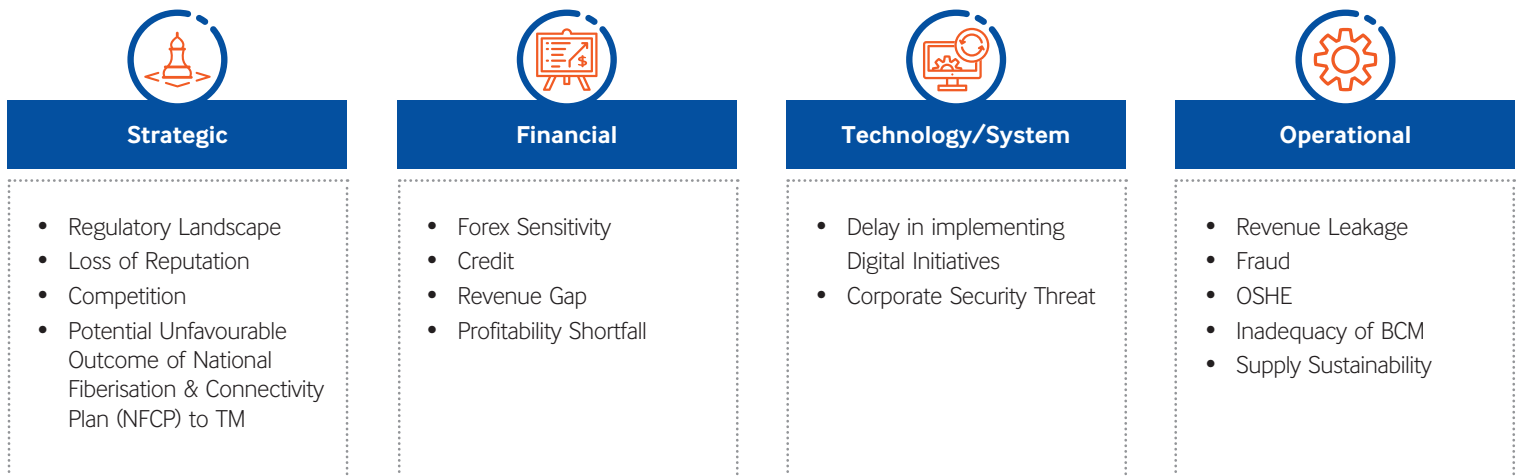


Figure 5: TM's Principal Risks Based on Risk Cluster

Exposure to compliance risk is monitored through the Corporate Compliance Dashboard with potential and actual impacts of non-compliance presented to BRC.

The BRC and MC continue to provide the oversight and appraise the adequacy and the effectiveness of the ERM practices in view of the challenging operating environment.

INTERNAL CONTROL SYSTEMS

The Board acknowledges that the internal control systems are designed to manage and reduce risks that will hinder the Group from achieving its goals and objectives. It provides reasonable assurance against the occurrence of

any material misstatement of management inclusive of financial information, business, operational, environmental, compliance and financial losses or fraud. The internal control systems are embedded within the Group's operating activities and exist for fundamental business reasons.

These systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The internal control systems are developed based on the COSO (Committee of the Sponsoring Organisations of the Treadway Commission) Internal Control Integrated Framework. They are reviewed regularly throughout the year by the Board, taking into consideration any changes in regulation, applicable laws or the business environment to ensure the adequacy and integrity of the internal control systems.

Key elements of the internal control systems established by the Board that provide good governance and effective internal control systems include:

- **Clearly defined lines of responsibility and authority**

The Group has clearly defined lines of responsibility and authority to facilitate prompt responses in the continuously evolving business environment, effective supervision of day-to-day business conduct and accountability. These include a formal organisation structure and establishment of a Limit of Authority (LoA) matrix that clearly outlines the Board and Management's limits and approval authorities across various key processes. The LoA is duly approved by the Board and subject to regular review and enhancement to ensure it reflects changes in accountability and the Group's risk appetite.

- **Strategic Theme, Objectives and Core Values**

In achieving the Group's vision to materialise "Life and Business Made Easier, for a better Malaysia", Management has introduced the PIP2018 to accelerate convergence and empower digitisation in becoming the Convergence Champion. This is supported by internalisation of the Group's KRISTAL Core Values, namely Total Commitment to Customers, Uncompromising Integrity and Respect & Care.

- **Risk Management and Internal Control Policy Statement**

Our Risk Management and Internal Control Policy Statement is issued by the Board and Management to provide reasonable assurance that the Group will achieve our business objectives, safeguarding and enhancing shareholders' investments and the Group's assets. The AGCEO, Heads of LOBs, Heads of Business and Support Groups and the CEOs of TM subsidiaries are responsible for implementing the ERM framework and practices.

- **Establishment of Framework, Policy, Manual and Procedures**

- **Business Policy & Governance (BPG)**

TM's Business Policy & Governance (BPG) is the main reference document that outlines the overall business policies and governance with clearly defined process owners across key functional areas in the Group. The sub-policies, processes, procedures and guidelines are developed, periodically reviewed and maintained by the respective process owners to provide the details in supporting the overall policies and governance in BPG.

- **Insurance and physical safeguards**

Adequate insurance and physical safeguards for major assets are in place to ensure the Group's assets are sufficiently covered to minimise material loss against any mishap.

- **Business Continuity Management (BCM)**

The BCM Steering Committee chaired by the AGCEO is committed to enhancing service reliability and resilience via an improved BCM programme. The programme serves as guidance to identify potential adversities to the Group and its impacts to business operations. Subsequently, an overall framework is established to build organisational resilience with an effective response capability mechanism to safeguard the interest of TM's key stakeholders, reputation and brand.

- **Control Self-Assessments (CSAs)**

As TM moves up its risk maturity level, CSA allows employees to identify risks within their business environment and evaluate the adequacy and effectiveness of the internal control systems in place. Results from CSA feature as key information in identifying high-risk areas within the Group.

- **Management Committee and Group Leadership Team**

Two (2) top level committees, namely the MC and the Group Leadership Team (GLT) chaired by the AGCEO with clear demarcation of roles in managing the Group's strategies and policies effectively.

The MC focuses on providing guidance and making decisions on strategic matters, while the GLT concentrates on matters pertaining to business performance and ensures the effective execution and supervision over key operational issues.

- **Best Practice Committee (BPC)**

BPC is a Management committee that reports to the BAC. The BPC serves as a platform to update and discuss developments in best practices, corporate governance as well as statutory and regulatory requirements set by all statutory bodies and relevant authorities.

- **Recording to Reporting (R2R) Framework**

R2R is a non-compliance reporting framework adopted by Management to enhance the quality and integrity of the recording to reporting process by instilling and enforcing behaviour change across the organisation. It serves as a mechanism for determining financial non-compliance incidents, the arising consequence management and at the same time promotes awareness of compliance and increase Senior Management's accountability.

- **People Compliance Committee (P2C)**

The People Compliance Committee (P2C) was established to serve as the governing body to address audit issues on employees committing non-compliances. The P2C aims to instil a high standard of integrity, provide continuous awareness to the employees in developing high working compliance culture and establish clear lines of accountability in TM.



Directors' Statement on Risk Management and Internal Controls

• **TM Tender Evaluation Centre (TMTEC)**

As part of the Group's continuous efforts to mitigate the risk of sensitive information leakage during tender evaluations, TMTEC was established at Menara TM to centralise all procurement evaluation activities. The location is equipped with enhanced physical and IT security systems for an integrated audit trail of tender documents and information movement.

• **Internal Control Incident (ICI)**

Periodic ICI reporting captures and disseminates lessons learnt from significant internal control incidents to Senior Management to prevent reoccurrences in other divisions and operating companies within the Group.

• **Audit and Business Assurance Committee (ABAC)**

The ABAC, comprises members of Senior Management from the respective LOBs and Support function and is chaired by the GCFO. ABAC monitors and tracks internal and external audit issues to ensure these are resolved in a timely manner and that all recommendations are implemented.

• **Ethics and Integrity**

TM is committed to conducting our business in an open, honest and ethical manner. Our Code of Business Ethics (CBE) has always been the main reference for all employees when dealing with various stakeholders; both internal and external. The Group's commitment to upholding integrity in carrying out its duties is evidenced by:

- Our Corporate Integrity Pledge which was signed on 27 April 2011 with the aim to build a culture of integrity within the workforce and to the best effort, ensure that TM is free from corruption.
- The Integrity Pact was first implemented in 2012 and revised in 2016. The Integrity Pact is a set of integrity declaration by TM employees, Procurement Committees as well as TM suppliers involved in procurement activities. Implementation of the Revised Integrity Pact for TM Business Partners features a reciprocal terms and conditions indicating TM's commitment to equally uphold the integrity practices when dealing with TM's Business Partners.
- Procurement Ethics Rules & Practices to demonstrate greater transparency and cultivate ethical behaviours among employees, suppliers and business partners in procurement activities. The implications of non-compliance with the Procurement Ethics Rules & Practices will result in the imposition of necessary consequence management.
- TM Anti-Corruption Guide, which supplements the CBE by setting out the policy statements and guidelines for all TM Employees in relation to improper solicitation, bribery or other corrupt activities and issues that may arise in the course of business. TM adopts a zero-tolerance approach to all forms of corruption.

- TM Integrity Movers i.e. a selection of 45 employees who have a master trainer programme to help them disseminate knowledge on ethics and integrity to others through knowledge sharing sessions.

- Annual Declaration of Assets (DOA) and Integrity Agreement, requiring all Management and employees to declare their assets and interest via the online SAP platform which is aimed to create a more transparent and accountable workforce.

- Continuous briefing sessions were held for TM employees on the new corporate liability provision of the Malaysian Anti-Corruption Commission Act (Amendment 2018) which was passed in April 2018, to ensure that TM Employees has an in depth knowledge and understanding of the new law and the impact to the Group.

