
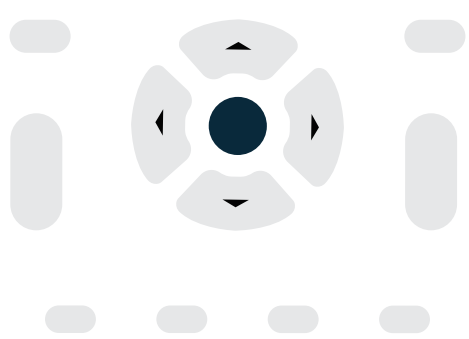


# #DIGITALGOVERNMENT

SMART SOLUTIONS COMMAND CENTRE



- CH 01
- CH 02
- CH 03
- CH 04
- CH 05
- CH 06
- CH 07



### Smart Crowd Analytics

5943 Visitors Today | 4167 Repeat Visitors

Visitors Trend Today

Time	Visitors
6:00:00 AM	0
6:36:00 AM	0
7:32:00 AM	0
8:48:00 AM	0
9:44:00 AM	0
10:40:00 AM	0
11:36:00 AM	0
12:32:00 PM	0
1:28:00 PM	0
2:24:00 PM	0
3:20:00 PM	0
4:16:00 PM	0
5:12:00 PM	0
6:08:00 PM	0
7:04:00 PM	0
8:00:00 PM	0
8:56:00 PM	0
9:52:00 PM	0
10:48:00 PM	0
11:44:00 PM	0

### City Airport

5211 Visitors Today

8 Arrived

10 Scheduled Arrival

### Smart Tourism

03 Connected Devices

00 SOS

### Smart Vehicle Management System

01 Vehicles Idle

18 Vehicles Stop

Surveillance Data





Smart Safety & Security



# #Transforming the Public Sector Through Digital Innovations – Towards more Impactful Services for all Malaysians

We are committed to helping Malaysia build a public sector that is fit for the future. We are working with the Government to deliver digital solutions that increase the efficiency and effectiveness of public institutions. Through digitalisation and smart services, we enhance core public functions that enable a resilient and impactful Government.

## # CORPORATE GOVERNANCE OVERVIEW STATEMENT

**“TM must hold integrity as our guiding principle to ensure transparency in our corporate governance”, Rosli Man, Chairman of TM.**

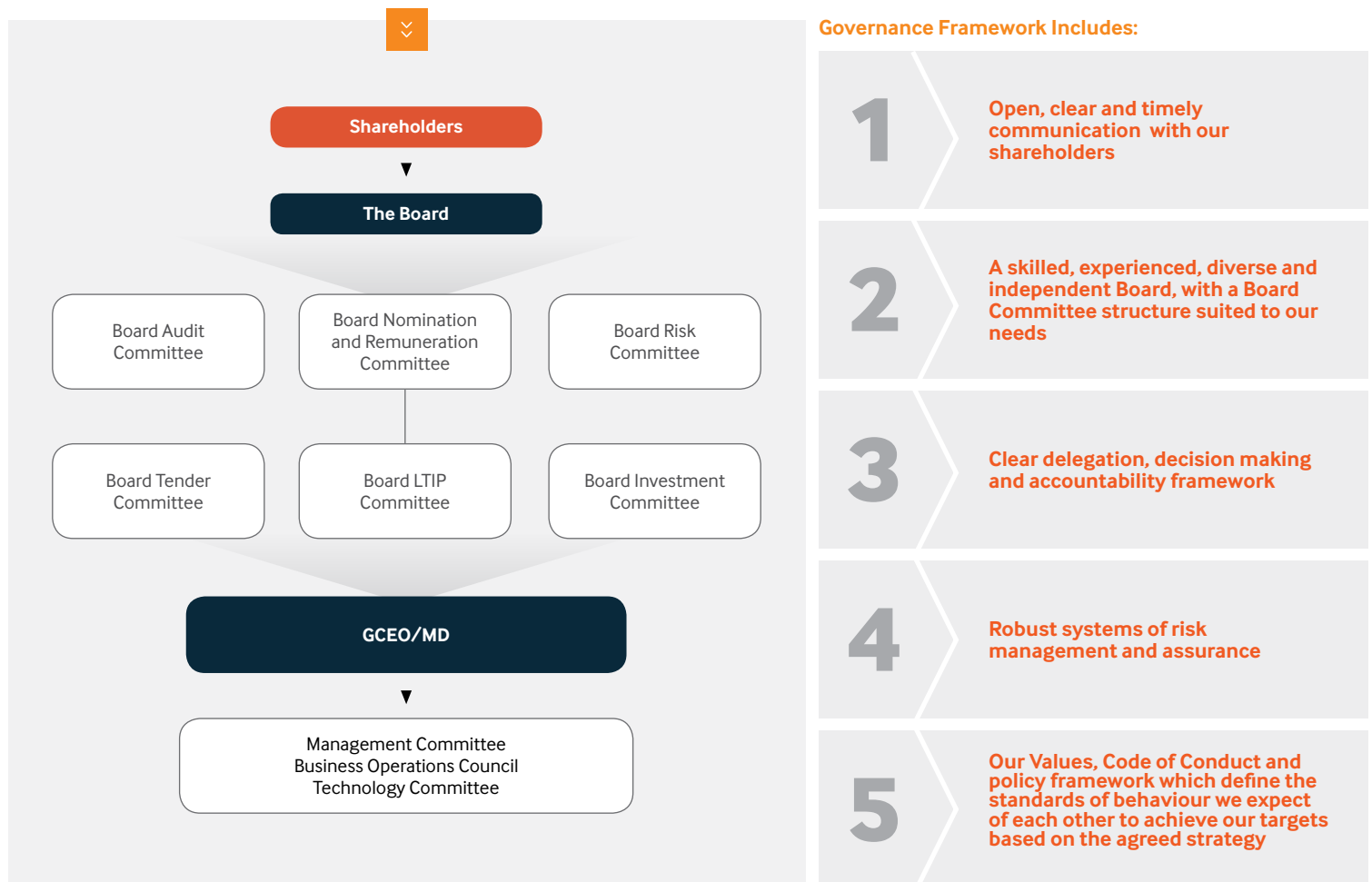
2019 was a transformation year for TM, which involved changes in leadership and strategic direction, enhancement in business approach and internal processes, as well as realignment of the Company’s long-term strategies, which are necessary for TM’s future growth and sustainability. Despite the numerous challenges, our people continued to uphold the ingrained corporate governance standards. Ethics, integrity and accountability continue to play important roles in sustaining and shaping our people and how we conduct our business. We remain committed to maintain the highest standard of corporate governance, integrity and professionalism.

Despite several changes to its composition during the year, the Board collectively affirms its commitment in upholding TM’s strong corporate governance, internal processes, guidelines and systems and the implementation of appropriate risk management and internal controls.

TM continues to abide by the principles and best practices of corporate governance as the basis of its governance model, as prescribed by the Main Market Listing Requirements (Main LR) of Bursa Securities, Malaysian Code on Corporate Governance 2017 (MCCG 2017), Corporate Governance Guide 2017 (CG Guide), Corporate Disclosure Guide, international best practices and standards on corporate governance.

### GOVERNANCE MODEL AND FRAMEWORK

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





## # CORPORATE GOVERNANCE OVERVIEW STATEMENT

TM's Governance Model is supported by the Board Charter, Limits of Authority (LoA) Matrix of TM Group and Business Policy and Governance (BPG). The Board Charter clearly identifies the terms of reference (ToR) of the Board and its Committees as well as decisions reserved for the Board while the Tier 1 of the LoA provides empowerment of the Board, BTC and top management. The LoA Matrix and BPG are reviewed and updated as and when required to adapt to the complexity of the business, changes in strategic direction and to reflect TM's key business policies and governance across the organisation.

This Corporate Governance (CG) Overview Statement serves to show how our measures are aligned with the principles of good governance in accordance with the MCCG 2017 and references are made to the three (3) key CG principles in the MCCG 2017. The Board is pleased to present this statement and the elaboration of how TM has applied the three key CG principles in the MCCG 2017, which are:

PRINCIPLE A	PRINCIPLE B	PRINCIPLE C
Board Leadership and Effectiveness	Effective Audit and Risk Management	Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

The CG Overview Statement is to be read together with the CG Report 2019 of the Company which is available on the Company's website at [www.tm.com.my](http://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 during the financial year 2019 and demonstrates the commitment of the Board and Management of the Group in applying and embracing the high standards of CG in the organisation.

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

#### BOARD RESPONSIBILITIES

Directors have fiduciary duties to act in good faith and exercise reasonable care, skill and diligence to safeguard the interest of the Company, TM Group and the Shareholders. The Board assumes the core responsibilities of reviewing and adopting a strategic plan, overseeing and evaluating the conduct of the Group's business and establishing a sound risk management and internal controls framework for the Group. The Board also ensures and monitors succession planning for both board members and senior management of pivotal positions of the Group. Board activities are structured to assist the Board to achieve its goal in providing management oversight, to support and advise the GCEO/MD and Management Team within a transparent governance framework.

The year 2019 saw the Board and Board Committees spent a total of approximately 178 hours in discharging its key fiduciary duties and oversight function and responsibilities.

In discharging its roles and responsibilities, our Board is mindful of the need to protect the interests of the shareholders and other stakeholders. Dedicated Board Committees have been established with clear ToR comprising Directors with the relevant skills, experience and background who have committed their time and effort as members to facilitate the effective discharge of these responsibilities.

The Group's business direction and strategy were reassessed with focus on business transformation and performance improvements, which will place TM as the national service provider that is powering the nation towards Digital Malaysia.

The Board has assessed its performance on execution of Board Responsibilities including General Responsibilities, Strategic Planning, Performance Management, Risk Management and Sustainability and Internal Controls, Human Capital Management and CG in the 2019 Board Effectiveness Evaluation (BEE). Overall, the Board's performance has improved with most of the areas being rated 3.0 and above.

BOARD AND BOARD COMMITTEE MEETINGS	
BOARD (including Board Retreats)	72 hours 47 minutes
NRC	23 hours 25 minutes
BAC	32 hours 00 minutes
BTC	22 hours 17 minutes
BRC	9 hours 30 minutes
BIC	12 hours 30 minutes
LTIP	4 hours 35 minutes

#### Board Charter

The Board Charter is a comprehensive reference document for Directors in relation to its role, 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. The Board Charter is reviewed from time to time and updated regularly to ensure that it remains relevant to the Company's objectives and strategies to align with the current rules and regulations. This review is also 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 2019, several changes were made and the updated Board Charter is accessible on our website at [www.tm.com.my](http://www.tm.com.my).



Scan QR code for more information about Board Charter

## # CORPORATE GOVERNANCE OVERVIEW STATEMENT



### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

#### 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 Director (SID), Non-Executive Directors (NEDs) and the Executive Director (ED).

Demarcation of these functions were to ensure the smooth running of the Company's business and operations. The separation of power is to safeguard against one individual or group dominating the decision-making process of the Company. Adherence to the separation of power thus, would accord a balance of authority within the Board in line with best governance practices.

#### The Role of Chairman

The Chairman leads the Board in the oversight of Management. The positions of Chairman and CEO at all times were held by different individuals with clear and distinct roles as documented in the Board Charter.

Rosli Man as Chairman of TM, is not an executive member of the Board and has never held the position of the CEO of the Company. He has demonstrated his effective leadership of the Board, allows open and frank discussion by members on matters involving the Group to ensure effective decision-making process.

#### The Role of SID

Datuk Zalekha Hassan was appointed as our SID based on her leadership skills, experience, 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 aware of the roles and responsibilities of a SID as stated in the Board Charter, and has always maintained her independence from Management. She is favourably rated by her peers and fulfilled the prescribed criteria for SID.

As SID, she 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 or when requested by NEDs. As such, the Board is able to pursue a greater degree of independence, and NEDs can meet and actively exchange views in the absence of Management. During the year, a SID meeting was held on 31 May 2019 to discuss primarily on the NEDs' issues and concerns.

The SID will continue to provide an alternative communication avenue for shareholders and stakeholders to convey their concerns and raise issues so that these can be channelled to the relevant parties.

#### The Role of ED

Dato' Noor Kamarul Anuar Nuruddin was appointed as our GCEO/MD on 13 June 2019. His appointment filled the ED position vacated by Datuk Bazlan Osman on 28 February 2019, and releasing Imri Mokhtar, Chief Operating Officer from his role as Acting GCEO held since 16 November 2018. Since his appointment, Dato' Noor Kamarul is the sole ED of TM.

As the GCEO/MD, Dato' Noor Kamarul's key function is to ensure the smooth running of the Company's day-to-day operations, and responsible for the implementation of broad policies and strategies approved by the Board. His primary areas of responsibilities are incorporated in the TM Group Scorecard which are reviewed, evaluated and approved by the Board.

The ED is supported by several management corporate committees for their operational and management duties, namely the MC, Business Operations Council (BOC) and Technology Committee (Techcomm). These forums provide the Senior Management team, including the heads of business clusters and divisions, the platform to interact and deliberate on the strategies, operations and performance of the Company on a regular basis.

#### Fostering Commitment of the Board

The commitment of our Board to the Company is evidenced by their attendance and time spent at Board and Committee meetings in pages 122 to 133 of the respective Committee report. The Board has established that Directors are required to notify the Company Secretary on their appointment and directorships in other companies for disclosure to the Board at Board meetings. TM Board and Committees' meeting schedule for 2019 were prepared and presented to the Board in August 2018 and were shared with the Directors before the beginning of the year to ensure their time commitment.

A total of 18 meetings were held during the year to discuss and decide on quarterly financial results, performance reports, strategic matters and various other matters based on predetermined agendas. Board Retreats were held in September and November 2019 for the Company's strategic discussions, and the Group's Annual Operating Plan (AOP) and financial targets. Besides Board meetings, urgent decisions were sought via seven (7) Directors' Circular Resolutions during the year. The amount of time spent on Board and Committees' meetings for the financial year was 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 Director considered for purposes of the attendance of the principal Director. Almost all Committee members complied with the attendance threshold. Despite their busy schedule and other commitments, they have endeavoured to comply with the committees' attendance requirement.

Decisions made at Board meetings are mostly on consensus or via majority vote. In accordance to TM's Constitution, resolutions in writing signed by a majority of the Directors or the Alternate, majority of whom are Independent Directors shall be valid and effectual as if the resolution had been passed at a Board meeting. The Constitution of the Company is accessible on TM's website at [www.tm.com.my](http://www.tm.com.my).

#### Corporate Integrity

Apart from the Company's Directors' Code of Ethics issued by the Companies' Commission of Malaysia, the conduct of TM Board, Management, employees and all stakeholders of the Group are governed by the CBE, Procurement Ethics Rules and Practices, Integrity Pact, TM Anti-Corruption Guide and Whistleblower Policy.

## # CORPORATE GOVERNANCE OVERVIEW STATEMENT



### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

These policies and guidelines are intended 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 GIG, GIA, GHCM and GP.

#### 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 affairs. 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, corporate strategy and regulatory, accounting, financial, network and IT, human capital and other advisors.

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

Group Company Secretary continues to be the common denominator for all board and management committees' operation and overseeing 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 secure consistency in Board conduct and effective Boardroom practices throughout the Group.

On 1 January 2020, Rizani Hassan was appointed as CLSO and new Group Company Secretary, and is supported by two (2) experienced Joint Secretaries.

Meeting materials are provided to the Board in a reasonable period prior to the meeting to accord the Directors sufficient time to assess and review the proposals or information anytime and anywhere. Materials are disseminated digitally and instantly via a secured electronic meeting management system prior to board meeting. In 2019, an average of seven (7) 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 four (4) 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 information and expert advice by engaging independent external experts at the expense of the Company, if they deem it necessary in facilitating the performance of their duties.

#### BOARD COMPOSITION

The Board composition represents a mix of knowledge, skills and expertise relevant to the business activities of the Company. As at 19 March 2020, the Board comprises one (1) ED and ten (10) NEDs of whom six (6) are INEDs. Other than the nominee of the Special Shareholder, none of the other Directors appoint alternate director. Eight (8) Directors have served the Board less than two (2) years, four (4) of whom including the Alternate Director were appointed during the year under review.

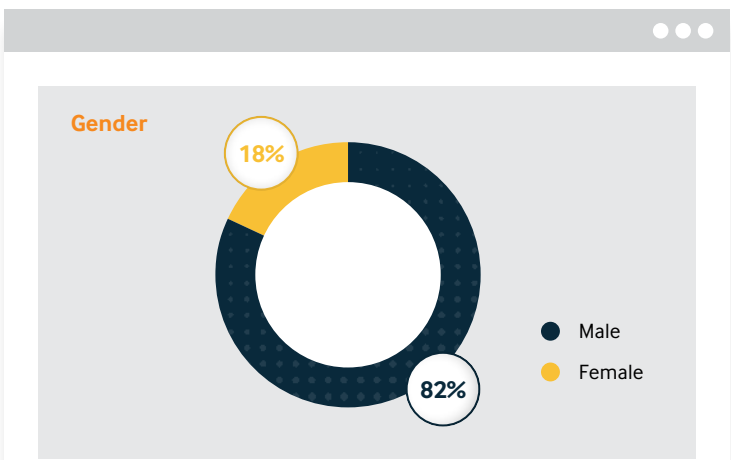
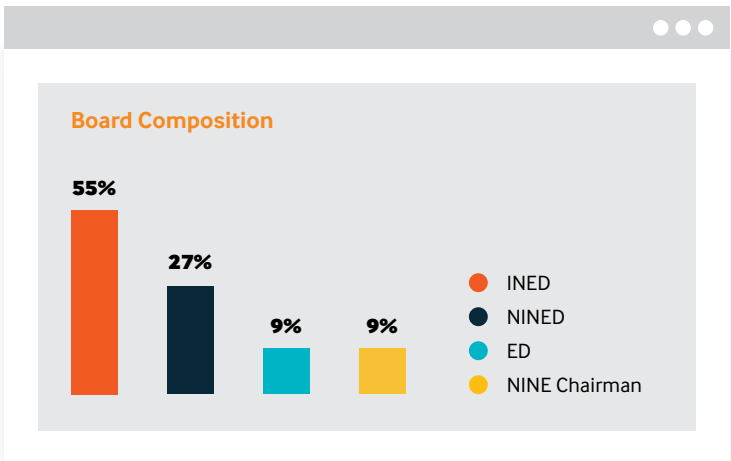
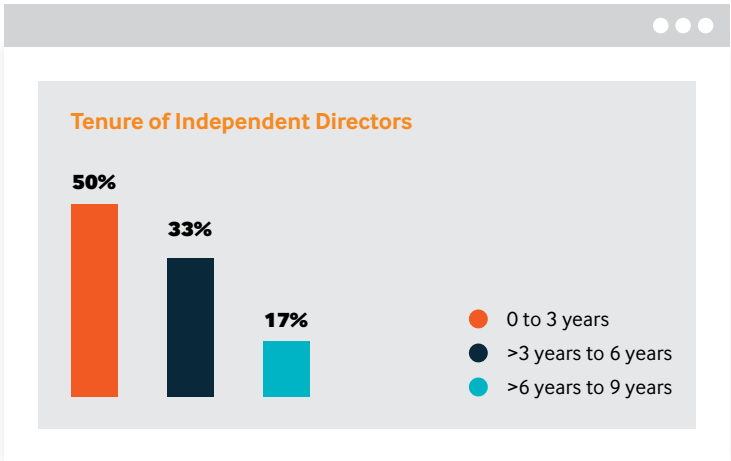
Details of the Directors, including their qualifications, experience, and details of their length of service, can be referred to in the Profile of Directors section of this IAR.