• **Whistle-Blowing Policy**

The Whistle-Blowing Policy enables any employee, supplier and/or any other third parties to report actual or suspected malpractice, misconduct or violation of the Group's policies and regulations in a safe and confidential manner through the Ethics Line.

• **Fraud Investigation and Management**

Internal investigations are carried out by the Corporate Investigation Unit (CIU) on any misconduct and corporate fraud committed by employees or parties who deal with TM. On the other hand, investigations on telecommunications fraud are carried out by the Fraud Management & Intelligence Unit (FMI) under Group Business Assurance.

• **Customer & LOBs in Fraud Frontier (CLIFF)**

CLIFF was launched to provide a web-based fraud monitoring system to detect potential fraud as well as facilitate fraud case management. Irregularities detected are escalated to the relevant LOBs and business partners. Fraud detection covers voice, broadband and IPTV products across all LOBs.

• **Management of Enterprise Risk, Compliance, Insurance, Incident and Information Security System (MERCIS)**

TM risk resource persons are empowered with ERM system – MERCIS in order for them to practice, implement and report risk management matters effectively and timely. As a single integrated system which comprises of the ERM, Compliance Management, Insurance Management, Incident Management and Information Security Management, MERCIS is a reference point by the resource person to access the respective module either for new data entry, update, monitor and reporting purposes at their convenience.

INTERNAL AUDIT

GIA is an in-house internal audit function that reports to the BAC with the objective of providing risk-based and objective assurance, advice, and insight designed to enhance and protect organisational value. GIA helps the Group to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of ERM, control and governance processes. During the financial year, the internal audit function provided continuous assurance that risks which may hinder TM's ability from achieving its objectives were being adequately evaluated, managed, monitored and mitigated. It further evaluated the effectiveness and efficiency of the governance, ERM framework and internal control systems and provided recommendations for improvement. The Management then followed through and reviewed the status of actions taken on recommendations made by the internal and external auditors.

Audit reviews are carried out on units that are identified through a risk-based approach, in line with the Group's objectives and policies in the context of its evolving business and regulatory environment, taking into consideration input from the Senior Management and the Board.

Further information on Internal Audit is provided on pages 156 and 157 of this Integrated Annual Report.

ADEQUACY AND EFFECTIVENESS OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

The Board has received assurance from the AGCEO and GCFO that the Group's risk management framework and internal control systems were operating adequately and effectively, in all material aspects, during the financial year under review. Taking into consideration the Management Team's assurance and input from the relevant assurance providers, the Board is of the view that the risk management framework and internal control systems are satisfactory and adequate to safeguard shareholders' investments, customers' interests and the Group's assets and have not resulted in any material loss, contingency or uncertainty. TM's internal control systems do not apply to its associate companies, which fall within the control of their majority shareholders.

Nonetheless, TM's interests are served through representation on the boards of directors and Senior Management posting(s) to the various subsidiaries as well as through the review of management accounts received. These provide the Board with performance-related information to enable informed and timely decision-making on the Group's investments in such companies.

REVIEW OF THE STATEMENT BY THE EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Main LR, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with Audit and Assurance Practice Guide (AAPG) 3 issued by the Malaysian Institute of Accountants. AAPG 3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.



Statement of Internal Audit

GIA assists TM Group in achieving its business objectives by implementing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management measures, controls and governance processes. GIA provides independent, objective assurance and consulting services designed to enhance and protect organisational value. The internal audit charter approved by the BAC defines GIA's purpose, authority and responsibility.

GIA reports directly to the BAC to preserve its independence and objectivity, and ensure audit personnel are free from any relationships or conflicts of interest which could impair their objectivity and independence. The Chief Internal Auditor (CIA) has an administrative reporting line to the AGCEO which enables the requisite stature and authority of Internal Audit to fulfil its responsibilities.

BAC reviews and approves GIA's audit plans, annual budget and human resources requirements to ensure resources with the right competencies are sufficient to carry audit functions aligned with the Group's objectives. The CIA periodically reports on activities performed by GIA as well as key strategic and control issues observed to the BAC. In addition to the above, the BAC approves and periodically reviews GIA's and the CIA's performance to observe their progress and achievements.

GIA adopts the International Professional Practices Framework (IPPF)[®] inclusive of the mandatory elements – Core Principles for the Professional Practice of Internal Auditing, International Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors (IIA), the definition of Internal Auditing, and Code of Ethics – to manage its functions and perform the audit engagements.

PRACTICES AND FRAMEWORK

GIA is guided by the internal policies, procedures and framework as well as the Internal Control Framework of the COSO and Control Objectives for Information and Related Technology (COBIT) in assessing and reporting on the adequacy and effectiveness of the design, implementation and efficiency of the Group's overall system of internal controls, risk management and governance.

SCOPE AND COVERAGE

GIA continues to adopt a risk-based audit plan approach to provide independent assurance to the Board that programmes being carried out are prioritised based on the Group's strategies, objectives, key risks and core/priority areas. Input from various sources – inclusive of ERM, Annual Operating Plan, past internal and external audit issues, Management and the Board – permits the identification of auditable risk areas.

During the year, GIA conducted reviews on governance, risk management and controls in the areas of finance, compliance, human resources, operations, project management, network and information technology as well as data analytics. Key areas covered include:

- Sales and marketing;
- Service agreement management;
- Customer experience management;
- Credit management;
- Product lifecycle management;
- Service fulfilment and assurance management;
- IT security and governance;
- ID management;
- Billing and revenue assurance;
- Major project deliverables and management;
- Procurement, inclusive of contract management;
- Asset and customer premises equipment management;
- Accounting and financial reviews;
- Internal investigations and reviews.

All internal audit reports were presented to the BAC with recommendations from GIA and feedback from Management. GIA subsequently monitors and verifies the implementation status of the recommendations on a quarterly basis through the ABAC.

In providing value to the organisation, GIA's key performance indicators include value creation and protection, in form of cost avoidance, opportunity loss as well as significant process improvements identified during audit engagement.

In addition to performing audit engagements, GIA is also actively involved with the Management in strengthening compliance teams within management units, sharing best practices as well as knowledge on internal auditing, risk management and internal controls to the various stakeholders in TM. GIA carried out several initiatives to strengthen and institutionalise ethics and integrity in TM, focusing on relevant laws and regulations, governance, rules and practices, policies, religions and cultures.

RESOURCES

A total of **RM8.46 million** was spent on internal audit activities in 2018. A summary of the internal audit costs are as follows:

Category	RM (million)	% of total cost
Manpower	7.3	86.29%
Supplies and Material	0.1	1.2%
Other operating costs	1.0	11.8%
Depreciation	0.06	0.71%
Total	8.46	100%

All internal audit activities in 2018 were performed in-house by a group of 42 internal auditors from various backgrounds and competencies as follows:

Discipline	No. of Internal auditors	Percentage %
Accounting and Finance	11	26
Information Technology	8	19
Engineering/Network	13	31
Marketing	4	10
Business Administration	4	10
Procurement/Human Resources	2	5
Total	42	100

INTERNAL AUDIT QUALITY

The CIA develops and maintains a Quality Assurance and Improvement Programme that covers all aspects of internal audit activities. The quality assurance programme assesses the efficiency and effectiveness of GIA processes and identifies opportunities for improvement via internal and external assessments.

GIA has a peer reviewer mechanism to ensure relevant, reliable and sufficient assessment to support audit engagement's results and conclusions. Peer reviewers with relevant expertise among Senior Auditors or the GIA Management team are selected to provide professional advice and ensure that all risk areas are adequately covered prior to communicating the final engagement results to the appropriate parties.

PROFESSIONAL QUALIFICATIONS & CONTINUOUS COMPETENCY DEVELOPMENT

GIA is committed to equipping TM's internal auditors with sufficient knowledge, skills and competencies to discharge their duties and responsibilities. The internal auditors are also encouraged to obtain appropriate professional certifications and qualifications. In 2018, 19 of 42 internal auditors hold a total of 32 certifications and qualifications between them.

Qualification	No of certification obtained
1) MBA/ Masters	10
2) FCCA/ CPA/ CA/ ACCA	3
3) Certified Internal Auditor	1
4) Certified Information System Auditor	3
5) Certified QAR Assessor	2
6) Certified Integrity Officer	3
7) Certified Fraud Examiner	1
8) CISCO Certified	3
9) Certified IPv6 Network Engineer	2
10) Project Management Professional	1
11) Certified Professional Engineer (Ir.)	2
12) International Compliance Professional	1
Total	32

In 2018, internal auditors attended 1,474 hours of external and internal training, seminars and workshops in multiple technical disciplines and internal soft skills training on leadership, communication and negotiation to enhance their job performance and career prospects.

Hazimi Kassim
Chief Internal Auditor

Gee Siew Yoong
Chairman, Audit Committee

Enterprise Risk Management (ERM) – Risk Committee Report

This year has been challenging for TM in the wake of the economic slowdown, shift in the regulatory environment and change of the political landscape. Consequently, TM's profitability was affected due to stiff competition, pressure on reducing broadband prices and impact of the Mandatory Standard on Access Pricing (MSAP). TM continues to focus its efforts on anticipating and reducing risks while taking advantage of emerging opportunities.

TM's ERM Framework provides reasonable assurance by identifying, analysing and addressing inherent and emerging risks with the effective implementation of mitigation controls to minimise its impact to the Group.

A project risk framework has been established to incorporate risk assessments during project initiation, project implementation and up to post-implementation review. This will empower the project owner to anticipate the level of risk and subsequently gauge the effectiveness of the mitigation actions including the benefit realisation from the projects.

The BRC played the vital role in overseeing risks that adversely affect TM. Management was also involved for a more active discussion on matters relating to the Group's business strategy, regulatory, legal and project management. The key risks were highlighted and deliberated for better decision making and ensure appropriate mitigation controls were put in place to address the risks.

SUMMARY OF PRINCIPAL ACTIVITIES

Various activities were carried out throughout the year with the objective of increasing awareness and empower a risk-based decision-making culture across TM's employees, specifically for the risk fraternity. Amongst others, the following activities were included:

- Communication and engagement sessions to encourage a risk decision-making culture, improve foresight and preserve an alert mindset in managing risk.
- State Risk Assessments to widen the risk implementation coverage at states, as well as to inculcate risk-based thinking among regional employees.

- Business Continuity Management (BCM) programmes, which include the 14th General Election (14th GE) Preparedness, TM Disaster Simulation Exercise 2018 and GITN Disaster Recovery Plan (DRP) Live Testing exercise.
- Supply sustainability risk assessment on China-based suppliers.
- Refresher training on ERM system to increase system awareness.

MANAGING CORPORATE RISKS

Through the adoption of the ERM framework and robust processes, TM was able to appropriately manage the Corporate Risks to minimise impact to an acceptable level.



STRATEGIC RISKS

1. Competition

Constant changes in the market landscape have resulted in stiff competition from other telecommunication service providers. TM anticipated the potential increase of new players providing broadband products and services in the market that poses a threat to TM's existing market share. As part of the mitigation actions, TM increased its efforts to promote attractive new products and services with affordable pricing to retain existing consumers while attracting new customers.

2. Regulatory Landscape

Changes in the regulatory landscape, involving MSAP and spectrum assignment, have affected TM's business operations to a certain extent. TM therefore continued to engage with the Regulator and worked closely with other stakeholders to address the regulatory

issues. TM has put in place several efforts to arrest the decline in revenue growth as well as retain customer confidence in TM.

3. National Fiberisation and Connectivity Plan (NFCP)

The implementation of NFCP is anticipated to improve broadband quality and coverage, reduce broadband prices, enable internet access for all and expand fibre networks. Apart from upgrading the eligible customer broadband packages towards a higher broadband speed, TM has introduced unifi packages for new customers as well as offer upgrades to existing customers as part of its retention programme. TM also engaged with the Regulator to collaborate on the development of the NFCP.

4. Loss of Reputation

Corporate image and reputation are key towards building customer trust and business competitive advantage. Any negative customer experience can easily spread through social media, to the detriment of TM. In order to meet customer satisfaction and regulatory requirements, TM continued to improve its customer service, complaints resolution as well as maintained a close relationship with the relevant regulatory bodies.



FINANCIAL RISKS

5. Revenue Gap and Profitability Shortfall

The implementation of regulatory requirements on MSAP to double the broadband speed for half the price had a major impact on TM's revenue. This affected TM's capability to preserve the

existing revenue base, generate new revenue and increase market presence. In order to address these challenges, the PIP2018 was introduced to emphasise on revenue uplift, sustained profitability, improved cash flow and enhanced productivity.

6. Credit Risk

The adoption of multiple collection strategies through the implementation of a new Credit Management System (CONCISE) has effectively mitigated the credit risk exposure despite the challenging economic scenario.

7. Forex Sensitivity

The weakening of the Ringgit throughout 2018 had an unfavourable impact on TM's foreign borrowings and procurement spending. The revenues generated in foreign currency from TM global business acted as a natural hedge, while the reinforcement of Ringgit-based payment in procurement contracts helped to mitigate TM's forex risk exposure.



TECHNOLOGY/SYSTEM RISKS

8. Implementation of Digital Initiatives

TM's digital initiatives focuses on Liberalising Digitisation and Accelerating Digitalisation to create efficiencies and opportunities in monetising the digitised systems. The Group Digital Centre (GDC) spearheaded a number of new digital applications to enhance customer experience and improve process optimisation that serves both TM's customers as well as employees.

9. Corporate Security

• Logical/Cyber Security

There were no significant security threats reported against TM's equipment relating to ransomware, virus, DDoS and Malware attack. To protect the business, TM continuously enhanced its security controls with the deployment of new corporate antivirus, system patch update and

security feature upgrades as well as conducting awareness programmes, security advisory and vulnerability assessments to ensure TM assets are secured.

• Cable Theft

The incidence of cable theft continued to decrease due to effective controls such as anti-cable theft features, installation of alarm systems focusing on hotspots and collaborating with the Royal Malaysia Police for patrolling activities.



OPERATIONAL RISKS

10. OSHE

A safe and conducive work environment is important to TM employees for business continuity and to safeguard our reputation. To enable a healthier and safer workplace environment, TM focused its effort on the continuous campaign and awareness programmes to various levels of employees. Additionally, TM was successfully certified with OSH MS ISO 45001:2018, hence strengthening TM's commitment towards better work standards and best industry practices.

11. Revenue Leakage

Revenue leakage occurs from the failure of billing processing, billing system and human error in managing billing activities. Mitigation of this risk is affected through the newly implemented TM Revenue Assurance System (TRACE), periodic Forensic Review/Control Assessment and strengthening operational governance.

12. Fraud

Fraud risk in TM comprises of service frauds such as Private Automatic Branch Exchange (PABX) fraud, resellers fraud and staff fraud. TM's fraud monitoring system (CLIFF-Customer & LOBs in Fraud Frontier) has been enhanced to provide effective detecting and monitoring of service related fraud cases.

13. Supply Sustainability

The importance of managing Supply Sustainability Risk has brought significant impact to TM in ensuring service continuity. Global bilateral trade issues may impact TM's sustainability as most of TM's network assets comprise of China-based equipment. TM continued to strengthen its control measures in order to ensure adequate security in TM's network equipment and its business continuity in the potential event of a crisis or disaster.

EMERGING RISK & OPPORTUNITY



CHINA-BASED VENDORS SUPPLY SUSTAINABILITY RISK

The ongoing global bilateral trade issues has led to the emergence of supply sustainability risk on telecommunications network equipment. Chinese telecommunications equipment makes up a substantial part of TM's overall network of elements. Recent actions taken by U.S authorities against two (2) of the largest Chinese telecommunications equipment suppliers in the world has increased the risk of equipment supply disruption to the telecommunication service industry, including TM. Such a disruption would pose a serious impact to TM in terms of financial exposure, customer service and network security. To mitigate this risk, TM has taken precautionary actions, amongst others, from finding suitable local partners for maintenance and support services to exploring the selection strategy of technology partners.



5G SPECTRUM IMPLEMENTATION

The next generation of mobile internet connectivity 5G will begin its trial phase in 2019. The nascent 5G technology deployment in Malaysia raises several significant risks, namely the unavailability of a 5G spectrum policy, adoption time for 5G devices and high investment costs to implement the 5G network. In-depth knowledge and competency of 5G market developments are essential for TM to ensure the successful deployment of the network.

Business Continuity Management

FACTS AT A GLANCE

- 1** TM Business Continuity Plan (BCP) Strategy identified preventive and recovery strategies driven through exhaustive Business Impact Analysis.
- 2** 14th GE increased TM's readiness towards business fulfilment and assurance by minimising potential impact from any untoward incidents.
- 3** Contingency measures identified as China-based network equipment formed an integral part of TM network that run the risk of supply disruptions



TM BUSINESS CONTINUITY MANAGEMENT (BCM) – OVERVIEW

BCM identifies potential threat and provides a holistic management process for building organisational resilience in safeguarding the interests of the stakeholders and the company's reputation.

Business Impact Analysis (BIA) is a major component within BCM that determines the most appropriate business continuity strategies. The BIA identifies the urgency of the activity undertaken by assessing the impact over time caused by any potential or actual disruption on the delivery of products and services.

Malaysia's 14th GE saw the historic event that altered the political landscape of the nation. TM as an organisation identified various possible scenarios and planned the strategies to ensure that the business operates as usual.

Ongoing global bilateral trade issues also contributed to potential supply disruptions risk by the China-based vendors affecting the telecommunication service industry, including TM. TM's Business Continuity Plan (BCP) was tested and further strengthen to respond swiftly to potential business and supply disruptions. Furthermore, TM Corporate Crisis Management Plan (CCMP) was executed to tackle issues and minimise business interruptions.





TM BUSINESS CONTINUITY MANAGEMENT (BCM) – INCULCATE BCM CULTURE

The outcome of the risk assessment related to the inadequacy of BCP, as well as the mitigation actions were identified in the design stage of the business continuity management lifecycle as depicted below.