REPRESENTING THE INTEREST OF TM'S SPECIAL AND MAJOR SHAREHOLDERS	PARTICIPATION ON BEHALF OF MANAGEMENT AND REPRESENTATIVE OF SPECIAL SHAREHOLDER	REPRESENTING MINORITY SHAREHOLDERS AND THE PUBLIC
<p>Rosli Man Dato' Asri Hamidin @ Hamidon Dato' Mohamed Nasri Sallehuddin Dato' Mohd Naim Daruwish Iszad Jeffri Ismail (Alternate to Dato' Asri Hamidin @ Hamidon)</p>	<p>Dato' Noor Kamarul Anuar Nuruddin</p>	<p>Datuk Zalekha Hassan Tunku Afwida Tunku Dato' A.Malek Balasingham A. Namasiwayam Hisham Zainal Mokhtar Saheran Suhendran Dato' Ibrahim Marsidi</p>

# # CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

Board Skills and Expertise	No. of Directors
Investment Management	1
TM Culture & Evolution	2
Investment & Corporate Finance	4
Diplomacy/International Relations	1
Talent Management & Human Capital Management	2
Reorganisation, Mergers & Acquisition	7
Oil & Gas	1
Legal	2
New Technologies/Digitalisation	6
Government Relations/Public Service	2
Property Investment & Management	2
Sustainability Skills-Social & Environmental	3
Engineering/Project Management	5
Procurement	3
Marketing/Sales/Retail	2
Accounting/Auditing	3
Regulatory	3
Finance/Banking	5
Economics/Investment	5
Governance/Integrity	8
Management/Business	8
Strategy	8



Range (Age) In Year 2019	No. of Directors	No. of Alternate
40-49	1	1
50-59	5	-
60-69	5	-
<b>Total</b>	<b>11</b>	<b>1</b>

## # CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

No.	Director's Name	Age	Nationality/ Ethnicity	Date of Appointment	Tenure (Year (Y)) (Month (M))
<b>Non-Independent Directors</b>					
1.	Rosli Man (Chairman)	66	Malaysian/Malay	03.12.2018	1Y 3M
2.	Dato' Noor Kamarul Anuar Nuruddin (GCEO/MD)	60	Malaysian/Malay	13.06.2019	9M
3.	Dato Asri Hamidin @ Hamidon	54	Malaysian/Malay	03.10.2018	1Y 5M
4.	Dato' Mohamed Nasri Sallehuddin	49	Malaysian/Malay	26.08.2019	6M
5.	Dato' Mohd Naim Daruwish	59	Malaysian/Malay	03.10.2018	1Y 5M
<b>Independent Directors</b>					
6.	Datuk Zalekha Hassan	66	Malaysian/Malay	09.01.2008-30.05.2011 01.06.2011-present	3Y 5M (NINED) 8Y 9M (INED)
7.	Tunku Afwida Tunku Dato' A.Malek	54	Malaysian/Malay	28.04.2016	3Y 11M
8.	Balasingham A. Namasiwayam	68	Malaysian/Indian	28.04.2016	3Y 11M
9.	Hisham Zainal Mokhtar	58	Malaysian/Malay	03.10.2018	1Y 5M
10.	Saheran Suhendran	59	Malaysian/Ceylonese	03.10.2018	1Y 5M
11.	Dato' Ibrahim Marsidi	67	Malaysian/Malay	12.06.2019	9M
<b>Alternate Director</b>					
12.	Iszad Jeffri Ismail	39	Malaysian/Malay	5.12.2019	3M

#### Board Independence

Independent Directors play an important role in ensuring good CG practices within the organisation. Directors are required to act in the best interests of the Company and to exercise free and independent judgement. The independence of our Directors is determined in accordance with the independence criteria in paragraph 1.01 of the Main LR which is also promulgated in the Board Charter. To date, all six (6) INEDs satisfy the independence criteria.

The NEDs are not involved in the daily operation of the Company other than for the final approval when the collective Board's decision is required. This allows the Directors to exercise their judgements and minimise possible conflict of interest. The INED's respective backgrounds, experience, strong personalities and understanding of good governance enable them to exercise objective judgement in the best interest of the Company and safeguard TM's stakeholders' interest.

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

Apart from the above criteria, the independence of all TM Directors, including the NEDs, is assessed through the BEE on 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, economic 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, according to character and judgement, whether there are relationships or circumstances, which could affect, or appear to affect, the Independent Directors' judgement.

The Board has adopted Practice 4.3 of the MCCG 2017 on the limitation of nine (9) years cumulative tenure for INED and 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 this IAR, none of our INEDs' tenure exceed the cumulative term limit of nine (9) years.

#### Board Diversity

The Board recognised that a diverse range of skills, background, expertise and experience ensure a robust Board. There is room to further improve diversity not only on gender but also experience and skill set.

The Group's approach to ensure Board diversity is as stipulated in the Board Charter. The existing appointment process for selecting new Board member is adequate as it takes into consideration the required skill set, experience, gender and age that adds to the Board's diversity.

Whilst, the policy on 30% women director has yet to be formally adopted, suitably qualified women have continued to be identified for the Directors' Pool for possible nomination as part of the succession plan for TM Directors. For Management, TM will identify and select qualified women to serve as Directors on the board of TM's subsidiaries and associate companies.

The number of women Directors on the Board has reduced from three (3) to two (2) representing 18% of the Board's composition. The Board will continue to identify suitable candidates as Directors.



## # CORPORATE GOVERNANCE OVERVIEW STATEMENT



### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

#### Board Appointment

The procedure for the appointment of new Directors is enumerated in the Company's Constitution and the Board Charter. Nominees to the Board are first considered by the NRC, before they are recommended to the Board.

The NRC is delegated with the role of screening and conducting an initial selection, before making a recommendation to the Board. NRC would consider and thereafter present their findings on the nominee to the Board for consideration.

In 2019, the NRC having considered their respective qualifications, expertise, skills and experience, recommended to TM Board the appointment of Dato' Ibrahim Marsidi, Dato' Noor Kamarul Anuar Nuruddin, Dato' Mohamed Nasri Sallehuddin and Iszad Jeffri Ismail as new Directors/Alternate Director of the Company. Their appointments were duly approved by the Board.

#### Directors' Retirement and Re-election

Taking into account the requirements in the Constitution of the Company, the Directors' Rotation List was presented to the NRC for endorsement. The Directors recommended to be re-elected 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 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 is also made. NRC's recommendations are thereafter submitted to the Board and shareholders for approval.

At the forthcoming 35<sup>th</sup> AGM, five (5) Directors will be considered for re-election pursuant to two (2) different provisions under TM's Constitution, they have given their consents to be re-elected as Directors.

Three (3) Directors representing one-third and longest in office since their last election are to retire pursuant to Clause 112 of the Constitution. However, Datuk Zalekha Hassan has decided not to seek for re-election resulting in two (2) Directors to be considered for re-election at the forthcoming AGM.

Tunku Afwida Tunku Dato' A.Malek, INED is a qualified accountant with banking and investment experience has exhibited strong professionalism and objectivity. Based on the BEE's peer assessment, she is found to have strong constructive stand and has continuously provided critical feedback and insights on financial and investment matters. She is the Chairman of BIC and LTIP Committee, and member of BAC, NRC, BRC, and has actively participated in the deliberations at Board and Committee meetings. The NRC and the Board opined that Tunku Afwida provides a healthy mix to the Board's expertise and recommended her for re-election.

Balasingham A. Namasiwayam, INED, has in-depth knowledge and experience in telecommunication industry, and being a former employee of TM for the vast majority of his career has enabled him to better appreciate the business and culture of the Company. He is objective but assertive and constantly provides valuable comments

and inputs to the Board's deliberation. He is highly committed to the Company as evidenced by his active participation as Chairman of BRC and member of BAC, NRC and BTC. Based on the BEE peer assessment, NRC and the Board were of the opinion that Balasingham is essential to the Board mix and recommended his re-election.

Pursuant to Clause 106(2) of the Constitution, the following Directors who were appointed since TM's 34<sup>th</sup> AGM are subject to re-election by the shareholders at the coming AGM.

Dato' Ibrahim Marsidi formerly served as TM Board member has been able to smoothly fit in as INED and fill the void in customer service and marketing experience in the Board. Being a former chief executive officer of a large Government linked company equips him with the ability to make proactive and valuable contribution to boardroom deliberations and high level management probing and scrutiny. He is patient and articulate, and has provided honest opinions on issues deliberated at Board and Committee meetings. Based on the BEE peer assessment, the NRC and Board opined that Dato' Ibrahim adds diversity to the Board and recommended him for re-election.

Dato' Noor Kamarul Anuar Nuruddin's 35 years' experience in the telecommunication industry, and exposure to management and leadership positions in local and international companies, has enabled him to fit in his role as GCEO/MD seamlessly. He has demonstrated his strong technical and industry expertise, leadership acumen, ability to lead the Management team and is focused on key deliverables. He is able to enhance the rapport between Board and Management. Dato' Noor Kamarul brings with him a fresh approach, energy and enthusiasm in leading the Company's transformation towards realising the Digital Malaysia aspirations. Based on the BEE 2019 peer assessment, his contributions are essential to the Board's mix and the NRC and Board recommended his re-election.

Dato' Mohamed Nasri Sallehuddin, NINED, represents the interests of our Major Shareholder, Khazanah. Despite being recently appointed, he has demonstrated his ability to effectively participate in discussions, meticulous in making his arguments and thorough in his assessment on issues raised at the Board and Committee meetings. Based on the BEE's peer assessment, Dato' Nasri will be able to provide variety and new perspective to the Board mix. The NRC and Board recommended that he be re-elected as Director of the Company.

#### 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 bring 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, maintaining confidentiality of the feedback givers. It was then analysed and the findings presented to the NRC and Board for discussion. Our Board noted Practice Note 5.1 of the MCGG 2017 which recommends Large Companies to engage independent experts periodically to facilitate objective and candid board evaluations. The assessment for 2019 was still conducted internally. However, the Board agreed that an independent expert would be engaged for BEE 2020 to provide external assessments.

## # CORPORATE GOVERNANCE OVERVIEW STATEMENT



### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

BEE assesses the Directors' 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 2019 BEE revealed that the Board has continued to carry their duties well and amicably with most areas rated "Good" and "Outstanding". The BEE also assesses the effectiveness of the Board Committees, particularly their structure and processes, accountability and responsibility.

All Board Committees are rated "Good" or "Outstanding" indicating that the Committee members have discharged their duties and

responsibilities well with commitment and professionalism to the benefit of the Company and an areas of improvements were shared with the Committees.

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 2019.

Based on the 2019 BEE results, the Board will focus on the following strategic areas in year 2020:

STRATEGIC & INORGANIC GROWTH	PERFORMANCE MANAGEMENT	ENHANCEMENTS IN CUSTOMER EXPERIENCE	RISKS, SUSTAINABILITY & CONTINUITY	SUCCESSION PLANNING FOR BOARD & MANAGEMENT
Focus on the theme 'Customer Centricity Powered by Digital Enhancement' and its initiatives should be more aggressive and robust	Effective execution and realisation of targets	New and innovative approach required in view of new challenges, new products and business models	The need to formulate Risk Framework and appetite	Need to address skill set for the Company moving forward into 5G/new products and way of doing business

### DIRECTORS AND SENIOR MANAGEMENT'S REMUNERATION

The Board ensures that the Group's remuneration policy remains competitive and equitable. The remuneration packages have been carefully aligned with industry practices taking into account the appropriate calibre of each talent, while upholding the interest of our shareholders.

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

### NON-EXECUTIVE DIRECTORS (NEDs)

NEDs' remuneration package is determined by the Board as a whole. 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 34<sup>th</sup> AGM held on 29 May 2019, approved the payment of Directors' Fee for the Non-Executive Chairman (NEC) and NEDs from the 34<sup>th</sup> AGM until the 35<sup>th</sup> 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.

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 GLCs High Performance (PCG).

TM has 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 business focus. Based on SRF's policy, Directors' fees for Tier 1 Subsidiaries have been set at 50% of TM's Remuneration Framework. Shareholders had at the 34<sup>th</sup> AGM, approved the payment of fees for NEC and NEDs appointed on the boards of the Tier 1 Subsidiaries at RM15,000 per month and RM10,000 per month respectively, with effect from the 34<sup>th</sup> AGM until the 35<sup>th</sup> AGM.

## # CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

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 remain 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 Committees.

(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, 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 35<sup>th</sup> AGM for the payment of Directors' fees, which remained unchanged, and any benefits payable to NEC and NEDs according to Section 230(1) of the CA 2016.

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 2019, are as follows:

No. Name of Directors	Salary	Variable Pay	Fee		Allowance		Benefit In Kind	Total Amount
	(RM)	(RM)	TM (RM)	Subsidiary (RM)	TM (RM)	Subsidiary (RM)	(RM)	(RM)
1 Dato' Noor Kamarul Anuar Nuruddin (Appointed on 13/06/2019)	653,400.00 <sup>a</sup>	-	-	-	33,000.00 <sup>b</sup>	-	124,064.79	810,464.79
2 Datuk Bazlan Osman (Resigned on 28/02/2019)	287,653.90 <sup>a</sup>	2,484,000.00 <sup>d</sup>	-	-	10,000.00 <sup>b</sup>	-	91,798.79	2,873,452.69
<b>NINED</b>								
3 Rosli Man	-	-	360,000.00	68,225.81	78,000.00 <sup>c</sup>	3,000.00	79,788.68	589,014.49
4 Dato' Asri Hamidin @ Hamidon	-	-	240,000.00	-	56,000.00	-	69,509.80	365,509.80
5 Dato' Mohamed Nasri Sallehuddin (Appointed on 26/08/2019)	-	-	-	-	-	-	1,536.00	1,536.00
6 Dato' Mohd Naim Daruwish	-	-	120,000.00	-	68,000.00	-	60,566.95	248,566.95
<b>INED</b>								
7 Datuk Zalekha Hassan	-	-	240,000.00	198,387.00	175,750.00	10,500.00	82,720.75	707,357.75
8 Tunku Afwida Tunku Dato' A.Malek	-	-	360,000.00 <sup>c</sup>	78,387.00	155,500.00 <sup>c</sup>	3,000.00	78,386.30	675,273.30
9 Balasingham A. Namasiwayam	-	-	420,000.00 <sup>c</sup>	120,000.00	180,000.00 <sup>c</sup>	6,300.00	78,720.00	805,020.00
10 Hisham Zainal Mokhtar	-	-	240,000.00	87,419.35	128,000.00	1,000.00	78,841.92	535,261.27
11 Saheran Suhendran	-	-	240,000.00	-	78,500.00	-	71,730.48	390,230.48
12 Dato' Ibrahim Marsidi (Appointed on 12/06/2019)	-	-	132,666.66	120,000.00	52,500.00	7,000.00	147,881.71	460,048.37
<b>Alternate Director (NINED)</b>								
13 Iszad Jeffri Ismail (Alternate to Dato' Asri Hamidin @ Hamidon) (Appointed on 05/12/2019)	-	-	-	-	-	-	-	-
<b>TOTAL AMOUNT</b>	<b>941,053.90</b>	<b>2,484,000.00</b>	<b>2,352,666.66</b>	<b>672,419.16</b>	<b>1,015,250.00</b>	<b>30,800.00</b>	<b>965,546.17</b>	<b>8,461,735.89</b>



## # CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

No. Name of Directors	Salary	Variable Pay	Fee		Allowance		Benefit In Kind	Total Amount
	(RM)	(RM)	TM (RM)	Subsidiary (RM)	TM (RM)	Subsidiary (RM)	(RM)	(RM)
Former NINED								
1 Dr Farid Mohamed Sani (Resigned on 26/08/2019)	-	-	-	-	-	-	66,649.46	66,649.46
Former INED								
2 Gee Siew Yoong (Resigned on 29/05/2019)	-	-	75,000.00	-	64,500.00	-	69,943.68	209,443.68
Former Alternate Director (NINED)								
3 Faisal @ Pital Abdul Ghani (Alternate to Dato' Asri Hamidin @ Hamidon) (Resigned on 26/08/2019)	-	-	-	-	20,000.00	-	1,847.98	21,847.98
<b>TOTAL AMOUNT</b>	<b>-</b>	<b>-</b>	<b>75,000.00</b>	<b>-</b>	<b>84,500.00</b>	<b>-</b>	<b>138,441.12</b>	<b>297,941.12</b>

Notes:

- a Inclusive of Company's contribution to provident fund.
- b Car allowances in lieu of provision of company car.
- c Inclusive of fee and allowance received from subsidiaries.
- d Ex-gratia payment

### ED AND SENIOR MANAGEMENT

GCEO/MD 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 performance related elements include short term bonus and Long-Term Incentive Plan (LTIP). The GCEO/MD is not paid Director's fees or meeting allowances for Board and Board Committee meetings that he attends and is member of.

The performances of the GCEO/MD 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 (LOBs) and/or any other positions that are deemed strategic for the Company by the NRC from time to time.

The ED 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 ED recused himself during deliberations on his 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 2019 ranged as follows:

Range of Remuneration (RM)	Name of Top 5 Senior Management
1,400,001 – 1,450,000	Shazril Imri Mokhtar, Chief Operating Officer
750,000 – 800,000	Mohd Farid Shah Mohd Basir, Chief Human Capital Officer
350,001 – 400,000***	Tengku Muneer Tengku Muzani, Chief Strategy Officer
150,000 – 200,000**	Mohamad Mohamad Zain, Chief Risk Officer
100,000 – 150,000*	Razidan Ghazalli, Group Chief Financial Officer

Note:

- \* Appointed in November 2019
- \*\* Appointed in October 2019
- \*\*\* Appointed in August 2019

At the Extraordinary General Meeting of the Company held on 28 April 2016, the shareholders had approved a LTIP for all eligible employees and ED. The main objectives of the LTIP are to encourage performance culture and as a retention tool. The LTIP comprises Restricted Share (RS) and Performance Share (PS) 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 LTIP By-Laws.

In 2019, two (2) new tranches of PS and one (1) RS tranche pursuant to the LTIP were granted. On 17 June 2019, PS of up to 1,001,500 units and RS of up to 15,274,100 units were granted followed by PS of up to 1,117,800 units on 20 December 2019. The details on the grants are disclosed under Financial Statements on pages 73 to 78.

Prior to his resignation on 28 February 2019, Datuk Bazlan Osman was granted a total of 454,000 in PS which upon his resignation, became void and ceased. None of the other ED or NEDs were directly granted or vested LTIP, other than indirectly to a director's family who is an employee of TM. Detail on the same is disclosed on page 21 of Financial Statements.

## # CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

#### BOARD NOMINATION AND REMUNERATION COMMITTEE



**Chairperson**

**Datuk Zalekha Hassan**  
(Meeting Attendance : 16/16)  
Senior Independent Director

**Members**

**Tunku Afwida Tunku Dato' A.Malek**  
(Meeting Attendance : 14/16)  
Independent Non-Executive Director

**Balasingham A. Namasiwayam**  
(Meeting Attendance : 16/16)  
Independent Non-Executive Director

**Dato' Ibrahim Marsidi**  
(Meeting Attendance : 6/7)  
Independent Non-Executive Director  
[Appointed on 1 August 2019]

**Former Member Who Served During the Year Under Review**

**Dr Farid Mohamed Sani**  
(Meeting Attendance : 8/10)  
Non-Independent Non-Executive Director  
[Resigned on 26 August 2019]

**Key objective:**

*The NRC has dual roles since its inception. Both roles have been 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**

NRC continued to be chaired by SID and following the change of its composition during the year, comprises exclusively of INEDs. GCEO/MD is invited as permanent invitee 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 the required mix of responsibilities, skills and experiences. NRC ensures the Board composition meet the needs of the Company and develops, maintains and reviews the criteria to be used in the recruitment process and annual assessment of directors.

NRC's primary remuneration function is to support the Board in maintaining, assessing and developing policy framework on all elements of the remuneration for EDs and Pivotal Positions including terms of employment, reward structure and benefits, with the aim to attract, retain and motivate. NRC also maintains and administers remuneration entitlements of the NEDs. NRC supports 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 has been very active as evidenced by the number of meetings held and continued to provide critical support to the Board.

Key matters deliberated were on the succession plan for the Board, ED and Pivotal Positions. NRC has undertaken rigorous assessment process in identifying and recommending the candidates for the GCEO/MD, INED and NINED to fill the vacancies in TM Board. NRC also deliberated on the assessment and succession plans for Pivotal Positions, the Company Secretary and their remuneration, in the effort to strengthen the leadership bench to drive the Company's transformation initiatives.

Other key matters deliberated by NRC are the Company's scorecard, performance assessment and evaluation of the respective Pivotal Positions and continue to oversee the implementation of the performance linked reward i.e. LTIP via its sub-committee, the LTIP Committee.

## # CORPORATE GOVERNANCE OVERVIEW STATEMENT



### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

#### BOARD NOMINATION AND REMUNERATION COMMITTEE (CONTINUED)



##### Main activities of NRC in 2019

The Board recognised NRC's contributions and its role in providing valuable advice and recommendations in regards to nomination, remuneration and governance matters. During the year, the NRC has undertaken the following activities:

NOMINATION FUNCTION	REMUNERATION FUNCTION	GOVERNANCE FUNCTION
<p><b>NRC considered and made recommendations to the Board on the following matters:</b></p> <ul style="list-style-type: none"> <li>• Appointment of SID.</li> <li>• Appointment of new GCEO/MD.</li> <li>• Review and implementation of Succession Plan for the Board.</li> <li>• Appointment of new NINED and INED.</li> <li>• Succession Plan and appointment of Pivotal Positions and Company Secretary.</li> <li>• Re-appointment and re-election of Directors at the 34<sup>th</sup> AGM.</li> <li>• Annual assessment and review of composition of all TM Board Committees.</li> <li>• Annual assessment of independence status of the INEDs.</li> <li>• Review of Board Membership of TM Group.</li> </ul>	<p><b>Considered and made recommendations to the Board on the following matters:</b></p> <ul style="list-style-type: none"> <li>• Performance evaluation of the ED, Pivotal Positions as well as the Company Secretary against pre-set KPIs.</li> <li>• Performance reward pool and salary increment for TM employees.</li> <li>• Remuneration package for new GCEO/MD.</li> <li>• Remuneration package for the Pivotal Positions.</li> <li>• Gratuity payment for the previous Pivotal Positions.</li> <li>• Granting and vesting of shares pursuant to the LTIP-Performance Share Plan (PSP).</li> <li>• LTIP for GCEO/MD and eligible TM employees.</li> <li>• LTIP-PSP for GCEO/MD.</li> <li>• Allowance for previous Acting GCEO.</li> <li>• 2019 TM Group Scorecard and Key Performance Indicators.</li> <li>• Review of 2019 Scorecard for Pivotal Positions.</li> </ul>	<p><b>Considered and made recommendations to the Board on the following matters:</b></p> <ul style="list-style-type: none"> <li>• Implementation and scope of the BEE assessment for 2019.</li> <li>• Status of Directors' continuing education programme in compliance with the Board Training Programme (BTP).</li> <li>• Observance and monitoring of governance requirements by the Directors.</li> <li>• Annual review of the Board Charter.</li> <li>• Assessment of existing practice vis a vis MCCG 2017.</li> <li>• Recommendation on CG Overview and CG Report.</li> </ul>

##### NRC Effectiveness Review and Performance

Based on the 2019 BEE findings, the Board is satisfied and acknowledged that the respective NRC members have performed their responsibilities diligently and efficiently. NRC's composition provides the appropriate balance in terms of skills, knowledge and experience to uphold the interests of the company and other stakeholders and to meet the needs of the Group.

Meeting Dates	Total Meeting Hours
16 January, 21 February, 6 March, 24 April, 3 May, 9 May, 29 May, 10 June, 24 July, 7 August, 4 September, 10 September, 26 September, 11 October, 1 November and 25 November	<b>23 hours 25 minutes</b>



# # CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

### BOARD LTIP COMMITTEE



**Chairperson**

**Tunku Afwida Tunku Dato' A. Malek**  
(Meeting Attendance : 4/4)

Independent Non-Executive Director  
[Redesignated as Chairman on 1 October 2019]

**Members**

**Balasingham A. Namasiwayam**  
(Meeting Attendance : 4/4)

Independent Non-Executive Director

**Saheran Suhendran**  
(Meeting Attendance : 1/1)

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

**Former Member Who Served During the Year Under Review**

**Dr Farid Mohamed Sani**  
(Meeting Attendance : 2/3)

Non-Independent Non-Executive Director  
[Appointed as Chairman on 1 January 2019]  
[Resigned on 26 August 2019]

**Key objective:**

*LTIP Committee was established as a sub-committee to the NRC to implement and administer TM's LTIP in accordance with TM LTIP By-Laws as approved by the shareholders at the inception of the scheme in 2016, and supported by its own ToR as approved by the NRC and the Board.*

**Membership**

LTIP Committee shall compose of not less than three (3) members including the Chairman. Since the last report, there were several changes to LTIP Committee's composition due to the changes in TM Board composition. Tunku Afwida assumed the role of Chairperson and Saheran Suhendran was appointed as member on 1 October 2019 following the resignation of Dr Farid Mohamed Sani as NINED on 26 August 2019.

**Responsibilities**

The powers, duties and responsibilities of the LTIP Committee are governed by its own ToR. Its main duty is to oversee the administration of the TM LTIP in accordance with the LTIP 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 and has met four (4) times during the year.

**Main Activities of LTIP Committee**

During the year, LTIP Committee considered the vesting of the Restricted Shares (RS) which were granted in 2016 and the granting of new RS and Performance Shares (PS) pursuant to the LTIP By-Laws.

**LTIP Committee Effectiveness Review and Performance**

BEE 2019 showed that LTIP Committee has been effective and provided adequate advice to Management and Board on matters related to TM LTIP.

Meeting Dates	Total Meeting Hours
25 March, 24 May, 7 August and 15 November	4 hours 35 minutes

## # CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

#### BOARD TENDER COMMITTEE

BTC



##### Chairperson

**Datuk Zalekha Hassan**  
(Meeting Attendance : 11/11)  
Senior Independent Director

##### Members

**Dato' Noor Kamarul Anuar Nuruddin**  
(Meeting Attendance : 4/5)  
Group Chief Executive Officer / Managing Director  
Non-Independent Executive Director  
[Appointed on 1 August 2019]

**Dato' Asri Hamidin @ Hamidon**  
(Meeting Attendance : 9/11)  
Non-Independent Non-Executive Director

**Balasingham A. Namasiwayam**  
(Meeting Attendance : 11/11)  
Independent Non-Executive Director

**Hisham Zainal Mokhtar**  
(Meeting Attendance : 7/7)  
Independent Non-Executive Director  
[Appointed on 1 May 2019]

**Dato' Ibrahim Marsidi**  
(Meeting Attendance : 5/5)  
Independent Non-Executive Director  
[Appointed on 1 August 2019]

##### Alternate Member

**Iszad Jeffri Ismail**  
(Meeting Attendance : 1/1)  
Non-Independent Non-Executive Alternate Director  
[Appointed as Alternate BTC member to Dato' Asri Hamidin @ Hamidon on 5 December 2019]

##### Former Members Who Served During the Year Under Review

**Datuk Bazlan Osman**  
(Meeting Attendance : 2/2)  
Non-Independent Executive Director  
[Resigned on 28 February 2019]

**Dr Farid Mohamed Sani**  
(Meeting Attendance : 5/7)  
Non-Independent Non-Executive Director  
[Resigned on 26 August 2019]

**Faisal @ Pital Abdul Ghani**  
(Meeting Attendance : 4/4)  
Non-Independent Non-Executive Alternate Director  
[Resigned as Alternate BTC member to Dato' Asri Hamidin @ Hamidon on 26 August 2019]

##### Key objective:

BTC was established to consider all procurement proposals in TM Group based on the approved Limits of Authority (LoA) in line with the Board's delegation of powers.

##### Membership

Pursuant to its ToR, the composition of BTC shall not be less than three (3) members, including the Chairman and the majority shall be NEDs. Since the last report, BTC composition has gone through several changes due to changes in TM Board composition.

Dato' Noor Kamarul being the GCEO/MD was appointed as member to ensure Management oversight and accountability on procurement matters. Whilst, Hisham and Dato' Ibrahim were appointed as additional members in view of their expertise and experience in financial, marketing and commercial to further contribute to BTC's overall competency and capabilities.

TM Acting GCEO, GCEO and the CPO attended these meetings as permanent invitees while the Chief Information Officer (CIO) and Chief Network Officer (CNO) were invited as and when required to provide additional input on technical matters. Management Evaluation Committee members were also invited to brief the BTC on specific issues 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 time frames 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

During the year, BTC has executed its duties and responsibilities well whilst providing sound advice on procurement governance for adoption by the Company. BTC is supported by management procurement committees chaired by the GCEO/MD, GCFO and CPO, depending on the level of authority accorded to them.

##### Main Activities in 2019

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

Based on the BEE 2019, BTC has provided strong support to the Board and continued to operate effectively under established governance processes. The Board opined that all members collectively contributed to the effectiveness of the Committee.

Meeting Dates	Total Meeting Hours
10 January, 15 February, 6 March, 17 April, 14 May, 22 July, 20 August, 3 September, 1 October, 7 November and 11 December	22 hours 17 minutes

# # CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

### BOARD INVESTMENT COMMITTEE



**Chairperson**

**Tunku Afwida Tunku Dato' A. Malek**  
(Meeting Attendance : 5/5)

Independent Non-Executive Director  
[Redesignated as Chairman on 1 October 2019]

**Members**

**Dato' Asri Hamidin @ Hamidon**  
(Meeting Attendance : 4/5)

Non-Independent Non-Executive Director

**Dato' Mohamed Nasri Sallehuddin**  
(Meeting Attendance : 2/2)

Non-Independent Non-Executive Director  
[Appointed as Member on 1 October 2019]

**Dato' Mohd Naim Daruwish**  
(Meeting Attendance : 3/3)

Non-Independent Non-Executive Director  
[Appointed as Member on 1 May 2019]

**Hisham Zainal Mokhtar**  
(Meeting Attendance : 5/5)

Independent Non-Executive Director  
[Appointed Chairman on 1 January 2019 and redesignated as Member on 1 October 2019]

**Saheran Suhendran**  
(Meeting Attendance : 1/3)

Independent Non-Executive Director  
[Appointed as Member on 1 May 2019]

**Alternate Member**

**Iszad Jeffri Ismail**  
(Meeting Attendance : N/A)

Non-Independent Non-Executive Alternate Director  
[Appointed as Alternate BIC Member to Dato' Asri Hamidin @ Hamidon on 5 December 2019]

**Former Members Who Served during the Year Under Review**

**Datuk Bazlan Osman**  
(Meeting Attendance : 1/1)

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

**Dr Farid Mohamed Sani**  
(Meeting Attendance : 3/3)

Non-Independent Non-Executive Director  
[Appointed as member on 1 January 2019 and resigned on 26 August 2019]

**Gee Siew Yoong**  
(Meeting Attendance : 3/3)

Independent Non-Executive Director  
[Resigned on 29 May 2019]

**Faisal @ Pisal Abdul Ghani**  
(Meeting Attendance : 2/3)

Non-Independent Non-Executive Alternate Director  
[Resigned as Alternate BIC Member to Dato' Asri Hamidin @ Hamidon on 26 August 2019]

**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 recommend to the Board proposals relating to TM Group's properties (i.e. land and buildings) and funding plans.*

**Membership**

Since the last report, BIC composition has gone through a number of changes. The changes were the resignation of Gee Siew Yoong on 29 May 2019 and Dr Farid Mohamed Sani on 26 August 2019 following their respective retirement and resignation as TM Directors, and appointments of Dato' Mohd Naim Daruwish and Saheran Suhendran on 1 May 2019 and Dato' Mohamed Nasri Sallehuddin on 1 October 2019 as new members.

Tunku Afwida Tunku Dato' A. Malek was appointed chairman of BIC on 1 October 2019 replacing Hisham Zainal Mokhtar who was redesignated as a member upon his appointment as Chairman of the Board Audit Committee. Faisal @ Pisal Abdul Ghani ceased to be the Alternate BIC member to Dato' Mohd Asri Hamidin @ Hamidon upon his resignation as Alternate Director on 26 August 2019.

Decisions and recommendations of the meetings were reported to and deliberated at the Board meetings. Relevant TM officers and external advisers were invited to attend BIC meetings as and when appropriate to present management's proposals.

**Responsibilities**

The powers, duties and responsibilities of the BIC are incorporated in the Board Charter. 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 Group and provide the necessary guidance as appropriate.
- To review and consider funding plans for recommendation to the Board.

**Overview**

BIC continued to perform its duties diligently during the year and provided clear guidance and advised Management on strategic investment and land commercialisation matters in accordance with TM's internal policy and relevant governance taking into account the best interest of the Group and shareholders.

TM Board continues to have high regard of BIC's capability and opinions and accepted BIC's recommendations accordingly.

**Main Activities of BIC in 2019**

During the year, BIC continued to be active and undertook the following activities:

- Reviewed, challenged and assessed proposal on monetisation and value creation of data centre assets.
- Reviewed, deliberated and recommended strategic proposal on moving forward to support TM's position as the national telecommunication infrastructure provider for 5G.
- Reviewed and approved the disposals of TM's investment in an innovation fund.
- Reviewed and recommended proposals on monetisation of idle land and properties.

**BIC Effectiveness Review and Performance**

BEE 2019 showed that the BIC's role continued to be important in facilitating the Board's informed decisions.

Meeting Dates	Total Meeting Hours
13 February, 3 April, 15 May, 18 October and 13 November	12 hours 30 minutes



## # CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

#### BOARD RISK COMMITTEE

BRC



##### Chairperson

##### **Balasingham A. Namasiwayam** (Meeting Attendance : 5/5)

Independent Non-Executive Director  
[Redesignated from Chairman to Member on 1 May 2019 and reappointed as Chairman on 1 October 2019]

##### Members

##### **Dato' Mohd Naim Daruwish** (Meeting Attendance : 3/3)

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

##### **Datuk Zalekha Hassan** (Meeting Attendance : 5/5)

Independent Non-Executive Director

##### **Tunku Afwida Tunku Dato' A.Malek** (Meeting Attendance : 5/5)

Independent Non-Executive Director

##### **Saheran Suhendran** (Meeting Attendance : 2/5)

Independent Non-Executive Director

##### **Former Members Who Served during the Year Under Review**

##### **Datuk Bazlan Osman** (Meeting Attendance : 1/1)

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

##### **Dr Farid Mohamed Sani** (Meeting Attendance : 1/2)

Non-Independent Non-Executive Director  
[Appointed as member on 1 January 2019 and resigned on 26 August 2019]

##### Key objective:

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

##### Membership

BRC shall compose of not less than three (3) members including the chairman and the majority shall be NED. There have been changes to BRC membership since the last report, whereby Dr Farid Mohamed Sani and Dato' Mohd Naim Daruwish were appointed additional members on 1 May 2019 bringing the total number of members from four (4) to six (6). Dr Farid was also appointed chairman of BRC effective the same date and consequently, Balasingham was redesignated as a member. Following his resignation as a Director, Dr Farid ceased to be a member and chairman of BRC on 26 August 2019. The Board has accordingly reappointed Balasingham as BRC chairman effective 1 October 2019.

The attendance of the GCEO/MD, the GCFO and the CSO as permanent invitees to BRC meetings provide input and clarity on the actions taken on strategic and business risks affecting the Group.

##### Responsibilities

BRC is responsible to enhance the governance practices of TM Group with focus on risks management issues and assists the Board in overseeing a sound and robust ERM framework and policies including sustainability and business continuity management (BCM).

The powers, duties and responsibilities of the BRC are incorporated in the Board Charter which is accessible on the Company's website at [www.tm.com.my](http://www.tm.com.my).

##### Overview

BRC continues to play its role in providing guidance to Management in identifying and monitoring new corporate as well as strategic and other emerging risks. BRC also closely engage Management on managing, mitigating and eliminating the inherent risk that may have impact on the Group.

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, emerging and/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.

BRC continues to engage and cross refer information and issues with the GIA and BAC to ensure better monitoring 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 corporate and strategic 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. Management are more aware and mindful of the possible risks under BRC's guidance and advice in managing and monitoring the Group's risks specifically risk relating to the Group's operations, revenue, business direction and reputation.



Scan QR code for more information about Board Charter

## # CORPORATE GOVERNANCE OVERVIEW STATEMENT



### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

#### BOARD RISK COMMITTEE (CONTINUED)

BRC

During the year under review, the VP of GBA, in his capacity as Head of Risk Management Unit, attended the BRC meetings as permanent invitee until the appointment of the CRO and formation of the Group Risk Management Division effective 1 October 2019. Other attendees, external or internal, were invited to attend all or part of the meetings as and when appropriate and with the consent of the Chairman.

#### Main Activities of BRC in 2019

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

- Requested Management to conduct an assessment on TM's corporate and strategic risks and to develop a new dashboard for ERM and sustainability report moving forward.
- Proposed the engagement of an external party/consultant to perform gap analysis on overall risk management in TM and thereafter conduct an exercise for the provision of a new ERM framework and implementation guide to enhance the overall effectiveness of risk management in TM.
- Requested Management to review Corporate Risk dashboard by focusing more on potentially threatening strategic risks that can affect TM's sustainability.
- Monitored with emphasis on strategic and technology risk clusters that carry bigger potential risks to the Company and prepare the mitigating actions accordingly.
- Requested Management to provide update on TM's data integrity and security strategy and take serious measures in mitigating data leakage and data security breach.
- Monitored changes in regulatory landscape to ascertain the risks relating to the Group's business sustainability.
- Continued monitoring the project risk dashboard to ensure project deliverables and completion by TM as provided in the contracts with the customers so that any potential significant risk exposure is adequately mitigated.
- Monitored the compliances to statutory, regulatory and general regulations throughout the Group and if necessary corrective actions that would mitigate the risks involved.

#### BRC Effectiveness Review and Performance

BEE 2019 results indicated that a more structured management risk framework is required.

#### Meeting Dates

13 February, 12 April, 15 May, 20 August and 10 September

#### Chairperson

9 hours 30 minutes

## # CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

#### BOARD AUDIT COMMITTEE

BAC



##### Chairperson

**Hisham Zainal Mokhtar**  
(Meeting Attendance : 11/11)

Independent Non-Executive Director  
[Redesignated as Chairman on 30 May 2019]

##### Members

**Tunku Afwida Tunku Dato' A.Malek**  
(Meeting Attendance : 11/11)

Independent Non-Executive Director

**Balasingham A. Namasiwayam**  
(Meeting Attendance : 11/11)

Independent Non-Executive Director

**Dato' Ibrahim Marsidi**  
(Meeting Attendance : 4/4)

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

##### Former Member Who Served during the Year Under Review

**Gee Siew Yoong**  
(Meeting Attendance : 6/6)

Independent Non-Executive Director  
[Retired on 29 May 2019]

##### 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 2019, the membership of BAC comprises four (4) members, all of whom are INEDs. Following a review of BAC membership in the preceding year, BAC membership fulfilled the requirement of Step-Up Practice 8.4 under MCCG 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 regards to the governance of the BAC. No alternate Director is a BAC member.

Tunku Afwida is a member of the MIA and a qualified Chartered Accountant of the Institute of Chartered Accountants in England and Wales, meets the requirement of Paragraph 15.09 (1) (c) (i) of the Main Market LR to have at least one (1) member of an association of accountants specified in Part II of the First Schedule of the Accountant Act 1967. The Chairperson, Hisham Zainal Mokhtar is a Chartered Financial Analyst from the CFA Institute.

On 30 May 2019, Hisham was redesignated as BAC Chairman following the retirement of Gee Siew Yoong upon conclusion of the 34<sup>th</sup> AGM on 29 May 2019. Dato' Ibrahim Marsidi was appointed member of BAC on 1 August 2019 upon his appointment as INED on 12 June 2019.

All BAC members, as shown by their profiles on pages 141,142,143 and 145, are financially 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 GCEO/MD (including the former ED/Acting GCEO and the former Acting GCEO/COO) and GCFO (including the former GCFO) and CIA attended BAC meetings as invitees as part of the Management representation in BAC. Other Senior Management and external auditor also attended BAC meetings upon invitation to brief the BAC on pertinent issues.

##### 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](http://www.tm.com.my). The Board Charter is reviewed on a regular basis to enhance its processes and procedures and ensure alignment with new requirements and regulations. During the year, no revision was made to the BAC ToR.

## # CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONTINUED)

#### BOARD AUDIT COMMITTEE (CONTINUED)

BAC

##### How the Committee operates

During the financial year, attendance at all BAC meetings met the requisite quorum as stipulated in the BAC ToR. All members were present at all meetings. Members' attendance at BAC meetings is provided on page 129 of this report.

The 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
<b>Dates</b>	20 February 23 May 21 August 18 November	16 January 5 March 22 March 19 April 18 July 16 October 17 December
<b>Matters Discussed</b>	<ul style="list-style-type: none"> <li>Quarterly results and related matters</li> <li>Integrated Annual Report matters</li> </ul>	<ul style="list-style-type: none"> <li>Management issues under the purview of BAC</li> <li>Internal and external audit matters</li> </ul>

Operational issues that could potentially affect the Company's performance as highlighted by the GIA or external auditor that BAC 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 year requested presentations 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. 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. This segregation ensured efficient planning by Management and sufficient time spent for the members to deliberate and discuss the various matters.

##### Main activities of BAC in 2019 (and how BAC met its responsibilities):

Throughout 2019, BAC executed various strategies and actions to discharge its duties and responsibilities effectively. Main activities performed during the financial year were as follows:

#### 1. Financial Reporting

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

- a) 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, 23 May, 21 August and 18 November for the financial quarters of 4Q 2018, 1Q 2019, 2Q 2019 and 3Q 2019 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.
- b) The audited financial statements of TM Group for the financial year ended (FY) 31 December 2018 in February 2019 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.
- c) The proposed dividend pay-out for the FY 31 December 2018, whereby, interim dividend was declared and announced on 26 February 2019 in respect of FY 2018. BAC reviewed and received assurance from Management that the distribution of the dividends was in accordance with the new provisions of the Companies Act 2016.

#### 2. Internal Control

- a) Deliberated on the Directors' Statement on Risk Management and Internal Control (SORMIC), which was reviewed by the external auditor in February 2019 for inclusion in the IAR 2018. The statement was also jointly reviewed by the BRC.

The SORMIC was supported by the 2018 Assurance Letters from the former ED/Acting GCEO and the then GCFO. These assurances were supported by Special Review on Annual Risk Management and Internal Control Assurance for 2018 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.



## # CORPORATE GOVERNANCE OVERVIEW STATEMENT



### PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONTINUED)

#### BOARD AUDIT COMMITTEE (CONTINUED)

BAC

- b) Reviewed the reports on the adequacy, effectiveness and reliability of internal control systems based on controlled self-assessments performed annually by the Management of the LOBs.

The issues were discussed at length to secure satisfactory conclusion on moving forward actions by Management.

- c) Deliberated on the quarterly reports from CIA and GCFO on actions taken by Management to resolve significant internal control and accounting issues highlighted by the internal and external auditors. BAC deliberates and monitors the progress and status of the audit issues for TM Group raised by auditors both internal and external until BAC deemed it has reached its satisfactory conclusion.

The progress of the key areas of external and internal audit issues were reviewed and deliberated by Audit and Business Assurance Committee (ABAC), a sub-management committee headed by the GCFO. However, from 25 November 2019, internal audit issues were tracked by GIA. The progress status was updated to BAC on quarterly basis.

- 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 BPC, a BAC sub-committee headed by GCFO.

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

#### 3. External Audit

- a) Reviewed the external auditor's report for the FY 31 December 2018 and SORMIC in February 2019 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 2019.

The audit issues raised by the external auditor were deliberated and monitored by ABAC and monitored by GBA Division until their conclusion. The activity, status and progress thereof were reported on a quarterly basis to BAC.

- c) Reviewed the 2019 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 August 2019 prior to its implementation.

- d) Reviewed the overall performance and the effectiveness of the external auditor for TM Group. Assessments of the effectiveness of the external auditor were conducted by relevant Management members and the BAC with coordination by the GIA. The external auditors 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.

- e) Reviewed the 2019 Interim Audit Committee Report in November 2019 prior to the tabling of the final report for BAC's deliberation in February 2020. Key audit matters and areas of concern for TM and its subsidiaries which were highlighted by the external auditor provided a level platform for Management and BAC to focus on. The external auditor also provided internal control recommendations and highlights matters that may be of concern in preparation for the final year-end audit.

- f) Reviewed the terms of engagement of the external auditor for the 2019 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.

- g) 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 auditor approved by the GCFO for non-audit work and the cumulative value is tabled every quarter to BAC.

## # CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONTINUED)

#### BOARD AUDIT COMMITTEE (CONTINUED)

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 ('000)	
	Company	Group
<b>2019 Audit Fees</b>		
• Statutory Audit	1,383.0	3,081.6
• Other Audit Related Services	480.0	832.5
<b>Total Audit and Audit Related Services</b>	<b>1,863.0</b>	<b>3,914.1</b>
<b>2019 Non-Audit Fees</b>		
• Tax Service	766.0	983.0
• Other Services	-	84.7
<b>Total Non-Audit Fees</b>	<b>766.0</b>	<b>1,067.7</b>
Percentage of Non-Audit Fees over Statutory Audit & Other Audit Related Services Fees	<b>41.1%</b>	<b>27.3%</b>

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

- Taxation matters involving amongst others consultation on tax incentives, tax assessments, country by country and transfer pricing reporting requirement assistance on tax audits by Inland Revenue Board (IRB) and Royal Custom Department's Goods and Services Tax (GST).
  - Professional services on compliance relating to application for license.
- h) 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 topic of discussion is open and not confined to just the audit scope.

During the year, two (2) formal private sessions were held on 19 April 2019 and 18 November 2019 respectively. 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) Reviewed 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. The profile of the CIA is set out on page 154 of this IAR.

- 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 was presented and deliberated at BAC's interval meetings. These reports were accessible and archived electronically for quick and easy reference.
- d) Kept 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. 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.

Two reviews of RPT and RRPT were conducted in February and August 2019. BAC considered and satisfied that there were no new potential RPT entered into with related parties.

- 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 2020, BAC reviewed the proposed estimates for RRPT mandate involving Axiata Group Berhad and/or its subsidiaries (Axiata Group) and Tenaga Nasional Berhad and/or its subsidiaries (TNB Group) for the shareholders' approval at the 35<sup>th</sup> AGM. Estimates were made based on the actual utilisation of the contract amount of previous mandated estimates.

- c) Periodically reviewed the RRPTs that were mandated at the 34<sup>th</sup> AGM held on 29 May 2019 and tracked the transactions against their mandated amount.

Chapter 10 Paragraph 10.09 of the Main LR provided that for a RRPT involving recurrent transactions of a revenue or trading nature which are necessary for its day-to-day operations, a listed issuer may seek a Shareholders' Mandate for of such transactions

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

## # CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONTINUED)

#### BOARD AUDIT COMMITTEE (CONTINUED)

BAC

##### 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 CBE, Integrity Pact and whistle-blower programme via reports to the CIA.

##### 7. Whistle-Blowing and Fraud

Prior to 1 July 2019, the scope related to Ethics, Integrity and Fraud Investigation were under the purview of GIA. However, from 1 July 2019, the scope has been formally carved out of GIA and placed under the newly established GIG led by the CIGO who reports directly to the Board.

GIG covers four (4) key scopes, namely Intelligence & Investigation, Complaints & Whistle-Blowing Management, Awareness & Prevention and Governance.

##### 8. Annual Reporting

Reviewed the IAR 2018 and recommended their adoption by the Board.

##### 9. Significant judgements and issues

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

- a) Assessing the carrying value of goodwill allocated to TM ONE;
- b) Assessing the carrying value of property, plant and equipment;
- c) Revenue recognition - accuracy of revenue recorded given the complexity of systems and the application of MFRS 15 – Revenue from Contracts with Customers (MFRS 15) including revenue from significant contracts with public sector and enterprise clients;
- d) Valuation of redeemable Exchangeable Medium Term Note;
- e) Impact of adoption of MFRS 16 Leases (MFRS 16); and
- f) 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, Management exercised judgement in determining value-in-use, useful economic lives, technological obsolescence and operating conditions. In assessing the carrying value of goodwill, Management applies significant judgement in the identification of cash generating units (CGU) to which goodwill is allocated as well as future market conditions expected to affect forecasted cash flows which includes growth and customer churn rates, ARPU, operating margins and discount rates. Similar judgements and estimates were also inherent in Management's valuation of the fair value of Medium Term Notes that are exchangeable with shares of a subsidiary of the Group.

In ascertaining the quantum and timing of revenue recognised, Management applied judgement on identification of contractual rights and obligations and estimated on how revenue from the fulfilment of such right are measured along with contract costs incurred, and recoverability of customer contract assets which include costs incurred to date in servicing contract with customers.

The first year adoption by the Group of MFRS 16 on 1 January 2019 saw the Group applying the modified retrospective approach option where cumulative impact of adopting MFRS 16 was recognised as an adjustment to the Group's retained earnings with RM0.88 billion increase in assets and RM2.02 billion increase in liabilities. Critical judgements in the exercise centred on determining the appropriate discount rates to be applied across the different lease contracts and entities within the Group as well as assumptions on termination and renewal options available with the Group's lease contracts.

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 147 to 154 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.

##### 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 relevant regulators, Securities Commission (SC) and MCMC.

##### 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 discharged 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.

The 2019 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.

Meeting Dates	Total Meeting Hours
16 January, 20 February, 5 March, 22 March, 19 April, 23 May, 18 July, 21 August, 16 October, 18 November and 17 December	32 hours 00 minutes

## # CORPORATE GOVERNANCE OVERVIEW STATEMENT



### 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 communication channel between itself and stakeholders, institutional investors and the investing public at large to provide a clear picture on the Group's performance and position. TM has continued to disseminate 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. 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 (3<sup>rd</sup> Edition) issued in December 2017 by Bursa Securities.

In 2019, TM issued the IAR for FY 2018 based on the International Integrated Reporting Council's International Integrated Reporting Framework. The IAR contained 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

At the 34<sup>th</sup> AGM, the then Acting GCEO presented a comprehensive review of the Group's performance and value created for shareholders as well as current developments or updates on the Group. This review was supported by a visual and graphic presentation of the key points and financial figures. Questions raised by the Minority Shareholders Watch Group prior to the AGM were also shared with all shareholders during the AGM together with the Company's feedback on pertinent issues and queries relating to the Company's business. The presentations were posted on the Company's website upon conclusion of the AGM.

The Board encouraged active participation by shareholders and investors during the AGM. Attendance at the 34<sup>th</sup> AGM of the Company held on 29 May 2019 was 4,341 shareholders, proxies and corporate representative representing 78.84% 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, Boardroom Corporate Services Sdn Bhd to man the poll stations, count, audit and validate the votes for each proposal presented to shareholders. All 14 resolutions tabled at the 34<sup>th</sup> AGM in 2019 were voted by poll.

At the 34<sup>th</sup> AGM, shareholders have encouragingly taken the opportunity to raise questions on the agenda items of the AGM. Answers and/or clarifications were provided by the Chairman, NRC Chairman and Acting GCEO. Voting for the resolutions laid for the coming 35<sup>th</sup> AGM shall continue to be by electronic polling and mobile e-polling.

#### COMPLIANCE STATEMENT

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

The Board remains committed and steadfast in strengthening the Group's governance practices to protect the interest of all its stakeholders.

This Statement is made in accordance with the resolution of the Board of Directors duly passed on 19 March 2020.



## # BOARD OF DIRECTORS' PROFILE

**#ROSLI MAN**

Chairman/Non-Independent Non-Executive Director


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**Nationality** : Malaysian

**Age/Gender** : 66/Male

**Date of Appointment** : 3 December 2018

**Date of Last Re-election** : 29 May 2019



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ATTENDANCE AT BOARD AND BOARD COMMITTEE MEETINGS IN 2019

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TM BOARD

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18/18

### BOARD COMMITTEE

- None

### 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

### DIRECTORSHIP

#### Listed Issuer:

- Telekom Malaysia Berhad

#### Public Companies:

- None

### 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.).

### WORKING EXPERIENCE

Rosli Man has more than 33 years of experience in the telecommunication 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 Non-Independent Non-Executive Chairman on 3 December 2018.

He first joined the telecommunication industry with the then 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.

Rosli Man is also the Chairman of Universiti Telekom Sdn Bhd, a wholly-owned subsidiary of TM and the operator of Multimedia University.

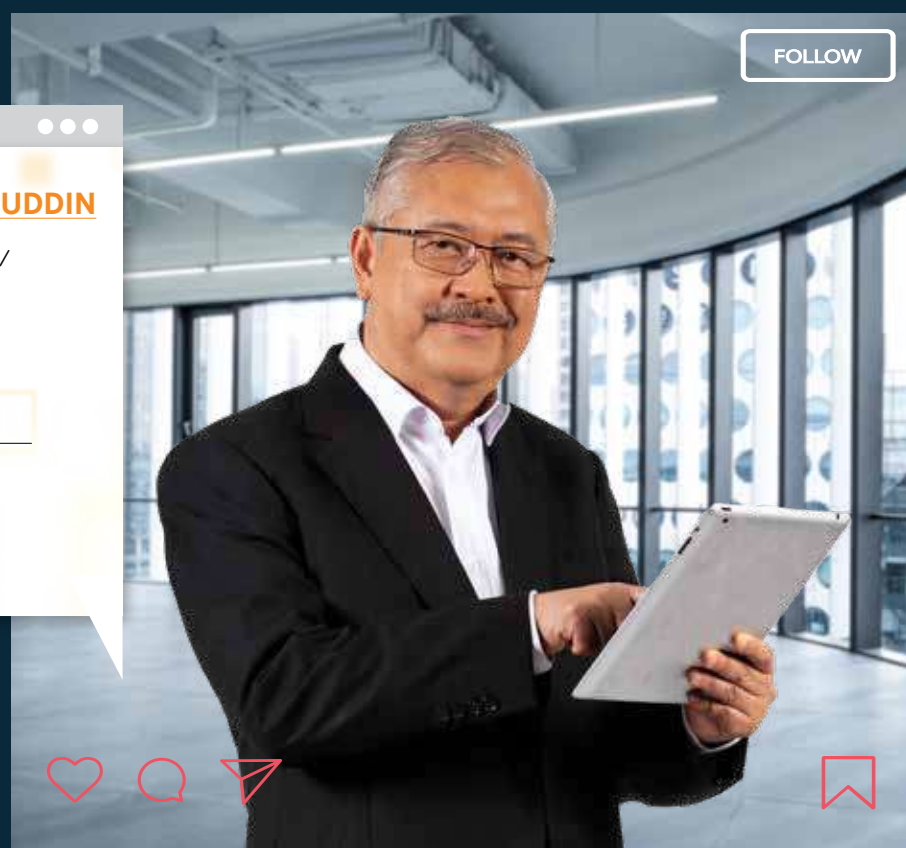
## # BOARD OF DIRECTORS' PROFILE

**#DATO' NOOR KAMARUL ANUAR NURUDDIN**

Group Chief Executive Officer (GCEO)/Managing Director (MD)/  
Non-Independent Executive Director

---

**Nationality** : Malaysian  
**Age/Gender** : 60/Male  
**Date of Appointment** : 13 June 2019  
**Date of Last Re-election** : Not Applicable



**ATTENDANCE AT BOARD AND BOARD COMMITTEE MEETINGS IN 2019**

TM BOARD	BTC
5/5	4/5

### BOARD COMMITTEE

- Member of Board Tender Committee (BTC)

### QUALIFICATION

- Bachelor of Science in Communications Engineering from Plymouth Polytechnic (now known as University of Plymouth) UK

### DIRECTORSHIP

#### Listed Issuer:

- Telekom Malaysia Berhad

#### Public Companies:

- None

### OTHER INFORMATION

Executive Director nominated by MOF Inc.

### WORKING EXPERIENCE

Dato' Noor Kamarul was appointed the GCEO/MD of TM on 13 June 2019. He brings with him more than 35 years experience in the telecommunication industry, having progressively challenged and successfully managed telecommunication networks and services in Malaysia and Indonesia, which focused on fixed and mobile networks and mobile broadband services. He has led the strategy, planning and implementation of projects, ranging from greenfield network, 3G, 4G to merger of cellular networks. He was part of the senior management team in driving the turnaround of Celcom Axiata Berhad's (Celcom) performance with an achievement of 31 quarters of consecutive growth.