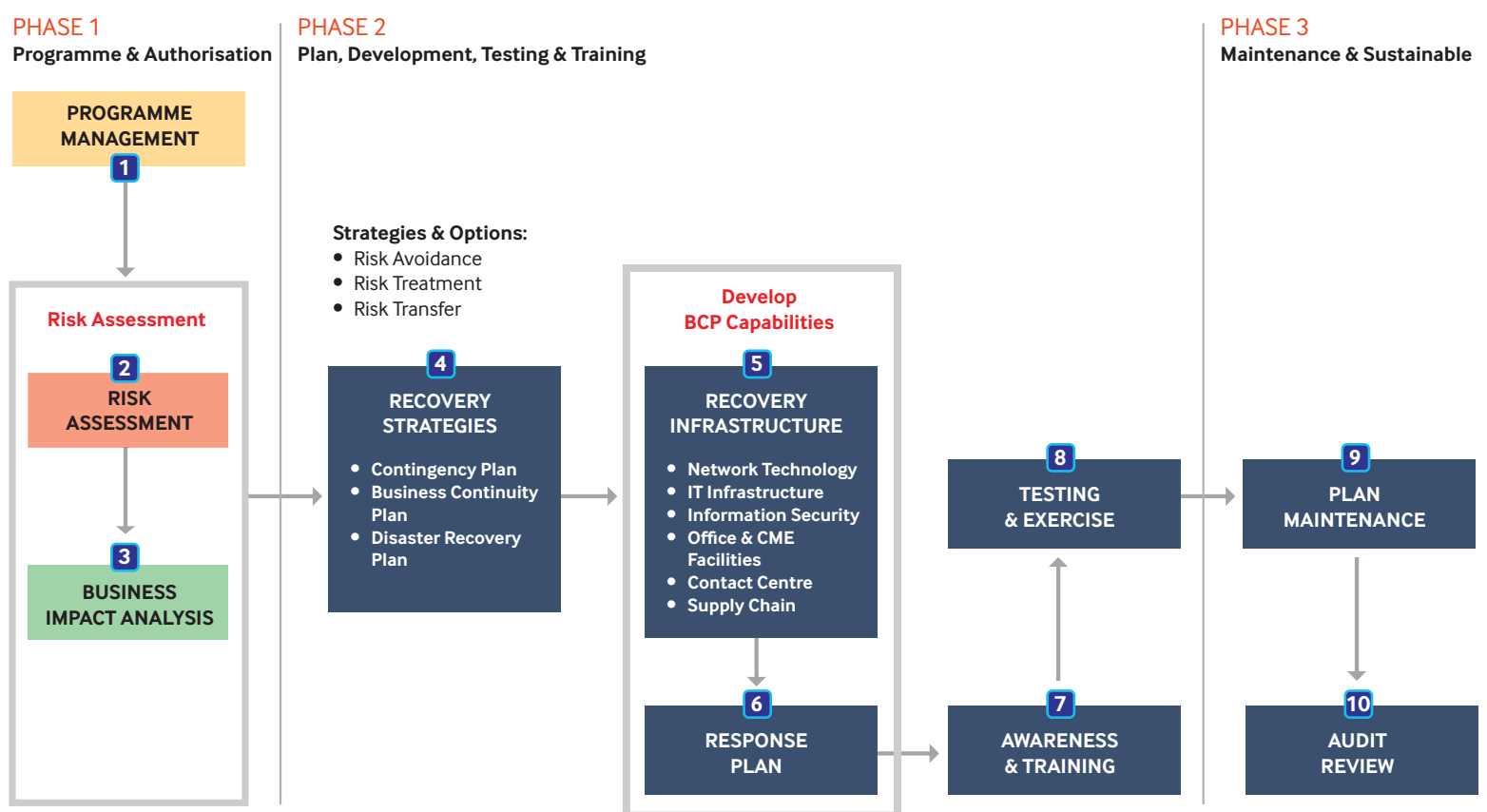


Figure 2: Business Continuity Management Lifecycle

TM rolled out a series of BCM engagements through “Inculcating BCM Culture” at the LOBs, various Subsidiaries levels and TM State Operations to increase the awareness among Management and working levels on the following key activities:

- BCM Communication & Awareness Programme – To raise BCM Principles & Guidelines awareness in preparation for BIA workshop.
- Promote BCM Ownership & Accountability – To receive management’s commitment and to optimise Programme Management Office (PMO) as resource persons who also act as point of reference for knowledge enrichment and upskilling.
- Formalise BCM Governance – To provide the guiding principles designed according to BCM.

The BIA exercises enable TM to identify the potential impact of the disruption for critical business functions on financial, business, customer, legal and regulatory perspective. BCP strategies are developed to detail out procedures and identify the minimum level of resources required to recover critical business functions at an acceptable level within the recovery timeframe.

Business Continuity Management



14TH GENERAL ELECTION PREPAREDNESS:

In preparation for the 14th GE, TM had prepared various business assurance processes and plans in minimising the risk impact of any extreme situation, with coordination led by TM National Command Control Center (TMNC3) and TM State Operations Centre (TSOC).



Figure 3: TMNC3 and TSOC was active from the dissolution of the Malaysian Parliament until 14th GE closure by Suruhanjaya Pilihanraya (SPR)

TM, as a leading telecommunications provider, might be the target of possible defacement or denial of service attacks, as well as large-scale network and infrastructure cyber-attacks. TM needs to be vigilant and cautious of any cyber threats or network security breaches to protect its critical infrastructures and ensure the TM network operates at an optimal level.

The mitigation plans, amongst others, includes:

- The establishment of TM GE Council to prioritise on service requirements from election related authorities and government agencies.
- The activation of a dedicated 14th GE Security working group to support the Security Operation Center and step up network and Information Security surveillance monitoring.
- The activation of TMNC3 and TSOC to ensure real-time visibility and management of the entire TM operations such as service fulfilment and assurance at State SPR Office and Polling Centres nationwide.



GLOBAL TRADE BILATERAL ISSUES IMPACTING CHINA BASED SUPPLIER:

- China-based network equipment has a strong presence within TM and forms an integral part of the TM network. Therefore, the possibility of supply disruptions due to the continuing of global bilateral trade issues could severely impact TM services.
- The possibility of supply disruption for new network equipment deployment, service fulfilment and assurance could lead to potential loss of revenue. In addition, challenges in resolving customer complaints during service and network migration might impact the Customer Service Charter. TM has taken proactive actions to strengthen the suppliers' management performance in meeting the business continuity requirement.
- TM has identified the contingency measures needed to ensure the continuity of strategic goods and services supply. Engagements with the Malaysian Government Ministry and Regulator were conducted to solicit advice on the industry impact due to the prolonged US-China bilateral trade issues.

MOVING FORWARD:

Embedding BCM into business planning and operations may reduce the impact of losses in the event of potential crisis and disaster. The need for business continuity capabilities within the organisation continues to increase due to the growing issues of business interruptions and rise in the number of natural and man-made disasters.

Simultaneously, the aspiration to exceed customer expectations drives TM to always be vigilant and ever-ready to address these eventualities. Effective BCM ensures that the business can provide a minimum acceptable service in the event of a disaster, to preserve corporate reputation, image and revenue.

Additional Compliance Information

In accordance with Appendix 9C of the Main LR of Bursa Securities

The following information is provided in compliance with the Main LR of Bursa Securities:

1.0 UTILISATION OF PROCEEDS FROM CORPORATE PROPOSALS

In 2018, the Company issued several Islamic Medium Term Notes (IMTN) as part of the Islamic Commercial Paper (ICP) and IMTN programmes approved in 2013. A summary of the transactions and utilisation of the proceeds is tabled below:

Issuance Date	Type	Nominal Value (RM Million)	Maturity Date	Proceeds Utilisation
18 May 2018	IMTN	250.0	18 May 2028	For capital expenditure and business operating requirements
27 August 2018	IMTN	250.0	25 August 2023	

On 28 September 2018, the Company received approval from the Securities Commission Malaysia for the establishment of an ICP programme and IMTN programme with a total combined limit of up to RM4.0 billion in nominal value. A summary of the transactions and utilisation of the proceeds in 2018 is tabled below:

Issuance Date	Type	Nominal Value (RM Million)	Maturity Date	Proceeds Utilisation
31 October 2018	IMTN	800.0	31 October 2028	For capital expenditure and business operating requirements
27 November 2018	ICP	1.0	21 December 2018	

[Disclosed in accordance with Appendix 9C, Part A, item 13 of the Main LR]

2.0 MATERIAL CONTRACTS INVOLVING INTERESTS OF DIRECTORS AND MAJOR SHAREHOLDERS

There were no material contracts or any contracts in relation to loans entered into by the Company and/or its subsidiaries involving the interests of the Directors, chief executive who is not a director or major shareholders, either still subsisting as at 31 December 2018 or entered into since the end of the previous financial year ended 31 December 2017.

[Disclosed in accordance with Appendix 9C, Part A, items 21 and 22 of the Main LR]

3.0 LISTING OF PROPERTIES

The Company has on 3 May 2002, obtained a waiver from Bursa Securities from having to disclose detailed particulars of its properties for the Company's 2001 Annual Report and subsequent annual reports. The waiver is still subsisting to date.

The net book value of land and buildings, and usage of properties for the financial year ended 31 December 2018 is disclosed on pages 186 to 187 of the Financial Statements.

[Disclosed in accordance with Appendix 9C, Part A, item 25 of the Main LR]

4.0 RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE (RRPT)

At the 33rd Annual General Meeting (AGM) held on 26 April 2018, the Company had obtained a general mandate from its shareholders on the RRPT entered into by the Company and/or its subsidiaries as set out in the Circular to Shareholders dated 28 March 2018 (RRPT Mandate). This RRPT Mandate is valid until the conclusion of the forthcoming 34th AGM of the Company.