Dato' Noor Kamarul started his career in telecommunication industry in TM in 1983 as Assistant Controller of Telecommunication and held various positions in TM until 1991. Thereafter, in 1992, he joined Cellular Communications Network (M) Sdn Bhd as Senior Manager, Planning until his last position as Chief Operating Officer, Mobile in 1997. He then ventured to several telecommunication companies both in Malaysia and Indonesia before joining Celcom in 2003 as the Chief Technology Officer. He held various senior positions in Celcom before retiring in March 2018. He was an independent consultant prior to joining TM.

He is also a director and the Chief Executive Officer of Webe Digital Sdn. Bhd. (webe), the mobile arm of TM.

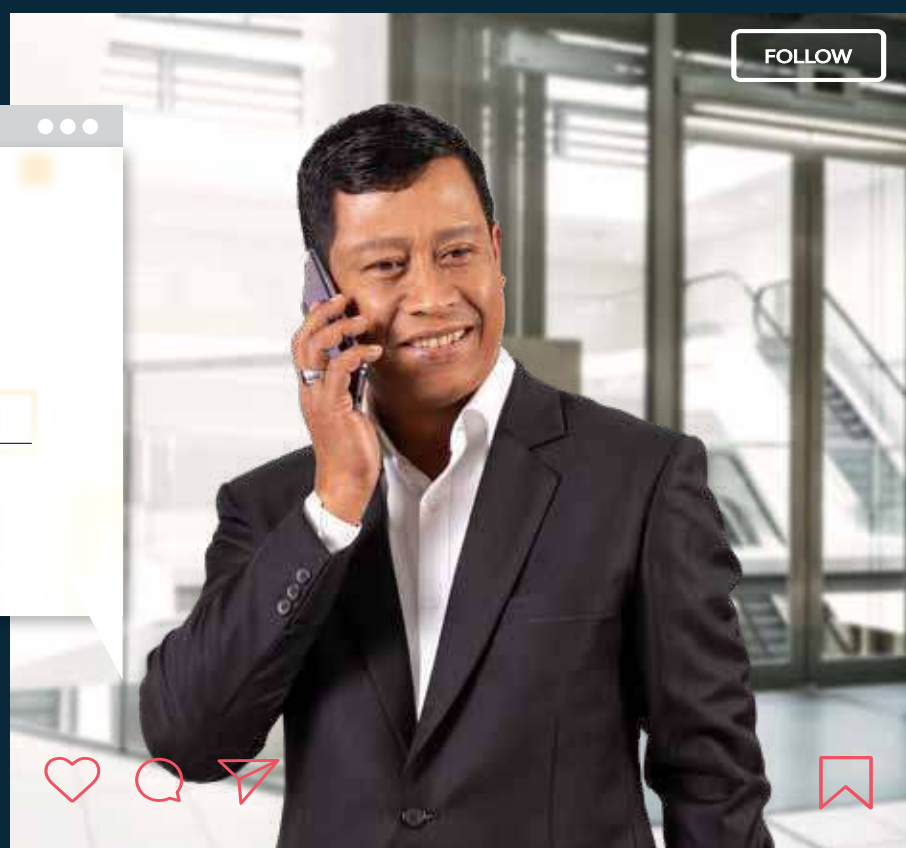
## # BOARD OF DIRECTORS' PROFILE

**#DATO' ASRI HAMIDIN @ HAMIDON**

Non-Independent Non-Executive Director

>>

**Nationality** : Malaysian  
**Age/Gender** : 54/Male  
**Date of Appointment** : 3 October 2018  
**Date of Last Re-election** : 29 May 2019



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**ATTENDANCE AT BOARD AND BOARD COMMITTEE MEETINGS IN 2019**

TM BOARD	BTC	BIC
13/18	9/11	4/5

### BOARD COMMITTEES

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

### QUALIFICATIONS

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

### DIRECTORSHIP

#### Listed Issuers:

- Telekom Malaysia Berhad
- Bina Darulaman Berhad

#### Public Companies:

- DanaInfra Nasional Berhad
- Aset Tanah Nasional Berhad
- GovCo Holdings Berhad
- 1Malaysia Development Berhad
- Malaysia Convention & Exhibition Bureau

### OTHER INFORMATION

Non-Executive Director nominated by MOF Inc.

### WORKING EXPERIENCE

Dato' Asri is currently the Deputy Secretary General of Treasury (Policy) in the Ministry of Finance (MOF), the position he assumed on 25 November 2019.

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 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 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 to be the Deputy Secretary General of Treasury (Investment) in March 2018 prior to assuming his current position.

## # BOARD OF DIRECTORS' PROFILE

**#DATO' MOHAMED NASRI SALLEHUDDIN**

Non-Independent Non-Executive Director

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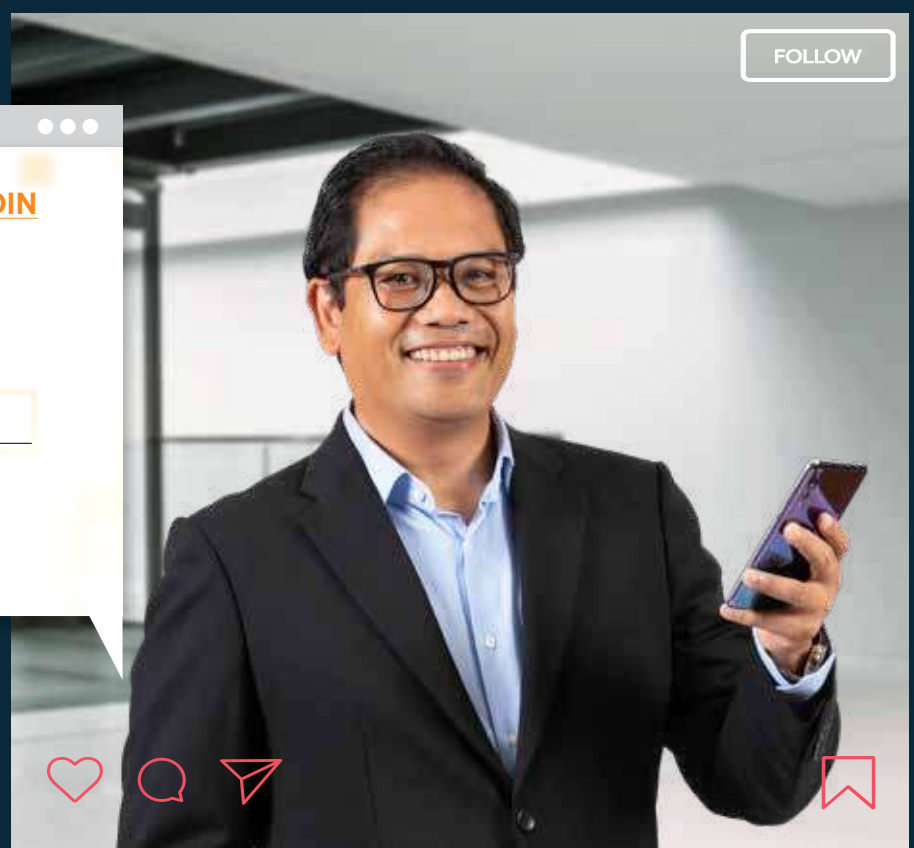
---

**Nationality** : Malaysian

**Age/Gender** : 49/Male

**Date of Appointment** : 26 August 2019

**Date of Last Re-Election** : Not Applicable



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**ATTENDANCE AT BOARD AND BOARD COMMITTEE MEETINGS IN 2019**

TM BOARD	BIC
4/4	2/2

### BOARD COMMITTEE

- Member of BIC
- Member of BTC

### QUALIFICATIONS

- Master of Business Administration from University of Strathclyde Business School, UK
- LLB (Hons), Aberystwyth University, Wales
- Utter Barrister by the Honourable Society of Gray's Inn

### DIRECTORSHIP

#### Listed Issuer:

- Telekom Malaysia Berhad

#### Public Companies:

- UEM Group Berhad

### OTHER INFORMATION

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

### WORKING EXPERIENCE

He is currently the Executive Director of Corporate & Support Services, Company Secretary and Head of Legal at Khazanah, the strategic investment fund for the Government of Malaysia.

Prior to joining Khazanah on 1 September 2009, Dato' Mohamed Nasri was a partner with a leading law firm in Malaysia, advising clients on corporate law and the legal aspects of corporate restructuring, take-overs and mergers.




## # BOARD OF DIRECTORS' PROFILE

**#DATO' MOHD NAIM DARUWISH**

Non-Independent Non-Executive Director

>>

<b>Nationality</b>	: Malaysian
<b>Age/Gender</b>	: 59/Male
<b>Date of Appointment</b>	: 3 October 2018
<b>Date of Last Re-Election</b>	: Not Applicable



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ATTENDANCE AT BOARD AND BOARD COMMITTEE MEETINGS IN 2019

TM BOARD	BRC	BIC
16/18	3/3	3/3

### BOARD COMMITTEES

- Member of Board Risk Committee (BRC)
- Member of BIC

### QUALIFICATION

- Bachelor of Laws (LLB), University of Malaya (UM)

### DIRECTORSHIP

#### Listed Issuer:

- Telekom Malaysia Berhad

#### Public Companies:

- None

### OTHER INFORMATION

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

### WORKING EXPERIENCE

Dato' Mohd Naim is currently the Deputy Chief Executive Officer (Operations) of Employees Provident Fund (EPF), a position he 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 in October 2014.

## # BOARD OF DIRECTORS' PROFILE

**#DATUK ZALEKHA HASSAN**

Senior Independent Director (SID)

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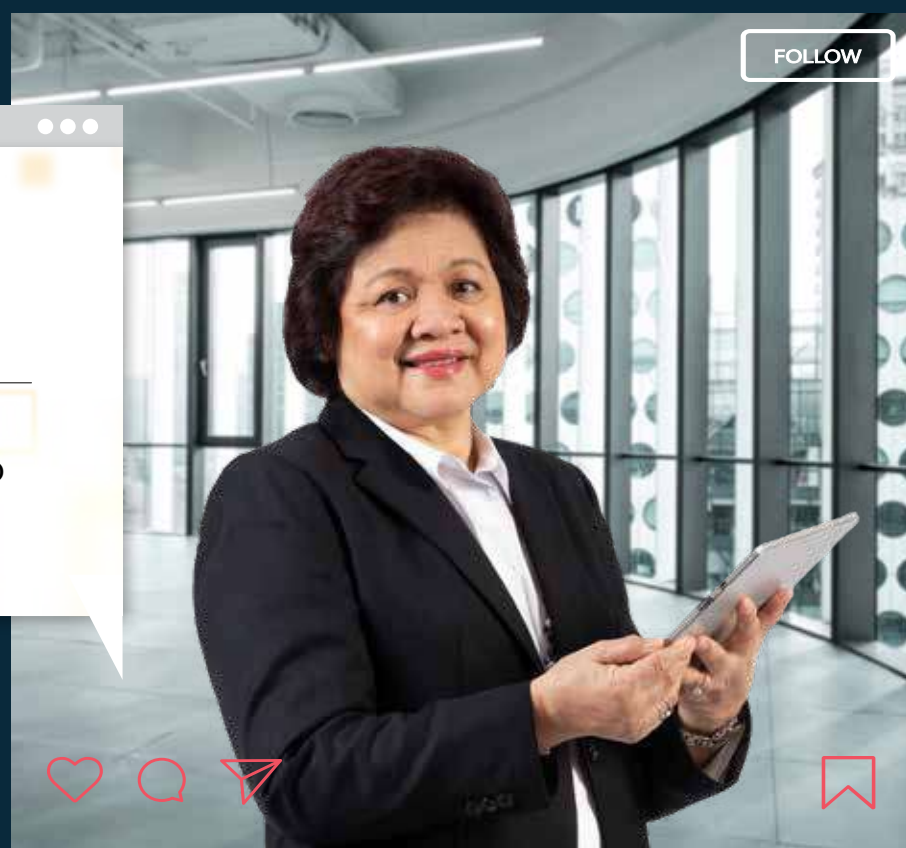
---

**Nationality** : Malaysian

**Age/Gender** : 66/Female

**Date of Appointment** : 9 January 2008 (NINED)  
1 June 2011 (INED)  
1 February 2019 (SID)

**Date of Last Re-Election** : 26 April 2018



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ATTENDANCE AT BOARD AND BOARD COMMITTEE MEETINGS IN 2019

TM BOARD	BTC	NRC	BRC
18/18	11/11	16/16	5/5

### BOARD COMMITTEES

- Chairman of Nomination and Remuneration Committee (NRC)
- Chairman of BTC
- Member of BRC

### QUALIFICATIONS

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

### DIRECTORSHIP

#### Listed Issuers:

- Telekom Malaysia Berhad
- Malaysia Airports Holdings Berhad

#### Public Companies:

- None

### 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.

## # BOARD OF DIRECTORS' PROFILE

**#TUNKU AFWIDA TUNKU DATO' A.MALEK**

Independent Non-Executive Director

---

**Nationality** : Malaysian

**Age/Gender** : 54/Female

**Date of Appointment** : 28 April 2016

**Date of Last Re-Election** : 26 April 2017



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ATTENDANCE AT BOARD AND BOARD COMMITTEE MEETINGS IN 2019

TM BOARD	BIC	BAC	NRC	BRC	LTIP
18/18	5/5	11/11	16/16	5/5	4/4

### BOARD COMMITTEES

- Chairman of BIC
- Chairman of LTIP Committee, a sub-Committee of the NRC
- Member of BAC
- Member of NRC
- Member of BRC

### QUALIFICATIONS

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

### DIRECTORSHIP

#### Listed Issuers:

- Telekom Malaysia Berhad
- Gamuda Berhad
- SAM Engineering & Equipment (M) Berhad

#### Public Companies:

- None

### WORKING EXPERIENCE

Tunku Afwida has held senior roles in investment banks. From 2006 until 2008, she was CEO and Executive Director 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 and GITN Sdn. Berhad, subsidiaries of TM.

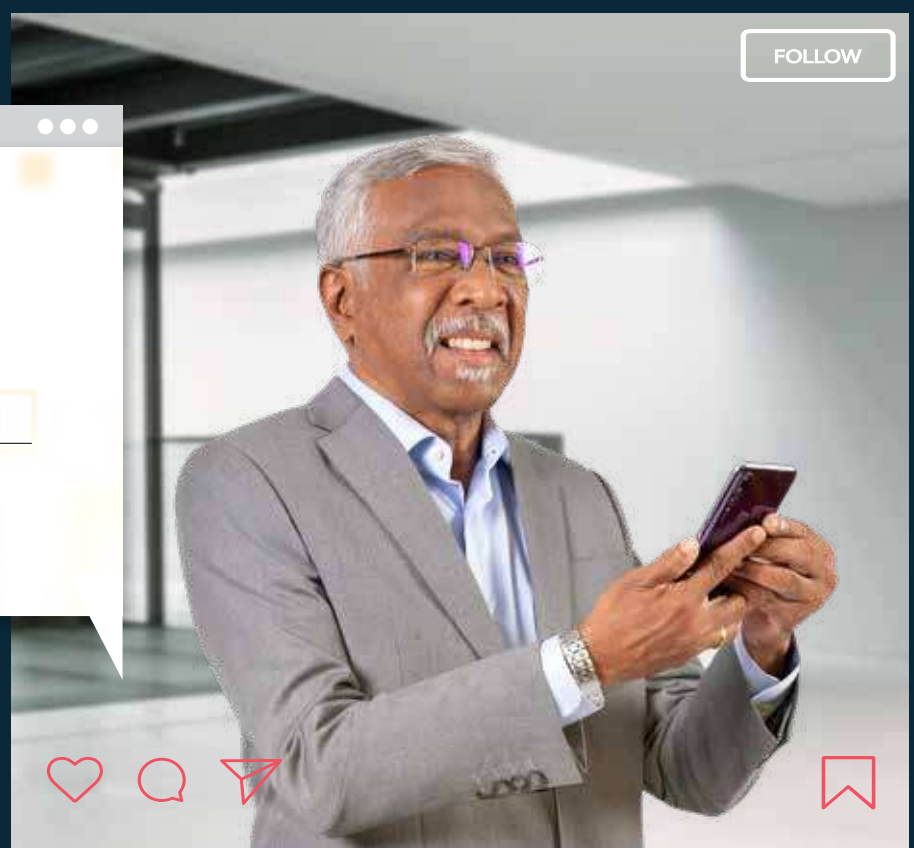
## # BOARD OF DIRECTORS' PROFILE

**#BALASINGHAM A. NAMASIWAYAM**

Independent Non-Executive Director

---

**Nationality** : Malaysian  
**Age/Gender** : 68/Male  
**Date of Appointment** : 28 April 2016  
**Date of Last Re-Election** : 26 April 2017



**ATTENDANCE AT BOARD AND BOARD COMMITTEE MEETINGS IN 2019**

TM BOARD	BRC	BAC	NRC	BTC	LTIP
18/18	5/5	11/11	16/16	11/11	4/4

### BOARD COMMITTEES

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

### 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

### DIRECTORSHIP

#### Listed Issuer:

- Telekom Malaysia Berhad

#### Public Companies:

- None

### WORKING EXPERIENCE

Balasingham has been involved in the telecommunications industry for more than 40 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 as CEO of Fiberail Sdn Bhd (Fiberail), TM's joint venture company, involved in the deployment of fibre cable and sale of fibre products. In 2008, he was appointed as 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 was appointed as director of webe on 8 May 2017 and redesignated as a Chairman of webe on 8 June 2018.

He is the Chairman of webe and a Director of Universiti Telekom Sdn Bhd.

## # BOARD OF DIRECTORS' PROFILE

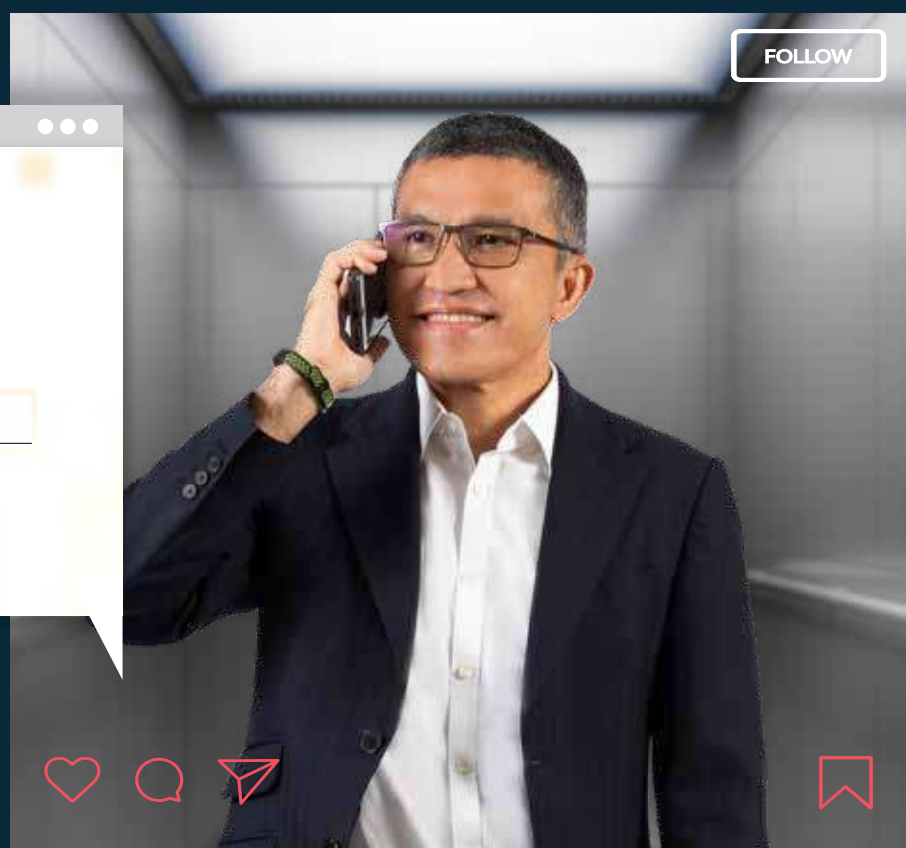
**#HISHAM ZAINAL MOKHTAR**

Independent Non-Executive Director

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**Nationality** : Malaysian  
**Age/Gender** : 58/Male  
**Date of Appointment** : 3 October 2018  
**Date of Last Re-Election** : 29 May 2019



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**ATTENDANCE AT BOARD AND BOARD COMMITTEE MEETINGS IN 2019**

TM BOARD	BAC	BTC	BIC
18/18	11/11	7/7	5/5

### BOARD COMMITTEES

- Chairman of BAC
- Member of BTC
- Member of BIC

### QUALIFICATIONS

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

### DIRECTORSHIP

#### Listed Issuers:

- Telekom Malaysia Berhad
- Media Prima Berhad

#### Public Companies:

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

### WORKING EXPERIENCE

Hisham has served as a Director in the Group Managing Director's Office at Malaysian Industrial Development Finance Berhad Group since July 2018 until 31 March 2019, and is a Business Coach at Asia School of Business since August 2018.

He was the Chief Operating Officer with Astro Overseas Limited from July 2014 until June 2018 and Director in the Investments Division at Khazanah from April 2009 to June 2014. He joined Khazanah in May 2005 from Tricubes Berhad where he was an Executive Director and Vice President of Corporate and Financing Planning. He started his career in the insurance industry at Universal Life and General Insurance in 1987 and thereafter William M. Mercer Sdn Bhd in 1988 before becoming an investment analyst, initially with Crosby Research (M) Sdn Bhd in 1991. He later joined Barings Research (Malaysia) Sdn Bhd in 1994 and subsequently, UBS Research (Malaysia) Sdn Bhd in 1996.

In 1998, Hisham became a financial consultant at Sithe Pacific LLC, a regional independent power producer before he ventured out to set up a boutique investment advisory firm, KE Malaysia Capital Partners Sdn Bhd with another partner.

Hisham is also the Chairman of VADS Berhad, a wholly-owned subsidiary of TM.



## # BOARD OF DIRECTORS' PROFILE

**#SAHERAN SUHENDRAN**

Independent Non-Executive Director

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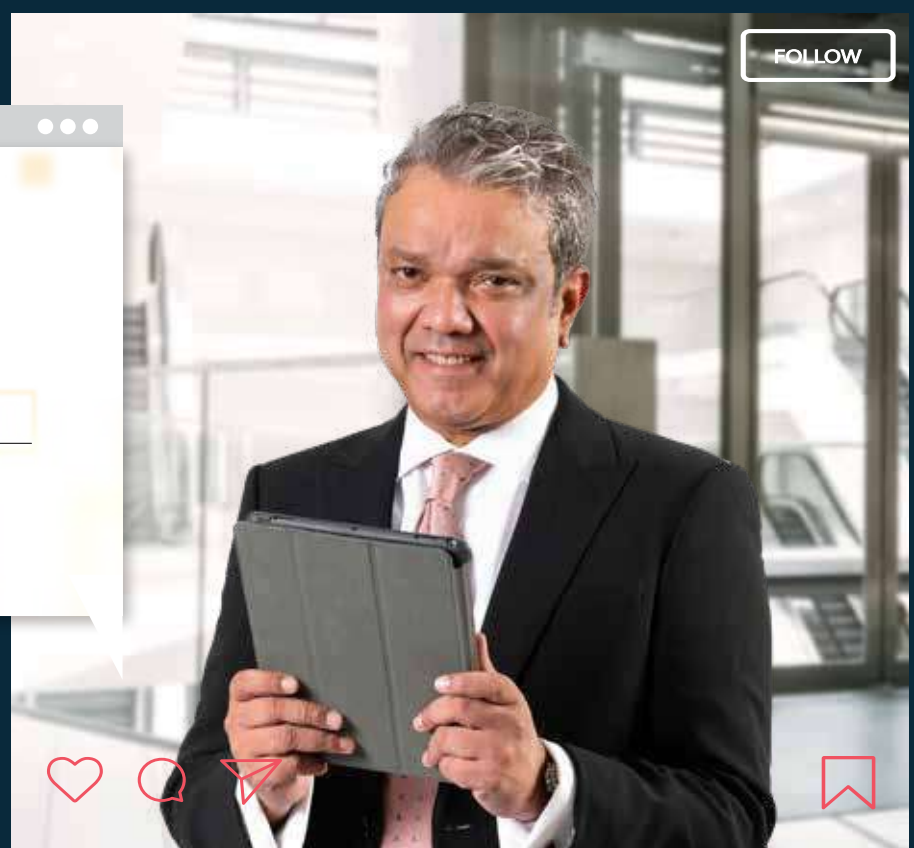
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**Nationality** : Malaysian

**Age/Gender** : 59/Male

**Date of Appointment** : 3 October 2018

**Date of Last Re-Election** : 25 May 2019



**ATTENDANCE AT BOARD AND BOARD COMMITTEE MEETINGS IN 2019**

TM BOARD	BRC	BIC	LTIP
17/18	2/5	1/3	1/1

### BOARD COMMITTEES

- Member of BRC
- Member of BIC
- Member of LTIP Committee

### QUALIFICATIONS

- LL.M from the University of Cambridge, UK
- LL.B (Hons) from the University of London, UK
- Barrister-at-law of Gray's Inn

### DIRECTORSHIP

#### Listed Issuer:

- Telekom Malaysia Berhad

#### Public Companies:

- None

### 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 35 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 has considerable experience advising on contentious acquisitions and take-overs and has successfully defended many notable financial institutions and Government-linked institutions. Saheran is currently serving as member of the Insolvency Practitioners Association of Malaysia.

## # BOARD OF DIRECTORS' PROFILE

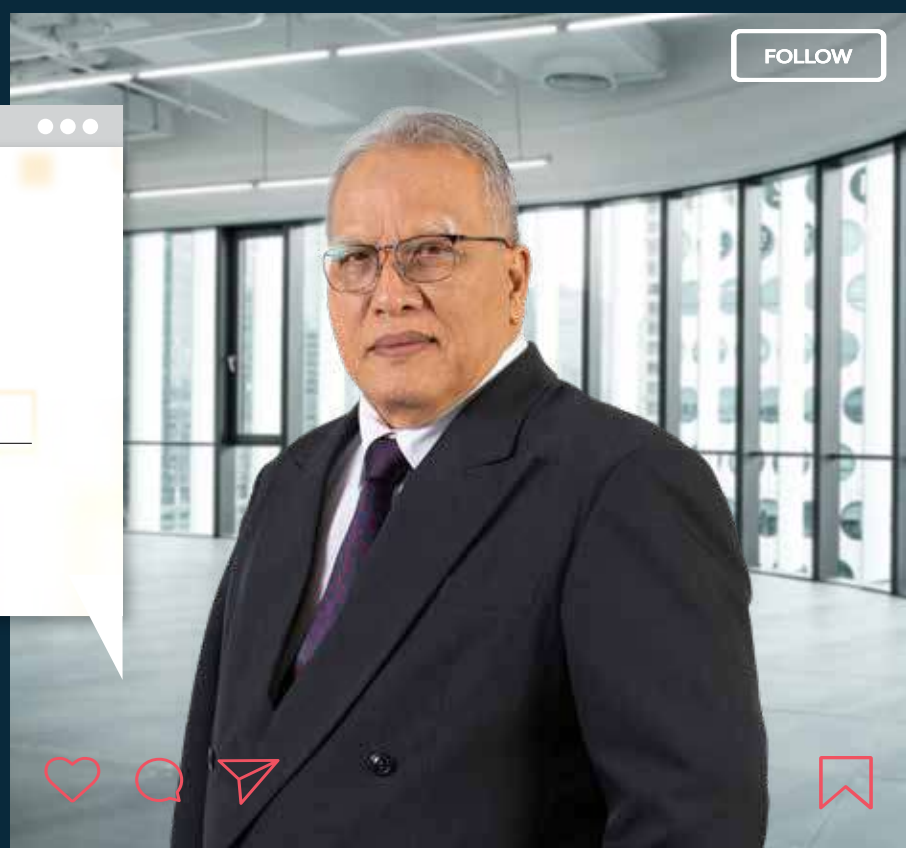
**#DATO' IBRAHIM MARSIDI**

Independent Non-Executive Director

>>

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**Nationality** : Malaysian  
**Age/Gender** : 67/Male  
**Date of Appointment** : 12 June 2019  
**Date of Last Re-Election** : Not Applicable



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**ATTENDANCE AT BOARD AND BOARD COMMITTEE MEETINGS IN 2019**

TM BOARD	BAC	NRC	BTC
5/5	4/4	6/7	5/5

### BOARD COMMITTEES

- Member of BAC
- Member of NRC
- Member of BTC

### QUALIFICATION

- Bachelor of Economics (Analytical) (Hons), UM

### DIRECTORSHIP

#### Listed Issuers:

- Telekom Malaysia Berhad
- Velesto Energy Berhad

#### Public Companies:

- None

### WORKING EXPERIENCE

Dato' Ibrahim started his career with Malayan Banking Berhad in 1979 as a sub-accountant. He later joined Petronas in the same year and was actively involved in the development of Petronas's domestic marketing activities. Throughout his career with Petronas, he held a number of senior management positions including Senior Manager of Eastern and Northern Region, General Manager of Liquefied Petroleum Gas and Retail Business in Petronas Dagangan Berhad (PDB) and as the General Manager of Crude Oil Group, Petronas.

With his extensive experience, Dato' Ibrahim was appointed the Managing Director and Chief Executive Officer of PDB, which is listed on Bursa Malaysia Securities Berhad, the formation of which he had played a critical role in. During his tenure leading PDB, he spearheaded its transformation by developing the company's brand and business strategy as well as the development of administrative and electronic payment systems. Dato' Ibrahim retired from this position in December 2007. He previously served as an Independent Non-Executive Director of TM from 25 April 2008 until 30 April 2017 before rejoining TM Board on 12 June 2019. He is also a director of Menara Kuala Lumpur Sdn Bhd, a wholly-owned subsidiary of TM.

## # BOARD OF DIRECTORS' PROFILE

**#ISZAD JEFFRI ISMAIL**

Non-Independent Non-Executive  
Alternate Director

---

**Nationality** : Malaysian  
**Age/Gender** : 39/Male  
**Date of Appointment** : 5 December 2019  
**Date of Last Re-Election** : Not Applicable



**ATTENDANCE AT BOARD AND BOARD COMMITTEE MEETINGS IN 2019**

TM BOARD	BTC	BIC
N/A	1/1	N/A

### BOARD COMMITTEES

Alternate member to Dato' Asri Hamidin @ Hamidon in:

- BTC
- BIC

### QUALIFICATIONS

- Masters in Science from Daniels College of Business, University of Denver, USA
- Bachelor of Financial Engineering from Multimedia University, Cyberjaya

### DIRECTORSHIP

#### Listed Issuer:

- Telekom Malaysia Berhad

#### Public Companies:

- None

### OTHER INFORMATION

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

### WORKING EXPERIENCE

Iszad is currently a Principal Assistant Secretary at the Government Investment Companies Division, MOF, responsible for managing and monitoring corporate matters, investment and strategic direction of companies under MOF Inc., particularly on land public transportation sector. Apart from that, he is also the covering Section Head of Strategic Sector, which also covers MOF Inc. companies and interests in utilities, energy and telecommunication sectors. Due to his portfolio, he is involved in monitoring mega infrastructure projects such as Mass Rapid Transit (MRT) Line 1, MRT Line 2, East Coast Rail Link (ECRL), Rapid Transit System (RTS) and KL-Singapore High Speed Rail. He also serves as director in private companies under the purview of MOF.

Prior to his current position, Iszad was a Senior Private Secretary to the Minister of Finance II, responsible for managing and administering ministerial affairs for the said Minister.

Iszad also served as Principal Assistant Secretary at the Economic and International Division, MOF for 6 years, where he was involved in the macro-economic policy and budget strategy formulation. He was also involved in the National Blue Ocean Strategy (NBOS) initiatives at MOF level. Iszad was a member of the National Budget Speech Team for two years, responsible for drafting and formulating the national budget speech.

#### Additional Information of the Board of Directors

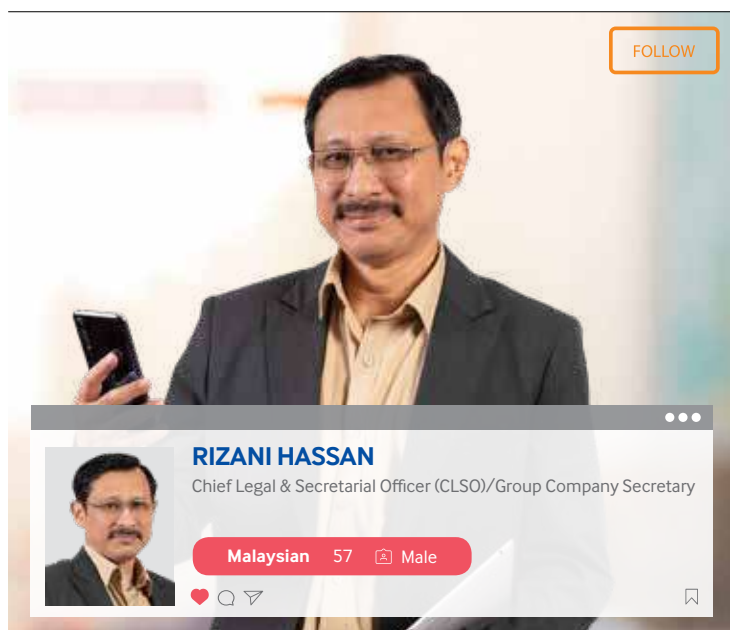
**Family Relationship** : Save as disclosed, none of the Directors has any family relationship with any Director and/or major shareholder of TM.

**Conflict of Interests** : Save as disclosed, none of the Directors has any conflict of interests with TM.

**Conviction for Offences** : None of the Directors has any conviction for offences, other than traffic offences, for the past 5 years.

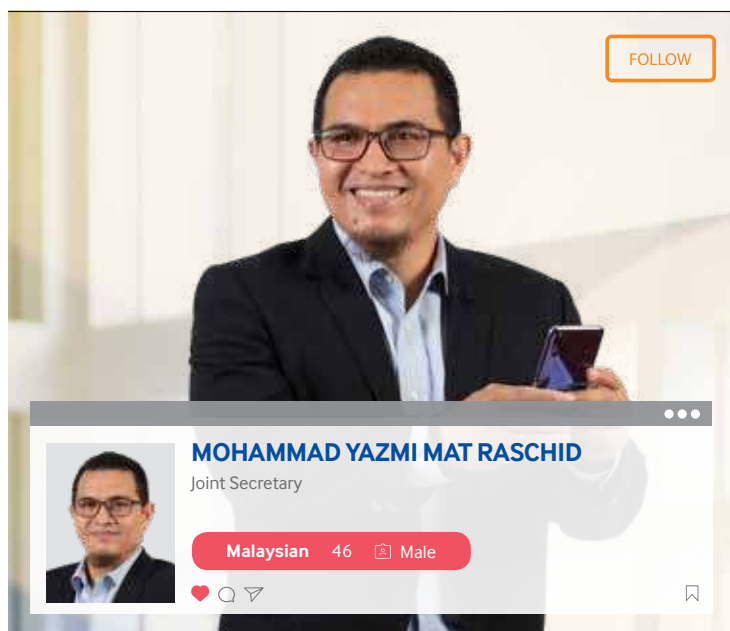
**Public Sanction or Penalty** : None of the Directors has any sanction or penalty imposed on them by any regulatory bodies during the financial year ended 31 December 2019.

## # PROFILE OF COMPANY SECRETARIES



Rizani was appointed as Chief Legal and Secretarial Officer on 1 January 2020 and assumed the role of Group Company Secretary of TM, responsible for legal and company secretarial matters of TM Group.

Rizani's profile is disclosed in Profile of Key Senior Management at page 151.

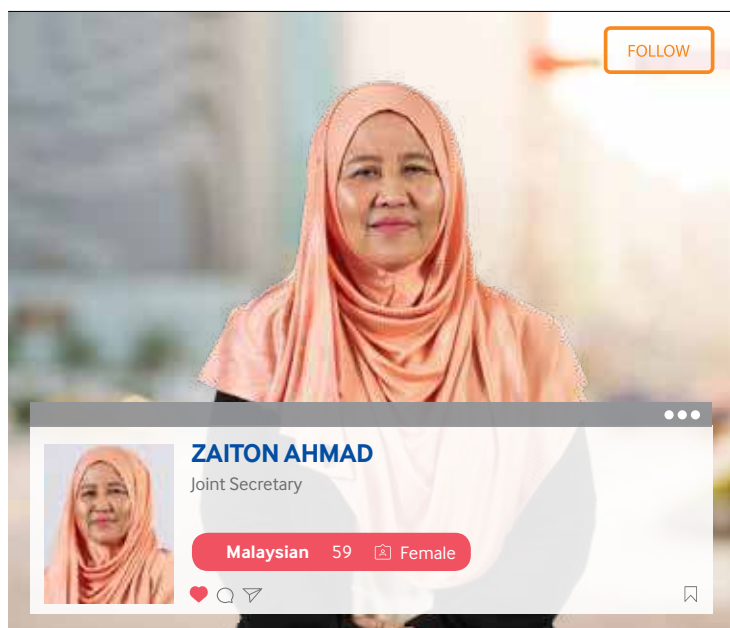


### Qualifications

- Chartered Secretary of The Institute of Chartered Secretaries and Administrators (ICSA), now known as The Chartered Governance Institute, UK.
- Associate member of the Malaysian Institute of Chartered Secretaries & Administrators (MAICSA) since 2001.

### Working Experience

A graduate from Institut Professional Baitulmal Kuala Lumpur, Yazmi started his career in a company secretarial service firm in 1996. He joined TM in 2001 as an Assistant Company Secretary and was promoted to Assistant General Manager in 2013. He was recently appointed Joint Secretary following his appointment as General Manager, Company Secretarial Division on 1 January 2020. Yazmi has over 20 years experience in corporate secretarial matters, corporate governance, compliance, special projects and due diligence exercises.



### Qualifications

- Chartered Secretary of The Institute of Chartered Secretaries and Administrators (ICSA), now known as The Chartered Governance Institute, 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 more than 30 years' experience in corporate secretarial practice. She joined TM in 1991 as an Assistant Company Secretary and was named as one of the Joint Secretaries of TM since 1996. She became an Assistant General Manager in 2006 and remains as a Joint Secretary of TM and its Group of Companies.