Additional Compliance Information

In accordance with Appendix 9C of the Main LR of Bursa Securities

4.0 RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE (RRPT) (CONTINUED)

Pursuant to Paragraph 10.09(2)(b) and Paragraph 3.1.5 of Practice Note 12 of the Main LR, details of the RRPT entered into during the financial year ended 31 December 2018 pursuant to the said RRPT Mandate are as follows:

Transacting companies in our Group	Transacting Related Parties	Interested Major Shareholder/ Director	Nature of Relationship	Nature of RRPT	Value of Transactions (RM'000)
Our Company and/or our subsidiaries	Axiata Group Berhad (Axiata) and/or its subsidiaries (Axiata Group)	Minister of Finance Incorporated (MOF Inc.), Khazanah Nasional Berhad (Khazanah), Dato' Asri Hamidin (Q Hamidon, Faisal (Q Pisal Abdul Ghani, Dr Farid Mohamed Sani and Nik Rizal Kamil Tan Sri Dato' Nik Ibrahim Kamil.	<p>In addition to their shareholdings in our Company, Khazanah and MOF Inc. have direct and indirect shareholdings of 37.16% in Axiata.</p> <p>Dato' Asri Hamidin (Q Hamidon and his Alternate, Faisal (Q Pisal Abdul Ghani, are representatives of MOF Inc. on our Board.</p> <p>Dr Farid Mohamed Sani is Khazanah's representative on our Board.</p> <p>Nik Rizal Kamil Tan Sri Dato' Nik Ibrahim Kamil was previously Khazanah's representative on our Board. He resigned on 31 December 2018.</p>	<p>Revenue</p> <ul style="list-style-type: none"> – Interconnect revenue from Axiata Group. 47,616 – Provision of leased-line services to Axiata Group. 5,350 – Provision of data and bandwidth related services to Axiata Group. 72,184 – Site rental for telecommunications infrastructure, equipment and related charges by TM Group to Axiata Group. 64,772 – Provision of Internet access and broadband services to Axiata Group. 214 – Provision of contact centre and business process outsourcing services by VADS Berhad (VADS) to Axiata Group. 46,529 – Provision of fibre optic core and bandwidth services by Fiberail Sdn Bhd to Axiata Group. 360 – Provision of fibre optic, bandwidth, space and facility by Fibrecomm Network (M) Sdn Bhd (Fibrecomm) to Axiata Group. 1,377 – Rental of office premises to Axiata Group. 15,220 <p>Cost</p> <ul style="list-style-type: none"> – Interconnect charges by Axiata Group. 43,356 – Leased-line charges by Axiata Group. 3,536 – Fibre optic and leased-line charges by Axiata Group to Fibrecomm. 1,075 – Core rental and mobile services from Axiata Group to TM Group. 3,162 – Domestic Roaming charges by Celcom to Webe Digital Sdn Bhd. 342,164 – Site rental for telecommunications infrastructure, equipment and related charges by Axiata Group to TM Group. 24,385 	

4.0 RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE (RRPT) (CONTINUED)

Transacting companies in our Group	Transacting Related Parties	Interested Major Shareholder/ Director	Nature of Relationship	Nature of RRPT	Value of Transactions (RM'000)
Our Company and/or our subsidiaries	Tenaga Nasional Berhad (TNB) and its subsidiaries (TNB Group)	MOF Inc., Khazanah, Dato' Asri Hamidin @ Hamidon, Faisal @ Pisal Abdul Ghani, Dr Farid Mohamed Sani, Gee Siew Yoong and Nik Rizal Kamil Tan Sri Dato' Nik Ibrahim Kamil.	<p>In addition to their shareholdings in our Company, Khazanah and MOF Inc. have direct and indirect shareholdings of 28.81% in TNB.</p> <p>Dato' Asri Hamidin @ Hamidon and his Alternate, Faisal @ Pisal Abdul Ghani, are representatives of MOF Inc. on our Board.</p> <p>Dr Farid Mohamed Sani is Khazanah's representative on our Board.</p> <p>Gee Siew Yoong is an Independent Non-Executive Director on both TM and TNB Boards.</p> <p>Nik Rizal Kamil Tan Sri Dato' Nik Ibrahim Kamil was previously Khazanah's representative on our Board. He resigned on 31 December 2018.</p>	<p>Revenue</p> <ul style="list-style-type: none"> – Provision of connectivity services, ICT equipment and security surveillance devices to TNB Group. 17,218 – Provision of fibre optic for telecommunication services by TNB Group. 12,872 – Commission on collection of TNB bills by Telekom Sales and Services Sdn Bhd from TNB Group. 223 <p>Cost</p> <ul style="list-style-type: none"> – Leasing of fibre optic from TNB Group. 15,898 – Leasing of infrastructure for telecommunication services from TNB Group. 6,739 	
				TOTAL	52,950

Corporate Directory

unifi

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Menara TM, Jalan Pantai Baharu
50672 Kuala Lumpur
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TM GLOBAL

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Website : tm.com.my/TMGLOBAL

NETWORK OPERATIONS CENTRE

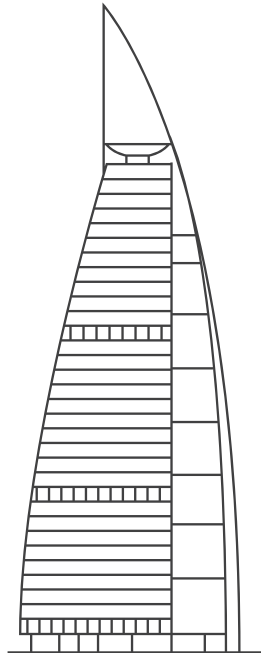
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Glossary

A

ABAC	Audit and Business Assurance Committee
AGCEO	Acting Group Chief Executive Officer
AGM	Annual General Meeting
AI	Artificial Intelligence
APPS	Applications
APT	Advance Persistent Threats
AR	Account Receivable
ASEAN	Association of Southeast Asian Nations

B

BAC	Board Audit Committee
BCM	Business Continuity Management
BCP	Business Continuity Plan
BEE	Board Effectiveness Evaluation
BDM	Batam-Dumai-Melaka
BIA	Business Impact Analysis
BIC	Board Investment Committee
BIP	Broadband Improvement Plan
BNM	Bank Negara Malaysia
Board	Board of Directors
BPG	Business Policy and Governance
BPIP	Board Performance Improvement Programme
BPO	Business Process Outsourcing
BRC	Board Risk Committee
BTC	Board Tender Committee
BVDP	Bumiputera Vendor Development Programme
B2B	Business to Business

C

CAPEX	Capital Expenditure
CBE	Code of Business Ethics
CCMP	Corporate Crisis Management Plan
CEREBRO	Inventory Digitalisation
CG	Corporate Governance
CGU	Cash Generating Units
CIA	Chief Internal Auditor
CKC	Commonly Known Cause
CLIFF	Customer & LOBs in Fraud Frontier
COINS	Corporate Information Superhighway
CPA	Certified Practising Accountant
CR	Corporate Responsibility
CSAs	Control Self-Assessments
CSR	Corporate Social Responsibility

CX

COO	Chief Operating Officer
CPO	Chief Procurement Officer
CRC	Corporate Restructuring Committee
CSP	Customer Service Professionals

D

DAPAT	Digital Appreciation Procurement Online System
DC	Data Centres
DDA	Driving Digital Adoption
DDoS	Distributed Denial of Service
DGCEO	Deputy Group Chief Executive Officer
DMCS	Dumai (Sumatera) Melaka Cable System
DRAGON	Digital Revolution-Agile on the Net
DRP	Disaster Recovery Plan

E

EBIT	Earnings Before Interest and Tax
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
EC	Experience Centre
EES	Economic, Environment and Social
EGM	Extraordinary General Meeting
ELV	Extra-low Voltage
EnMS	Energy Management System (EnMS)
EPC	Energy Performance Contracting
ERM	Enterprise Risk Management
ESCO	Energy Service Companies

F

FMLLP	Football Malaysia Limited Liability Partnership
FNGA	Fox Networks Group Asia
FTTC	Fibre to the Cabinet
FTTdp	Fibre to the Distribution Point

G

GDC	Group Digital Centre
GHCM	Group Human Capital Management
GHG	Greenhouse Gas
GIA	Group Internal Auditor
GLC	Government-linked Companies
GLT	Group Leadership Team
GPOS	Group Procurement Online System
GRI	Global Reporting Initiative

H			
HSBB	High Speed Broadband		
I			
IBSS	International Banking Summer School		
ICT	Information & Communications Technology		
ICSA	Institute of Chartered Secretaries and Administrators		
IIAM	Institute of Internal Auditors Malaysia		
IIRC	International Integrated Reporting Council		
IIRF	International Integrated Reporting Framework		
INED	Independent Non-Executive Director		
INTAN	National Institute of Public Administration		
IOC	Integrated Operations Centre		
IoT	Internet of Things		
IPDC	Iskandar Puteri Data Centre		
IR4.0	Industrial Revolution 4.0		
ISMS	Information Security Management System		
ISP	Internet Service Provider		
IT&NT	IT and Network Technology		
J			
JASS	Johor Application Solution and Services Hub		
K			
KCI	Keeping Customers Informed		
KPI	Key Performance Indicator		
KVDC	Klang Valley Data Centre		
L			
LMSB	Lyfe Medini Sdn Bhd		
LMS	Learning Management System		
LoA	Limit of Authority		
LOBs	Lines of Business		
LTE	Long-Term Evolution		
LTIP	Long-Term Incentive Plan		
LTI	Lost Time Injury		
M			
MAC	Managed Account Council		
MACC	Malaysian Anti-Corruption Commission		
MaGIC	Malaysia Global Innovation and Creative Centre		
		Main LR	Main Market Listing Requirements
		MAICSA	Malaysian Institute of Chartered Secretaries and Administrators
		MCCG	Malaysian Code on Corporate Governance
		MCMC	Malaysian Communications and Multimedia Commission
		MCT	Malaysia-Cambodia-Thailand
		MD	Managing Director
		MDSCS	Malaysian Domestic Submarine Cable System
		MFRS	Malaysian Financial Reporting Standards
		MIER	Malaysian Institute of Economic Research
		MIV	Malaysia ICT Volunteer
		MMLR	Main Listing Requirements
		MMU	Multimedia University
		MOF	Minister of Finance
		MOGSEC 2018	Malaysian Oil and Gas Service Exhibition and Conference 2018
		MoU	Memorandum of Understanding
		MSC	Multimedia Super Corridor
		MPLS	Multiprotocol Label Switching
		MSWG	Minority Shareholder Watchdog Group
		N	
		NACRA	National Annual Corporate Report Awards
		NCSR	National Center for Sustainability Reporting
		NEC	Non-Executive Chairman
		NED	Non-Executive Director
		NES	Net-Easy Score
		NEXT	Network Extended Ticketing System
		NFV	Network Function Virtualisation
		NGBH	Next Generation Backhaul
		NGO	Non-Profit Organisation
		NINED	Non-Independent Non-Executive Director
		NOC	Network Operations Centre
		NPS	Net Promoter Score
		NRC	Nomination and Remuneration Committee
		O	
		OIP	Open Innovation Platform
		OSHE	Occupational Safety, Health and Environment
		OTT	Over-The-Top