## # PROFILE OF KEY SENIOR MANAGEMENT



**DATO' NOOR KAMARUL ANUAR NURUDDIN**  
Group Chief Executive Officer (GCEO)/Managing Director (MD)

Malaysian 60 Male

Date of Appointment: 13 June 2019

### Qualification

- Bachelor of Science in Communications Engineering from Plymouth Polytechnic (now known as University of Plymouth), UK

### Working Experience

Dato' Noor Kamarul was appointed as GCEO/MD of TM on 13 June 2019. He brings with him more than 35 years experience in the telecommunication industry, having progressively challenged and successfully managed telecommunication networks and services in Malaysia and Indonesia, which focused on fixed and mobile networks and mobile broadband services. He has led the strategy, planning and implementation of projects, ranging from greenfield network, 3G, 4G to merger of cellular networks. He was part of the senior management team in driving the turnaround of Celcom Axiata Berhad's (Celcom) performance with an achievement of 31 quarters of consecutive growth.

Dato' Noor Kamarul started his career in telecommunication industry in TM in 1983 as Assistant Controller of Telecommunication and held various positions in TM until 1991. Thereafter, in 1992, he joined Cellular Communications Network (M) Sdn Bhd as Senior Manager, Planning until his last position as Chief Operating Officer, Mobile in 1997. He then ventured to several telecommunication companies both in Malaysia and Indonesia before joining Celcom in 2003 as the Chief Technology Officer. He held various senior positions in Celcom before retiring in March 2018. He was most recently an independent consultant prior to joining TM.

He is also a director and the Chief Executive Officer of Webe Digital Sdn. Bhd. (webe) the mobile arm of TM and Chairman of TM Management Committee.

### Directorship

#### Listed Issuers:

- Telekom Malaysia Berhad

#### Public Companies:

- None



**RAZIDAN GHAZALLI**  
Group Chief Financial Officer (GCFO)

Malaysian 57 Male

Date of Appointment: 1 November 2019

### Qualifications

- Bachelor of Commerce (Accounting & Finance) from University of Tasmania, Australia
- Post Graduate Diploma in Marketing from Chartered Institute of Marketing, UK
- Certified Practising Accountant (CPA) from CPA Australia
- Chartered Accountant of the Malaysian Institute of Accountants
- Associate member of the Chartered Institute of Marketing, UK

### Working Experience

Razidan first joined TM as Financial Advisor on 16 September 2019 and subsequently appointed as GCFO on 1 November 2019.

He has 35 years of working experience in public accounting and the commercial sectors within the telecommunications, plantation and oil & gas industry. He has a strong grasp of core finance functions including treasury, corporate finance, merger and acquisition and corporate restructuring & transformation including international experiences in Indonesia, Vietnam, Germany, Singapore, Australia, Iran and Netherlands, amongst others.

Razidan also sits on the board of several subsidiaries of TM Group.

### Directorship

#### Listed Issuers:

- None

#### Public Companies:

- Hijrah Pertama Berhad
- Tulip Maple Berhad



## # PROFILE OF KEY SENIOR MANAGEMENT

### Qualifications

- Bachelor of Science majoring in Finance from The Daniel's College of Business, University of Denver, Colorado, USA.
- Attended Strategy & Leadership Programme for Senior Management at INSEAD.

### Working Experience

Tengku Muneer was appointed CSO of TM on 1 August 2019. He has over 22 years of experience in Strategy, Branding, Marketing, Sales, Retailing, Operations and Customer Service and Experience. He was with TM between 2006 to 2010 in Group Performance and Programme Management Office. He subsequently moved to Celcom and held various senior positions as its Head of Business Planning and Strategy, Head of Enterprise Sales, Head of Touchpoint Strategy and Retail Operations, Head of Marketing and Head of Turnaround. He then joined Malaysia Airports Holdings Bhd as its General Manager of Corporate Planning before joining Altel Holdings Sdn Bhd as its Chief Strategy and Implementation Officer where he was instrumental in the rollout and completion of the National Digital Terrestrial Television Project.

He is Chairman of Telekom Sales & Services Sdn. Bhd., a wholly-owned subsidiary of TM and a director of a few other subsidiaries of TM.

### Directorship

#### Listed Issuers:

- None

#### Public Companies:

- None

### Qualifications

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

### Working Experience

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

Prior to rejoining TM in 2018, he was the Chief Human Capital Officer at Bank Kerjasama Rakyat Malaysia Bhd, a position he held for almost three 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.

### 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.

## # PROFILE OF KEY SENIOR MANAGEMENT

### Qualifications

- Masters in Business Administration from University of London, UK
- Bachelor of Science majoring in Information System and Computing from University of Newcastle, Australia

### Working Experience

Sivan was appointed CIO of TM on 6 August 2019 and is responsible for the overall formulation of an effective IT and digital services strategy for TM. Prior to joining TM, he was the Regional Service Delivery Director of Huawei and worked in 3 different Huawei organisations from 2010 until July 2019 covering the role of Service and Fulfillment Delivery, Solution Manager before being appointed as IT Business Director for Axiata Account. He was responsible in building and managing the first local Managed Services organisation in 2011 for Huawei’s Malaysian office (BSS Center @ Kuala Lumpur) and was successful in setting-up the first Centers of Excellence (COE) for BSS support and maintenance in Malaysia and Brunei in 2013.

He started his career with WebGuruAsia (WGA) as a Web Project Manager where he supported the demand and project management of web and content development. Sivan led WGA to win the Best Integrated program in Asia Interactive Award 2001. In 2002, he joined Dell Inc where he managed Support. AP.DELL.com with personnel across 6 countries.

Sivan subsequently joined Shell IT Global in 2005 as the Senior Global Service Desk Manager for the End User Computing (EUC) organisation which consisted of 400+ employees in 4 global COE in Cyberjaya Malaysia, Beijing China, Manchester (UK) and Houston (USA). In 2008, Sivan helped Shell IT EUC centres to transition to Hewlett Packard (HP) Outsourcing where it became the largest programme in the energy industry to date.

He is the Chairman of Telekom Research & Development Sdn. Bhd., a wholly-owned subsidiary of TM.

### Directorship

#### Listed Issuers:

- None

#### Public Companies:

- None

### Qualifications

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

### Working Experience

Ir Azizi was redesignated as CNO of TM on 26 August 2019. He has more than 30 years of experience in the telecommunications industry, which includes engineering, operations, sales, product development and management in both fixed and mobile industry.

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.

Ir Azizi’s first joined TM as the General Manager, Technology & Innovation. He was then promoted to Vice President (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 its transformation journey as a fully integrated digital enabler for enterprises and public sector prior to assuming his current position as CNO.

He also sits on the board of a few subsidiaries of TM.

### Directorship

#### Listed Issuers:

- None

#### Public Companies:

- None

## # PROFILE OF KEY SENIOR MANAGEMENT



**BASSAHARIL MOHD YUSOP**  
Chief Procurement Officer (CPO)

Malaysian 51 Male

Date of Appointment: 1 October 2019

### Qualifications

- Bachelor Degree in Electrical Engineering (Electronic) from Columbia University, New York, USA
- Attended leadership programme for senior management at INSEAD

### Working Experience

Bassaharil has over 25 years of experience in telecommunication industry and started his career in 1991 as a project engineer with TM. In 1993, he joined Perneq Corporation, a main contractor to TM, as a project engineer in charge of implementation of point to multi-points transmission network for rural telecommunications.

In 1994, he joined Celcom Malaysia Berhad (Celcom) as a project engineer and subsequently promoted to be Manager, Switching Network Implementation for both fixed and mobile network. In 2001, he was promoted to become Head of Network Fundamental Planning and Network Finance and subsequently promoted to Senior Vice President of IT. In 2008, he was appointed as Celcom's Senior Vice President of Enterprise Business Solutions in 2012 and led Business Solutions Sales, Partners Management, Product, Business Development and Support teams.

In 2014, Bassaharil was appointed as Head of Celcom's Procurement where he led the revamping of the company-wide Limit of Authority with simplification and empowerment as a guiding principle to adapt to the continuous changing business environment. He later rejoined TM as CPO on 1 October 2019.

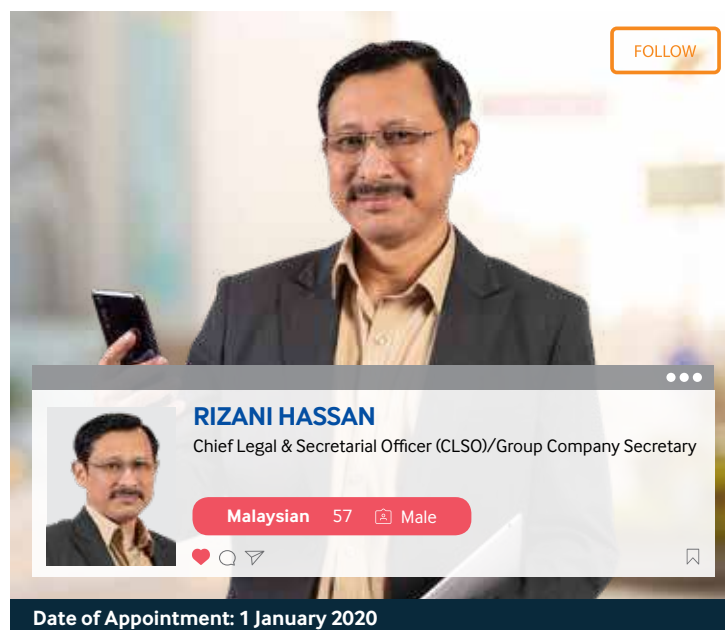
### Directorship

#### Listed Issuers:

- None

#### Public Companies:

- None



**RIZANI HASSAN**  
Chief Legal & Secretarial Officer (CLSO)/Group Company Secretary

Malaysian 57 Male

Date of Appointment: 1 January 2020

### Qualifications

- Masters of Comparative Law from the International Islamic University of Malaysia (IIUM)
- Post graduate Diploma in Syariah Law and Practice from the IIUM
- Advanced Diploma in Law from UiTM
- Diploma in Law from UiTM
- Licensed Company Secretary since December 1994
- Admitted as an Advocate and Solicitor of the High Court of Malaya in March 1992

### Working Experience

Rizani was appointed as CLSO on 1 January 2020 and assumed the role of Group Company Secretary of TM, responsible for legal and company secretarial matters of TM Group.

He has over 30 years of experience in legal and company secretarial matters. He began his career as a Legal Officer of a Government statutory body in 1987 and subsequently joined a private law firm as an advocate and solicitor in 1991. Rizani was appointed Legal Corporate Counsel of Malaysian Airline System Berhad (MAS) in 1994 and thereafter as Group Company Secretary in 2002. He headed the Group Secretarial/Legal department in MAS prior to joining TM.

### Directorship

#### Listed Issuers:

- None

#### Public Companies:

- As Khazanah's nominee director in Malaysian Airline System Berhad (which is now under liquidation with KPMG as the Liquidator)

## # PROFILE OF KEY SENIOR MANAGEMENT

### Qualifications

- Masters in Business Administration in e-Commerce from Charles Sturt University, Australia.
- Bachelor of Business (Accountancy) from Royal Melbourne Institute of Technology (RMIT) University, Australia.
- Certified Practising Accountant from CPA Australia
- Certified Information Systems Auditor (CISA) from Information Systems Audit & Control Association (ISACA)

### Working Experience

Anand was appointed Chief Commercial Officer (CCO) of TM on 1 February 2020 and is primarily responsible for the unifi business.

Anand has vast and diverse experience in consultancy, risk management, business turn-around and most notably, telecommunications. He started his career in 1996 in the professional services space and spent several years in the big four accounting firms working in assurance and advisory services across several countries including in Kazakhstan, Bulgaria, Russia, Albania and Uzbekistan.

Prior to joining TM, he was with Time dotCom Berhad from 2009 until 2018. He served as an EXCO member and covered various portfolios including several strategic business units. It was under his leadership that the Consumer segment experienced exceptional growth. In 2017, he was appointed as the Chief Operating Officer and Executive Director at Symphony Communication in Bangkok, a public listed company within the Time dotCom Group and was instrumental in the turn-around of the company.

### Directorship

#### Listed Issuers:

- None

#### Public Companies:

- None

### Qualifications

- Masters in Business Administration from Deakin University, Australia
- Bachelor of Commerce (Accounting and Finance) from Monash University (Clayton), 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 General Manager (GM), Group Corporate and Regulatory, responsible for Economic Regulation.

In 2011, Amar was appointed as GM, Group CEO's Office where 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. He was redesignated as EVP TM WHOLESALE on 1 February 2020 following the recent realignment of TM Group structure.

Amar also sits on the boards of several subsidiaries of TM Group under TM WHOLESALE cluster including as Chairman of Fiberail Sdn. Bhd.

### Directorship

#### Listed Issuers:

- None

#### Public Companies:

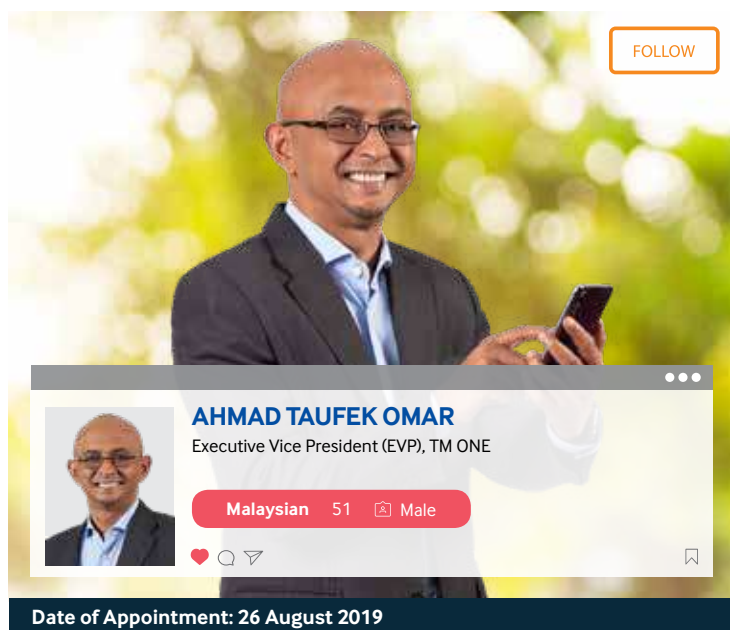
- None

### Awards/Recognitions

- CPA Australia's 40 Young Business Leaders in 2012 which showcases highly talented individual across regions and sectors.
- Included in Capacity Media's First Edition of Power 100, a global index on 100 of the most influential people in the Global Wholesale Telecommunication sector in 2019.



## # PROFILE OF KEY SENIOR MANAGEMENT



### Qualification

- Bachelor of Business Administration (Hons) from IIUM

### Working Experience

Ahmad Taufek was appointed EVP TM ONE on 26 August 2019 and is entrusted to lead TM ONE as a fully integrated digital enabler for enterprises and public sectors to bring the industry forward in transitioning into Industrial Revolution 4.0.

He has vast experience in the telecommunication industry having worked with almost all major telcos namely Maxis, Digi, TIME and Celcom. He brings with him more than 28 years of experience, particularly in sales and marketing for enterprise businesses. He was the Head of Corporate, Government and Wholesale Business at Maxis prior to joining TM.

Besides the telcos, Taufek also previously served as the Chief Digital Marketing and Information Technology Officer for QSR Brands and oversaw the setting up of PT Smartfren's enterprise business in Indonesia.

He sits on the board of several TM subsidiaries under TM ONE cluster including VADS Berhad and as President Commissioner of PT VADS Indonesia.

### Directorship

#### Listed Issuers:

- None

#### Public Companies:

- VADS Berhad



### Qualifications

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

### Working Experience

Mohamad was most recently the Chief Procurement Officer (CPO) of TM, a position he held from 1 September 2014 until his redesignation as CRO on 1 October 2019.

He gained vast experience in insurance services while serving a UK-based insurance company for six 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.

Mohamad joined TM in 1993 as Assistant Manager and has been tasked with managing the corporate insurance programme and implementing the Enterprise Risk Management programme for TM in 2001. In 2007, he was appointed as GM, entrusted with an expanded portfolio of Group Business Assurance (GBA) covering enterprise risk management, revenue assurance, fraud management, insurance management, credit management policy & monitoring, corporate compliance, business continuity management and enterprise business management. In 2011, he was promoted to VP GBA and later became the CPO in 2014 prior to assuming his current role as CRO where his tasks are to focus on identifying business challenges and driving risk strategies for the future sustainability of TM.

### Directorship

#### Listed Issuers:

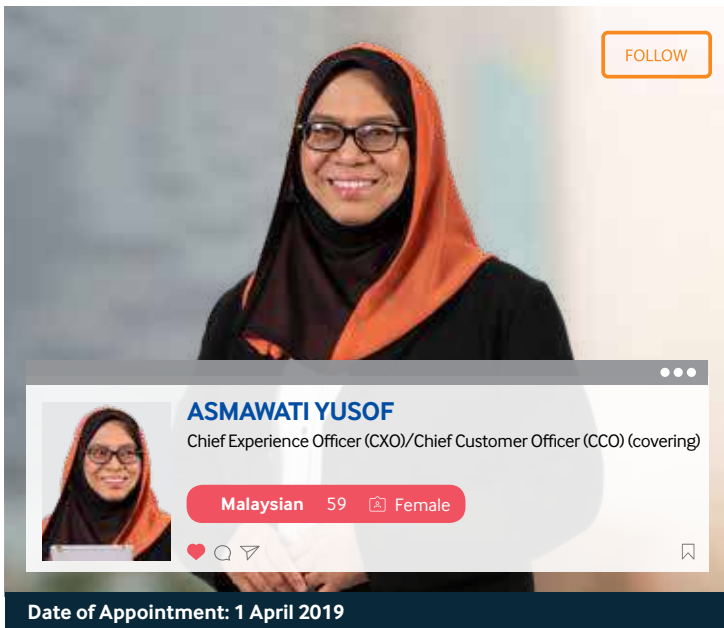
- None

#### Public Companies:

- None



## # PROFILE OF KEY SENIOR MANAGEMENT



**ASMAWATI YUSOF**  
Chief Experience Officer (CXO)/Chief Customer Officer (CCO) (covering)

Malaysian 59 Female

Date of Appointment: 1 April 2019

### Qualifications

- Masters in Communications Systems from University of Wales, Swansea, UK
- Masters in Communications Management from University of Strathclyde, Scotland

### Working Experience

Asmawati was appointed the CXO on 26 August 2019 and is also covering as CCO effective 1 February 2020. As CXO, she is responsible in strengthening TM customer experience journey, anchored by customer insights in shaping customer experience solutions both physically and digitally, with a strong focus on network and services.

She started her career at TM Penang in 1985 as an Engineer and later worked in the CASS Project, a major IT initiative for TM. She was later appointed as General Manager for the Corporate Information Superhighway (COINS) where she was responsible in setting up the infrastructure for TM IPVPN to enable Managed Network Services for large corporations. She was also in charged with the development and continuous expansion of TM’s internet infrastructure to sustain the high growth of broadband customers.