Glossary

P

PATAMI	Profit After Tax and Minority Interests
PBT	Profit Before Tax
PCI DSS	Payment and Industry Date Security Standards
PIP	Performance Improvement Plan
POC	Proof of Concept
PoP	Point of Presence
PUW 4.0	Program Usahawan Wanita
P&T	Post & Telegraph

R

RO	Regional Offices
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S

SAS	School Attendance System
SAT-3	South Atlantic-3 Cable System
SC	Securities Commission
SEA-ME-WE3 (SMW3)	South East Asia-Middle East-Western Europe Cable System 3
SEA-ME-WE4 (SMW4)	South East Asia-Middle East-Western Europe Cable System 4
SID	Senior Independent Non-Executive Director
SIRIM	Standards and Industrial Research Institute of Malaysia
SKR1M	Sistem Kabel Rakyat 1Malaysia
SME	Small Medium Enterprise
SMS	School Management System
SOC	Security Operations Centre
SORMIC	Statement on Risk Management and Internal Control
SRF	Subsidiaries' Board Remuneration Framework
STEM	Science, Technology, Engineering and Mathematics
SUBB	Sub-Urban Broadband
SWIFT	Service Without Frontier

T

TAC	Transformation Advisory Committee
TM R&D	TM Research and Development
TMTEC	TM Tender Evaluation Centre
TMEC	TM Earth Camp
TMNC3	TM National Command Control Centre
TOR	Terms of Reference
TRADOC	Training and Doctrine Command
TRI*M	Measurement of customer satisfaction index
TSOC	TM State Operations Centre
TVRA	Threat, Vulnerability and Risk Assessment

U

UN SDG	United Nation's Sustainable Development Goals
USP	Universal Service Provision

V

VDSL	Very High Bit-rate Digital Subscriber Line
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W

WiFi	Wireless Fidelity
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Y

YTM	Yayasan TM
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Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Thirty-fourth Annual General Meeting (34th AGM) of Telekom Malaysia Berhad (“TM” or “the Company”) will be held at the Kristal Hall, TM Convention Centre, Menara TM, Jalan Pantai Baharu, 50672 Kuala Lumpur, Malaysia on Wednesday, 29 May 2019 at 10:00 a.m. to transact the following businesses, with or without modifications:

- 1.0 To receive the Audited Financial Statements for the financial year ended 31 December 2018 together with the Reports of the Directors and Auditors thereon.
Please refer to Explanatory Note A
- 2.0 To re-elect the following Directors, who retire by rotation pursuant to Clause 106(2) of the Company’s Constitution and being eligible, offer themselves for re-election:
- | | |
|-----------------------------------|--------------------------------|
| (i) Rosli Man | (Ordinary Resolution 1) |
| (ii) Dato’ Asri Hamidin @ Hamidon | (Ordinary Resolution 2) |
| (iii) Dr Farid Mohamed Sani | (Ordinary Resolution 3) |
| (iv) Dato’ Mohd Naim Daruwish | (Ordinary Resolution 4) |
| (v) Hisham Zainal Mokhtar | (Ordinary Resolution 5) |
| (vi) Suhendran Sockanathan | (Ordinary Resolution 6) |
- Please refer to Explanatory Note B*
- 3.0 Re-election of Gee Siew Yoong who retires pursuant to Clause 112 of the Company’s Constitution and being eligible, offers herself for re-election.
Please refer to Explanatory Note C **(Ordinary Resolution 7)**
- 4.0 To approve the payment of the following Directors’ fees with effect from the 34th AGM until the next AGM of the Company:
- | | |
|---|--|
| (i) RM30,000 per month for the Non-Executive Chairman (NEC), RM22,250 per month for Senior Independent Director (SID) and RM20,000 per month for each Non-Executive Director (NED); and | |
| (ii) RM15,000 per month and RM10,000 per month for NEC and NEDs respectively, of Tier 1 subsidiaries. | |
- Please refer to Explanatory Note D* **(Ordinary Resolution 8)**
- 5.0 To approve the payment of benefits payable to NEC and NEDs of the Company up to an amount of RM2,350,000 from the 34th AGM until the next AGM of the Company.
Please refer to Explanatory Note E **(Ordinary Resolution 9)**
- 6.0 To re-appoint PricewaterhouseCoopers PLT (PwC), having consented to act as Auditors of the Company, for the financial year ending 31 December 2019 and to authorise the Board of Directors to determine their remuneration.
Please refer to Explanatory Note F **(Ordinary Resolution 10)**

Notice of Annual General Meeting

7.0 To consider and if thought fit, to pass the following resolutions:

7.1 Proposed Renewal of the Authority for Directors to Allot and Issue Shares pursuant to Section 75 of the Companies Act, 2016 (CA 2016)

THAT subject always to the CA 2016, the Constitution of the Company and the approvals of the relevant government and/or regulatory authorities, where such approval is necessary, authority be and is hereby given to the Directors to issue and allot shares in the capital of the Company pursuant to Section 75 of the CA 2016, to any person other than a Director or major shareholder of the Company or person connected with any Director or major shareholder of the Company, at any time until the conclusion of the next annual general meeting, in such number and to such person and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed ten percent (10%) of the number of shares of the Company for the time being; **AND THAT** the Board of Directors be and is also empowered to obtain the approval from Bursa Malaysia Securities Berhad (Bursa Securities) for the listing of and quotation for the additional shares so issued; **AND FURTHER THAT** such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next annual general meeting of the Company.

Please refer to Explanatory Note G

(Ordinary Resolution 11)

7.2 Proposed Renewal of the Authority for Directors to Allot and Issue New Ordinary Shares in the Company (TM Shares) in relation to the Dividend Reinvestment Scheme (DRS)

THAT pursuant to the DRS approved at the Extraordinary General Meeting held on 8 May 2014, approval be and is hereby given to the Company to allot and issue such number of new TM Shares for the DRS until the conclusion of the next annual general meeting, upon such terms and conditions and to such persons as the Directors may, in their absolute discretion, deem fit and in the interest of the Company **PROVIDED THAT** the issue price of the said new TM Shares shall be fixed by the Directors at not more than ten percent (10%) discount to the adjusted five (5)-day volume weighted average market price (VWAMP) of TM Shares immediately prior to the price-fixing date, of which the VWAMP shall be adjusted ex-dividend before applying the aforementioned discount in fixing the issue price of TM Shares at the material time;

AND THAT the Board of Directors of the Company be and is hereby authorised to do all such acts and enter into all such transactions, arrangements and documents as may be necessary or expedient in order to give full effect to the DRS with full power to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed or agreed to by any relevant authorities or consequent upon the implementation of the said conditions, modifications, variations and/or amendments, as they, in their absolute discretion, deem fit and in the best interest of the Company.

Please refer to Explanatory Note H

(Ordinary Resolution 12)

7.3 Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature (Proposed Renewal of Shareholders' Mandate)

THAT in accordance with Paragraph 10.09 of the Main Market Listing Requirements (Main LR) of Bursa Malaysia Securities Berhad (Bursa Securities), approval be and is hereby given for the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature as set out in Appendix I of the Company's Circular to Shareholders dated 25 April 2019 which are necessary for the day-to-day operations **PROVIDED THAT** such transactions are entered into in the ordinary course of business of the Company and/or its subsidiaries, are carried out on terms not more favourable to the related party than those generally available to the public and are not detrimental to the minority shareholders of the Company;

THAT such approval shall continue to be in full force and effect until:

- (i) the conclusion of the next annual general meeting of the Company at which time the authority will lapse, unless the authority is renewed by a resolution passed at such general meeting;
- (ii) the expiration of the period within which the Company's next annual general meeting is required to be held under Section 340(2) of the Companies Act, 2016 (CA 2016) (but shall not extend to such extension as may be allowed under Section 340(4) of the CA 2016); or
- (iii) revoked or varied by resolution passed by the shareholders of the Company at a general meeting,

whichever is the earlier;

AND THAT the Board of Directors of the Company be and is hereby empowered and authorised to do or procure to be done all acts, deeds and things (including executing such documents under the common seal in accordance with the provisions of the Constitution of the Company, as may be required) to give effect to the Proposed Renewal of Shareholders' Mandate.

Please refer to Explanatory Note I

(Ordinary Resolution 13)

7.4 Proposed Grant to Mohd Azizi Rosli, Manager of the Company, a Person Connected pursuant to the existing Long-Term Incentive Plan (LTIP) of the Company

THAT pursuant to the LTIP of up to ten percent (10%) of the issued ordinary capital of the Company (excluding Treasury Shares, if any) for eligible employees and Executive Directors of the Company and its subsidiaries, as approved by the shareholders at the Extraordinary General Meeting held on 28 April 2016, the Board (save for Rosli Man) be and is hereby authorised, at any time and from time to time during the duration of the LTIP, to procure the allocation and grants to Mohd Azizi Rosli of up to the remaining of the 40,000 new ordinary shares in the Company (TM Shares) allocated under the LTIP for him, subject to the vesting conditions and such other terms and conditions of the By-Laws for the LTIP;

AND THAT the Board of Directors be and is hereby authorised to allot and issue new TM Shares pursuant to the LTIP to him from time to time pursuant to the vesting of his grant.

Please refer to Explanatory Note J

(Ordinary Resolution 14)

8.0 To transact any other business for which due notice has been given in accordance with Section 340(1) of the CA 2016 and the Company's Constitution.

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a Member who shall be entitled to attend, speak and vote at this 34th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd (Bursa Depository) in accordance with Clause 80(3)(a) of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act 1991 (SICDA) to issue a General Meeting Record of Depositors (ROD) as at 21 May 2019. Only a depositor whose name appears on the ROD as at 21 May 2019 shall be entitled to attend the said meeting or appoint proxies to attend, speak and vote on his/her behalf.

By Order of the Board

Hamizah binti Abidin

(LS0007096) (Practicing Certificate No.: 201908001071)

Zaiton binti Ahmad

(MAICSA 7011681)

Secretaries

Kuala Lumpur

25 April 2019

NOTES:

Proxy and/or Authorised Representatives

1. A Member entitled to attend, speak and vote at the Meeting is entitled to appoint a proxy to attend, speak and vote in his/her stead. A proxy or representative may but need not be a Member of the Company. A Member may appoint any person to be his/her proxy without restriction to the proxy's qualification.
2. A Member shall not be entitled to appoint more than two (2) proxies to attend, speak and vote at the Meeting provided that where a Member of the Company is an authorised nominee as defined in accordance with the provisions of SICDA, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares in the Company standing to the credit of the said securities account. Where a Member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account (omnibus account), there shall be no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
3. Where a Member appoints two (2) proxies, the appointments shall be invalid unless the proportions of the holdings to be represented by each proxy are specified.



Notice of Annual General Meeting

4. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly appointed under a Power of Attorney or if such appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly appointed under a Power of Attorney. If the proxy form is signed under the hand of an officer duly authorised, it should be accompanied by a statement reading "signed as authorised officer under an Authorisation Document which is still in force, and no notice of revocation has been received". If the proxy form is signed under the attorney duly appointed under a Power of Attorney, it should be accompanied by a statement reading "signed under a Power of Attorney which is still in force, and no notice of revocation has been received". A copy of the Authorisation Document or the Power of Attorney, which should be valid in accordance with the laws of the jurisdiction in which it was created and is exercised, should be enclosed with the proxy form.
5. A corporation which is a Member, may by resolution of its Directors or other governing body authorises such person as it thinks fit to act as its representative at the Meeting, in accordance with Clause 100 of the Company's Constitution.
6. The instrument appointing the proxy together with the duly registered Power of Attorney referred to in Note 4 above, if any, must be deposited at the office of the Share Registrars, Boardroom Share Registrars Sdn Bhd (378993-D) (formerly known as Symphony Share Registrars Sdn Bhd), located at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor, Malaysia not less than 24 hours before the time appointed for the taking of the poll or no later than on 28 May 2019 at 12:00 noon.

The Share Registrars will also provide a box at the ground floor of its office building to facilitate drop-off of the proxy forms.

7. Explanatory Note A

The Audited Financial Statements are laid before the shareholders pursuant to the provisions of Sections 266(1)(a) and 340(1)(a) of the CA 2016 for discussion only and will not be put forward for voting.

8. Explanatory Notes B and C

Clause 106(2) of the Company's Constitution provides that any Director appointed shall hold office only until the next AGM and shall then be eligible for re-election. The said Director shall not be taken into account in determining the Directors who are to retire by rotation at the AGM. Rosli Man, Dato' Asri Hamidin (Q Hamidon, Dr Farid Mohamed Sani, Dato' Mohd Naim Daruwish, Hisham Zainal Mokhtar and Suhendran Sockanathan (also known as Saheran Suhendran) who were appointed since the last AGM are standing for re-election as Directors of the Company. The Directors being eligible for re-election, have consented to be re-elected as Directors of the Company. The Nomination and Remuneration Committee (NRC) and Board recommended the re-election of the said Directors.

Clause 112 of the Company's Constitution provides that all Directors shall retire from office once at least every three (3) years, but shall be eligible for re-election. At every AGM of the Company, one third of the Directors of the Company for the time being or if not a multiple of three, nearest to one third, shall retire by rotation. The election of which Director to retire is in accordance with Clause 113 of the Company's Constitution, whereby the Director selected shall be the one that has been longest in office since his/her last re-election. At this AGM, one of four (4) Directors is eligible to retire in accordance with Clause 112 of the Company's Constitution. Gee Siew Yoong being the longest in office since her last retirement is standing for re-election as Director and being eligible has consented to be re-elected as Director of the Company. The NRC and the Board (save for the Interested Director) are of the opinion that there is conflict of interest in view of her position as a director in a company which is a licensee of the Malaysian Communications and Multimedia Commission (MCMC), and is directly competing with TM and hence, do not recommend her re-election as Director.

The profiles of Directors seeking re-elections are set out in the Profile of Directors' section on pages 102 to 106 of the 2018 Integrated Annual Report.

9. Explanatory Notes D and E

Section 230(1) of CA 2016 provides amongst others, that "fees" of the directors and "any benefits" payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. Pursuant thereto, shareholders' approval is sought for the payment of fees and benefits payable to NEC and NEDs, in two (2) separate resolutions as follows:

- (i) Ordinary Resolution 8 on the payment of Directors' fees for the Company and Tier 1 Subsidiaries from the date of the 34th AGM until the next AGM.

The Board of Directors is recommending the Directors' fees for the Company and Tier 1 Subsidiaries as approved at the previous 33rd AGM of the Company, for shareholders' approval. There is no revision to the amount proposed.

- (ii) Ordinary Resolution 9 on the payment of benefits payable to the NEC and NEDs from the 34th AGM until the next AGM.

The existing Benefits Payable applicable to NEC and NEDs comprise meeting fees, emoluments and claimable benefits as stipulated below:

- (a) Meeting fee structure for Board and Board Committees:

	TM Board (RM)	Board Audit Committee (RM)	Nomination & Remuneration Committee (RM)	Board Tender Committee (RM)	Board Risk Committee (RM)	Board Investment Committee (RM)	LTIP Committee (RM)
Chairman	3,500	3,250	2,500	3,250	2,500	2,500	2,500
NED	3,000	2,500	2,000	2,500	2,000	2,000	2,000

- (b) Pursuant to the Subsidiaries' Board Remuneration Framework (SRF), NEC and NEDs appointed on the boards of TM subsidiaries are entitled to the following meeting fees:

Category of TM Subsidiaries	NEC	NED	Committee Fee	
	Meeting Fee (RM)	Meeting Fee (RM)	Chairman Meeting Fee (RM)	Member Meeting Fee (RM)
Tier 1	1,500	1,000	500	300
Tier 2	1,500	1,000	Nil	Nil

- (c) Customary benefits such as claimable benefits on annual overseas business development trips, leave passage, business equipment, telecommunication bills, insurance and medical coverage.

In determining the estimated amount of benefits payable for the NEC and NEDs, various factors, including the number of scheduled meetings for the Board, Board Committees and boards of subsidiaries as well as the number of NEDs involved in these meetings were considered. As there is no change to the prevalent benefits payable, the Board is recommending an estimated total amount of RM2,350,000 as per the previous AGM.

Subject to the shareholders' approval for Ordinary Resolutions 8 and 9, the payment for the fees and benefits for the period commencing from the 34th AGM until next AGM will be made by the Company and its subsidiaries on a monthly basis and/or as and when incurred. The Board opined that the payments to the NEC and NEDs are just and equitable taking into account their roles and responsibilities towards the Group and the services that they have rendered to the Company and its subsidiaries.

NEDs who are shareholders of the Company will abstain from voting on the aforesaid resolutions at the 34th AGM.

10. Explanatory Note F

The Board Audit Committee (BAC) and the Board at their Meetings on 20 February 2019 and 26 February 2019 respectively have considered the re-appointment of PwC as Auditors of the Company and collectively agreed that PwC has met the relevant criteria as prescribed under Paragraph 15.21 of the Main LR of Bursa Securities.

Notice of Annual General Meeting

11. Explanatory Note G

The Company has not issued any new shares since the mandate to issue and allot shares of up to 10% of the issued and paid-up capital of the Company was approved at the 33rd AGM held on 26 April 2018. According to Section 76(3)(a) of the CA 2016, the mandate shall expire at the conclusion of the 34th AGM.

Ordinary Resolution 11 is a proposal to renew the said mandate obtained from the shareholders of the Company at the last AGM to allow the issuance and allotment of new shares in the Company of up to an amount not exceeding 10% of the number of shares of the Company for such purposes as the Directors may deem fit and in the best interest of the Company including for any possible fund raising activities for the Company's working capital requirements and strategic investments.

This resolution if approved, will give the Company and its Directors the mandate and flexibility to issue and allot new shares in the Company for possible fund raising activities without the need to seek shareholders' approval via a general meeting subsequent to this 34th AGM, which may delay the capital raising initiatives and incur relevant cost in organising the general meeting. The authorisation, unless revoked or varied by the Company at a general meeting, will be valid until the next AGM of the Company.

12. Explanatory Note H

Ordinary Resolution 12 is for the proposed renewal of the authority for Directors to allot and issue new ordinary shares in the Company in respect of dividends to be declared, if any, under the DRS, until the conclusion of the next AGM.

13. Explanatory Note I

Ordinary Resolution 13, if passed, will authorise the Company and/or its subsidiaries to enter into recurrent related party transactions with related parties in the ordinary course of business which are necessary for the Group's day-to-day operations and are on normal commercial terms not more favourable to the related parties than those generally available to the public and shall lapse at the conclusion of the next AGM unless authority for its renewal is obtained from the shareholders of the Company at a general meeting.

14. Explanatory Note J

TM shareholders at the Extraordinary General Meeting held on 28 April 2016 has approved the allocation of TM Shares under the LTIP to TM employees and Executive Directors of the Company.

Paragraph 6.06 of the Main LR, provides that any allocation to a director or person connected to the director (Person Connected) requires prior approval from the shareholders.

Mohd Azizi Rosli, a Manager of the Company is an Eligible Employee as prescribed in the LTIP By-Laws, and thus is eligible to be awarded the grant under the LTIP. As the son of Rosli Man, the Non-Independent Non-Executive Chairman of the Company, he is a Person Connected. Being a Person Connected, any future grants of TM Shares under the LTIP to Mohd Azizi Rosli shall require shareholders' approval prior to the grants.