Asmawati became the VP of Network Development in 2007 and was one of the key persons instrumental in the realisation of the HSBB Project, a Public Private Partnership (PPP) between TM and the Government of Malaysia in rolling out fibre infrastructure nationwide. She was subsequently appointed as VP of Network Management and Operations in 2017. Before assuming her current position as CXO, she was the Acting Chief Technology and Innovation Officer (CTIO) from 1 April 2019 where she was responsible for the overall technical delivery, fulfilment and assurance for TM Group Network.

She is also a board member of Telekom Sales & Services Sdn Bhd, a wholly-owned subsidiary of TM.

### Directorship

#### Listed Issuers:

- None

#### Public Companies:

- None



**HAIKEL ISMAIL**  
Chief Internal Auditor (CIA)

Malaysian 45 Male

Date of Appointment: 1 November 2019

### Qualifications

- Master of Business Administration from Edinburgh Business School of Heriot Watt University, UK
- Bachelor of Commerce & Management from Lincoln University, New Zealand
- Certified Internal Auditor and Certification in Risk Management Assurance (CRMA) from the Global Institute of Internal Auditors, USA
- Certified Fraud Examiner (CFE) by the Association of Certified Fraud Examiners, USA
- Chartered Member of the Institute of Internal Auditors Malaysia (CMIIA)

### Working Experience

Haikel first joined TM as the Head of Advisory and Strategic Reorganisation within the Group Internal Audit Division on 1 March 2019 and subsequently appointed as the CIA on 1 November 2019. He brings over 23 years of experience in internal audit and risk management.

Haikel started his career with the Renong Berhad Group in 1997 as a Management Trainee and eventually moved into leadership roles within the group including as the Head of Compliance for Renong’s Telecommunication & Multimedia Division in 2001. Overall, Haikel has led various internal audit and risk management functions at both private and public listed companies including as the CIA at the Sapura Group and Kumpulan Darul Ehsan Group respectively. He was also the Head of Governance & Risk Management for Pengurusan Air Selangor Sdn Bhd.

In 2017, he helped established the Society of Certified Risk Professionals, a risk organisation that focuses on social, economic and environmental risks for sustainable competitiveness. He served as its Council Member and founding Secretary General up to early 2019.

### Directorship

#### Listed Issuers:

- None

#### Public Companies:

- None

## # PROFILE OF KEY SENIOR MANAGEMENT

### **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 shareholder 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 five (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 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 Securities, the Boards of listed issuers 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 of Directors (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 in order 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 Board committees that have primary risk management and internal control oversight responsibilities are:

#### Board Risk Committee (BRC)

The main responsibility of the BRC is to assist the Board in ensuring a sound and robust ERM framework and its implementation to enhance the Group's corporate governance practices with focus on risk issues including sustainability and BCM. BRC also monitors TM's key business risks to safeguard shareholders' investments and the Company's interests and assets. The 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](http://www.tm.com.my).

#### Board 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 GIA function. The BAC's ToR is stipulated in the Board Charter which is accessible on 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 page 129 to 133.

Other Board Committees such as the NRC, 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

The 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.



Scan QR code for more information about Board Charter

# # DIRECTORS' STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROLS

## ENTERPRISE RISK MANAGEMENT

### Enterprise Risk Management Framework (ERM)

ERM remains an integral part of the organisational governance processes in ensuring all inherent and emerging risks are assessed, 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. For 2019, TM adopted the latest iteration of the standard ISO 31000:2018, which is designed to simplify the risk management practice to provide "Value Creation and Protection" to an organisation. Figure 1 illustrates TM's ERM framework.

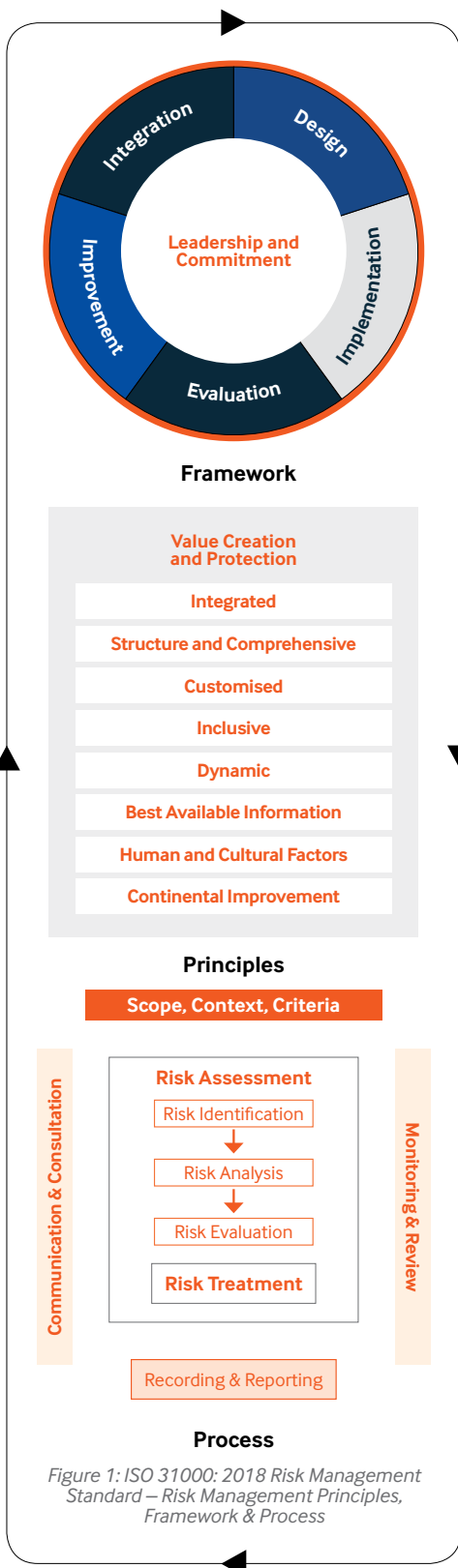


Figure 1: ISO 31000: 2018 Risk Management Standard – Risk Management Principles, Framework & Process

The Enterprise Risk Management practice has been implemented throughout TM including its subsidiaries to support the convergence and digital strategies. Figure 2 below illustrates TM's Enterprise Risk Management governance, context and framework.

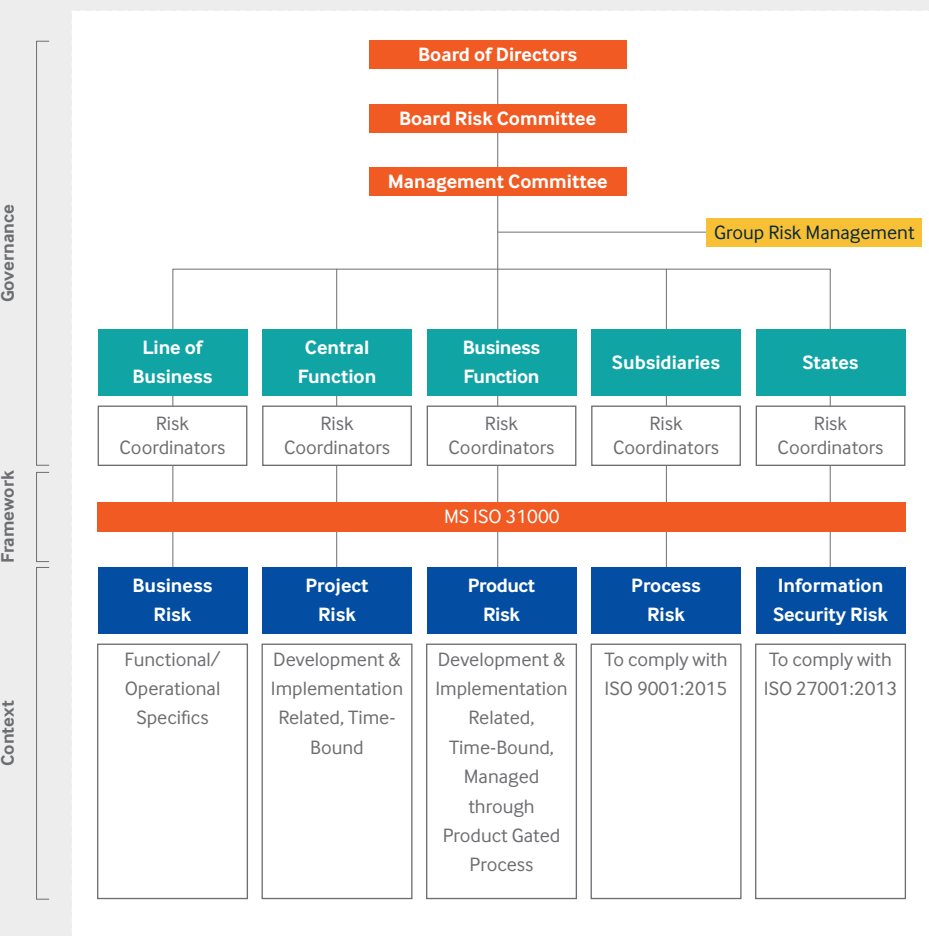


Figure 2: TM's Enterprise Risk Management Governance and Framework

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. Risk Coordinators are identified at every LOBs, central functions, business functions, subsidiaries and states to coordinate the ERM activities towards building a risk-based decision making culture amongst the staff with the support from the respective Head of Divisions. In all ERM activities, the importance of the role played by the staff is always emphasised.

## # DIRECTORS' STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROLS

### Corporate Risk Selection Methodology

The Corporate Risk Selection Methodology was introduced with the objective of optimising the BRC and MC meetings by focusing and deliberating on key risks issues. Through this approach, corporate risks that meet any of the predefined criteria will be identified and reported in the Corporate Risk Dashboard for the Board's and MC's attention as depicted in Figure 3. Risks that do not qualify for escalation to the Board and/or MC level, are monitored and reviewed by the respective divisions.

### Governance Framework Includes:



Figure 3: Corporate Risk Selection Criteria for Board and Management Attention

### Principal Risks

A reporting format by risk cluster has been enhanced in which risks have been categorised and prioritised based on their rating and impact, namely Strategic Risk, Financial Risk, Technology/System Risk, Operational Risk and People Risk. The principal risks that have been clustered and are being monitored by the Board are listed in page 164.

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

### Project Risk Escalation Criteria

Effective project risk management helps project management teams to identify, assess and mitigate key risks and issues which may adversely affect project deliverables. To further enhance the ability of project teams to meet their objectives and optimise opportunities available to them, while minimising the negative impact of risks, a Project Risk Escalation Criteria has been implemented to facilitate better reporting and communication of project risks.

Projects are selected for BRC's attention using the escalation criteria as shown below:

### BRC Project Escalation Criteria



All projects are managed by the respective LOB and Centralised Organisation Programme Management (COPM). Starting August 2019, key project deliverables are tracked and reported as part of BRC's agenda.

### INTERNAL CONTROL

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 timely resolution of audit issues and accountability of the internal controls. These include a formal organisation structure and establishment of a LoA matrix that clearly outlines the Board's 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.



## # DIRECTORS' STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROLS

- **Strategic Theme, Objectives and Core Values**  
In achieving the Group's vision to materialise "Life and Business Made Easier, for a better Malaysia", the Management has introduced the PIP 2019 to accelerate convergence and empower digitisation in becoming the Convergence Champion. This strategic direction will contribute towards Malaysia becoming a developed and digital nation. It will be enabled by connectivity that underpins all digital infrastructure and applications in the country to enable the Digital Malaysia aspiration, TM is transforming into becoming a customer centric organisation towards building a sustainable value creation. All these are 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 ERM and Internal Control Policy Statement issued by the Board and Management to provide reasonable assurance that the Group will achieve its business objectives, safeguard and enhance shareholders' investments and Group's assets. The GCEO, 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 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 GCEO 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.
- **Corporate Committees**  
Three (3) Corporate Committees namely MC, BOC and TechComm were established to provide guidance and decision in their respective scope and focus. Demarcation of roles are clearly defined with specific authority level assigned to ensure effective and efficient business execution balancing with control.

MC focuses on strategic and policy matters, whilst BOC and TechComm focus on operational performance, execution and deployment in areas of business and technology deployment respectively.
- **Best Practice Committee (BPC)**  
BPC is a sub committee of BAC. The BPC serves as a platform to update and discuss developments in best practices, corporate governance as well as changes in statutory and regulatory requirements set by the relevant regulatory authorities and statutory bodies.
- **Recording to Reporting (R2R) Framework**  
R2R is a non-compliance reporting framework adopted by the Management to enhance the quality and integrity of the R2R 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 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.
- **Procurement Compliance Committee (PCC)**  
PCC was established to ensure compliance of all divisions or units in TM Group with the procurement policies and procedures and the authority limits. Failure to comply will be subject to consequence management. PCC will ensure effective implementation of consequence management with input and support from General Managers within GP and General Managers/Head of Division.
- **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. The authorised evaluation committee is guided by TMTEC's Standard Operating Procedure (SOP) to ensure compliance to the process and procedure in TMTEC.
- **Internal Control Incident (ICI)**  
Periodic ICI reporting captures and disseminates lessons learnt from significant internal control incidents to Senior Management to prevent reoccurrence in other divisions and operating companies within the Group.
- **Ethics and Integrity**  
TM is committed to conducting business in an open, honest and ethical manner. Our 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:

  - The 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, ensures 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's Business Partners features 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.

## # DIRECTORS' STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROLS

- 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 comprising 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 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 our employees have in depth knowledge and understanding of the new law and its impact to the Group.
- TM continues its strong commitment towards upholding integrity when it becomes a role model as the first GLC to establish its GIG team on 1 July 2019, it was in line with the Strategic Plan of Integrity and Governance Unit (IGU) 2019 - 2021 of the MACC. The GIG team is focused on handling internal investigations comprehensively, managing complaints and information provided by whistleblowers thoroughly as well as conducting programmes to increase awareness on ethics and integrity. To ensure independence and full transparency, the GIG team reports directly to TM's Board of Directors.

- **Whistle-Blowing Policy**

The Whistle-Blowing Policy enables any employees, suppliers 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**

TM carries out internal investigations on any misconduct and corporate fraud committed by employees or parties who deal with TM as well as investigations on telecommunications fraud.

- **Data Leakage Prevention**

TM has in place security policies, rules and technical measures to protect the Group's data from unauthorised access, improper use or disclosure, unauthorised modification, unlawful destruction or accidental loss. All employees, data processors and data owners who have access to and are associated with the processing of the Group's data, are obliged to respect its confidentiality.

- **Management Information Systems**

Key information systems utilised by TM Group for the purpose of supporting processes, promoting effective and efficient operations as well as timely and accurate communication with internal and external stakeholders are:

- iCarePrime System (ICP)
- Next-Gen Opportunity Vibrant Ambition (NOVA)
- Billing & Revenue Management (BRM)
- TM Revenue Assurance System (TRACE)
- Collection and Credit Information System (CONCISE)
- Customer & LOBs in Fraud Frontier (CLIFF)

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


Governing these key systems is the Information Security Policy, which is in place to control and monitor access.

### INTERNAL AUDIT

The Group Internal Audit (GIA) function reports to the BAC with the objective of providing risk-based and objective assurance designed to enhance and protect organisational value. GIA helps the Group to accomplish its objectives by bringing a systematic approach to evaluate and improve the effectiveness of governance and processes.

During the financial year, as part of its audit plan and scope, GIA performed key reviews to ensure that governance and processes are functioning effectively, efficiently and provided recommendations for improvement. The Management then followed through and reviewed the status of actions taken on recommendations made by the internal 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 161 to 162 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 GCEO and GCFO that the Group's risk management framework and internal control systems were operating adequately 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 Bursa Malaysia Securities Berhad Main Market Listing Requirements, 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

**Group 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 the organisational value. The internal audit charter approved by the Board Audit Committee (BAC) defines the purpose, authority and responsibility of GIA.**

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 CIA has an administrative reporting line to the GCEO which enables the requisite stature and authority of Internal Audit to fulfil its responsibilities.

Effective from 1 November 2019, GIA is headed by Haikel Ismail as the new CIA. His detailed background can be found in "Profile of Key Senior Management" section of this report.

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

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

### 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 internal control system, 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 the audit plans are prioritised based on the Group's strategies, objectives and key risk areas. Input from various sources – inclusive of ERM, Annual Operating Plan (AOP), past internal and external audit issues, Management and the Board permit the identification of auditable risk areas.

During the year, GIA conducted reviews on governance, risk management and controls that cover the following areas:

- Sales and Marketing;
- Customer Experience Management;
- Credit Management;
- Product Lifecycle Management;
- Service Fulfilment and Assurance Management;
- IT Security and Governance;
- ID Management;
- Service Level Agreement Management;
- Major Initiative/Project Deliverables and Management;
- Procurement, Inclusive of Contract Management;
- Asset and Customer Premises Equipment Management; and
- Accounting and Financial Reviews;

All internal audit reports were presented to the BAC with recommendations from GIA and feedback from management. GIA subsequently monitored and verified the implementation status of the recommendation on a quarterly basis.

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

In addition to performing audit engagement, GIA has also involved the Management in strengthening compliance teams within their units, sharing best practices as well as knowledge on internal auditing, risk management and internal controls to the various stakeholders in TM. GIA has also 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. Effective 1 July 2019, the Corporate Investigation and Ethics and Integrity functions are transferred under newly established division namely GIG. The GIG reports directly to the Board.

## # STATEMENT OF INTERNAL AUDIT

### RESOURCES

A total of RM7.27 million was spent on internal audit activities in 2019. A summary of the internal audit costs are as follows:

Category	RM (million)	% of total cost
Manpower	6.89	94.7%
Supplies and Material	0.07	1.0%
Other operating costs	0.27	3.7%
Depreciation	0.04	0.6%
<b>Total</b>	<b>7.27</b>	<b>100%</b>

All internal audit activities in 2019 were performed in-house by a group of 42 internal auditors from various backgrounds and competencies as follows:

Discipline	No. of Internal Auditors as at 31 December 2019	Percentage %
Accounting & Finance	15	35
Engineering/Network	13	31
Information Technology/ Computer Science	8	19
Marketing	2	5
Business Administration	2	5
Procurement/Human Resources/Law	2	5
<b>Total</b>	<b>42</b>	<b>100</b>

### 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 equip its 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. As at 31 December 2019, GIA had a total of 24 qualified professionals in its team who possess various professional qualifications and/or certifications as shown below:

Qualification	No. of certification obtained
1) MBA/Masters	10
2) FCCA/CPA/CA/ACCA	4
3) CISCO Certified	3
4) Information Technology Infrastructure Library (ITIL)	3
5) Certified Internal Auditor (CIA)	3
6) Certified Information Systems Auditor (CISA)	2
7) Certified IPv6 Network Engineer	2
8) Certified Integrity Officer (CIO)	2
9) Certified Fraud Examiner (CFE)	2
10) Project Management Professional (PMI)	1
11) Certified Professional Engineer (Ir.)	1
12) International Compliance Professional	1
13) Certified Professional Requirements Engineering	1
14) Certified Tester, Foundation Level (CTFL)	1
15) Certified IT Disaster Recovery	1
16) Certified Tester, Advanced Level Test Analyst (CTAL-TA)	1
17) Certified Data Scientist Analyst	1
18) Certified Data Engineer Associate	1
<b>Total</b>	<b>40</b>

Note: FCCA – Fellow Chartered