The proposed grant amount of 40,000 of TM Shares is the maximum number of TM Shares that may be granted to Mohd Azizi Rosli. As he was an employee of the Company prior to the appointment of the Director concerned, he has already been granted specified number of TM Shares based on his job grade in 2017. The shareholders' approval sought at this AGM is for future LTIP grant for the remaining of the maximum 40,000 TM Shares that may be granted by the Company to Mohd Azizi Rosli.

Rosli Man and person connected to him will abstain from voting on the resolution, and he has also abstained from all deliberation and voting on this resolution at the Board of Directors' Meeting.

The NRC and the Board (save for Rosli Man) have deliberated on the proposal and agreed that the proposed maximum allowable grant is in line with the provisions of the LTIP By-Laws.

Statement Accompanying Notice of the 34th Annual General Meeting

pursuant to Paragraph 8.27(2) and Appendix 8A of the Main LR of Bursa Securities

1. The profiles of the following Directors who are retiring pursuant to Clause 106(2) of the Company's Constitution as per Ordinary Resolutions 1 to 6 of the notice of the 34th AGM are stated in pages 102, 103 and 106.
 - (i) Rosli Man (Non-Independent Non-Executive Chairman)
 - (ii) Dato' Asri Hamidin (Q Hamidon (Non-Independent Non-Executive Director) [NINED]
 - (iii) Dr Farid Mohamed Sani (NINED)
 - (iv) Dato' Mohd Naim Daruwish (NINED)
 - (v) Hisham Zainal Mokhtar (Independent Non-Executive Director) [INED]
 - (vi) Suhendran Sockanathan (INED)
2. The profile of Gee Siew Yoong, INED, who is retiring pursuant to Clause 112 of the Company's Constitution as per Ordinary Resolution 7 of the notice of the 34th AGM is stated in page 104.
3. None of the above Directors has any interest in the securities of the Company, save for Rosli Man, whose securities holdings and interest in shares is disclosed on page 24 of the Financial Statements.
4. None of the abovenamed Directors has any family relationship with any Director and/or major shareholder of the Company, save for Dr Farid Mohamed Sani and Dato' Mohd Naim Daruwish, who are employees and nominee directors of Khazanah and EPF respectively, TM's major shareholders. They do not have any conflict of interests with TM, convicted for any offences other than traffic offences for the past 5 years, or have been imposed for any sanction or penalty by any regulatory bodies during the financial year ended 31 December 2018.
5. The independent directors satisfy the criteria of independent directors as defined under Paragraph 1.01 of Bursa Securities' Main LR, which include being independent of management, free from any business or other relationship which could interfere with the exercise of independent judgement, objectivity or the ability to act in the best interests of the Company, and also being independent of the major shareholders, save for any disclosure to the otherwise.



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Proxy Form



“A”

I/We _____
(Full Name as per NRIC/Passport No./Certificate of Incorporation in capital letters)

Company No./NRIC No./Passport No. _____

of _____
(Full Address)

being a member of **TELEKOM MALAYSIA BERHAD** (128740-P) (the Company) hereby appoint _____

_____ (Full Name as per NRIC/Passport in capital letters)

with NRIC No./Passport No. _____

of _____
(Full Address)

or failing him/her _____

_____ (Full Name as per NRIC/Passport in capital letters)

with NRIC No./Passport No. _____

of _____
(Full Address)

or failing him/her, the Chairman of the Meeting, as my/our **first** proxy to vote for me/us on my/our behalf at the Thirty-fourth Annual General Meeting (34th AGM) of the Company to be held at Kristal Hall, TM Convention Centre, Menara TM, Jalan Pantai Baharu, 50672 Kuala Lumpur, Malaysia on Wednesday, 29 May 2019 at 10:00 a.m. and at any adjournment thereof.

“B” If you wish to appoint a second proxy, please complete this section.

I/We _____
(Full Name as per NRIC/Passport No./Certificate of Incorporation in capital letters)

Company No./NRIC No./Passport No. _____

of _____
(Full Address)

being a member of **TELEKOM MALAYSIA BERHAD** (128740-P) (the Company) hereby appoint _____

_____ (Full Name as per NRIC/Passport in capital letters)

with NRIC No./Passport No. _____

of _____
(Full Address)

or failing him/her _____

_____ (Full Name as per NRIC/Passport in capital letters)

with NRIC No./Passport No. _____

of _____
(Full Address)

or failing him/her, the Chairman of the Meeting, as my/our **second** proxy to vote for me/us on my/our behalf at the 34th AGM of the Company to be held at Kristal Hall, TM Convention Centre, Menara TM, Jalan Pantai Baharu, 50672 Kuala Lumpur, Malaysia on Wednesday, 29 May 2019 at 10:00 a.m. and at any adjournment thereof.

For appointment of two (2) proxies, percentage of shareholdings to be represented by the respective proxies must be indicated below:	
	Percentage (%)
Proxy “A”	
Proxy “B”	
Total	100%

I/We direct my/our proxy to vote on the following resolutions as I/we have indicated by marking the appropriate box with an ‘X’. If no indication is given, my/our proxy will vote or abstain from voting at his or her discretion and I/we authorise my/our proxy to vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.

No.	Resolutions	Proxy “A”		Proxy “B”	
		For	Against	For	Against
1.	Re-election of Rosli Man pursuant to Clause 106(2)				
2.	Re-election of Dato’ Asri Hamidin @ Hamidon pursuant to Clause 106(2)				
3.	Re-election of Dr Farid Mohamed Sani pursuant to Clause 106(2)				
4.	Re-election of Dato’ Mohd Naim Daruwish pursuant to Clause 106(2)				
5.	Re-election of Hisham Zainal Mokhtar pursuant to Clause 106(2)				
6.	Re-election of Suhendran Sockanathan pursuant to Clause 106(2)				
7.	Re-election of Gee Siew Yoong pursuant to Clause 112				
8.	Payment of Directors’ fees				
9.	Payment of Benefits Payable to Non-Executive Chairman and Non-Executive Directors				
10.	Re-appointment of PricewaterhouseCoopers PLT as Auditors of the Company and authorisation to Directors to determine their remuneration				
11.	Renewal of Authority for Directors to Allot and Issue Shares under Section 75 of the Companies Act, 2016				
12.	Renewal of Authority for Directors to Issue Shares in relation to the Dividend Reinvestment Scheme				
13.	Proposed Renewal of Shareholders’ Mandate				
14.	Proposed Grant to Mohd Azizi Rosli pursuant to the LTIP				

Signed this _____ day of _____ 2019.

No. of Ordinary Shares Held	
CDS Account No. of the Authorised Nominee*	
Telephone No.	

* Applicable to shares held under nominee account only

Signature(s)/Common Seal of Member(s)

NOTES:

Proxy and/or Authorised Representatives

- A Member entitled to attend, speak and vote at the meeting is entitled to appoint a proxy to attend, speak and vote in his/her stead. A proxy or representative may but need not be a Member of the Company. A member may appoint any person to be his/her proxy without verification to the proxy’s qualification.
- A Member shall not be entitled to appoint more than two (2) proxies to attend, speak and vote at the Meeting provided that where a Member of the Company is an authorised nominee as defined in accordance with the provisions of Securities Industry (Central Depositories) Act 1991 (SICDA), it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares in the Company standing to the credit of the said securities account. Where a Member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account (omnibus account), there shall be no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- Where a Member appoints two (2) proxies, the appointments shall be invalid unless the proportions of the holdings to be represented by each proxy are specified.
- The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly appointed under a Power of Attorney or if such

appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly appointed under a Power of Attorney. If the proxy form is signed under the hand of an officer duly authorised, it should be accompanied by a statement reading “signed as authorised officer under an Authorisation Document which is still in force, and no notice of revocation has been received”. If the proxy form is signed under the attorney duly appointed under a Power of Attorney, it should be accompanied by a statement reading “signed under a Power of Attorney which is still in force, and no notice of revocation has been received”. A copy of the Authorisation Document or the Power of Attorney, which should be valid in accordance with the laws of the jurisdiction in which it was created and is exercised, should be enclosed with the proxy form.

- A corporation which is a Member, may by resolution of its Directors or other governing body authorises such person as it thinks fit to act as its representative at the Meeting, in accordance with Clause 100 of the Company’s Constitution.
- The instrument appointing the proxy together with the duly registered Power of Attorney referred to in Note 4 above, if any, must be deposited at the office of the Share Registrars, Boardroom Share Registrars Sdn Bhd (378993-D) (formerly known as Symphony Share Registrars Sdn Bhd) located at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor, Malaysia not less than 24 hours before the time appointed for the taking of the poll or

no later than on 28 May 2019 at 12:00 noon. The Share Registrars will also provide a box at the ground floor of its office building for drop-in of proxy forms.

Members entitled to Attend

- For the purpose of determining a Member who shall be entitled to attend the 34th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Clause 80(3)(a) of the Company’s Constitution and Section 34(1) of the SICDA, to issue a General Meeting Record of Depositors (ROD) as at 21 May 2019. Only a depositor whose name appears on the ROD as at 21 May 2019 shall be entitled to attend, speak and vote at the said meeting or appoint proxy/proxies to attend, speak and/or vote on his/her behalf.

Personal Data Privacy

- By submitting the duly executed proxy form, the Member and his/her proxy consent to the Company (and/or its agents/service providers) collecting, using and disclosing the personal data therein in accordance with the Personal Data Protection Act 2010, for the purpose of the AGM, and any adjournment thereof.

Voting

- Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of the 34th AGM will be put to vote on a poll.

2. Fold this flap to seal

AFFIX STAMP
RM0.80 HERE

The Share Registrar
Boardroom Share Registrars Sdn Bhd (378993-D)
(formerly known as Symphony Share Registrars Sdn Bhd)
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor, Malaysia

1. Fold here

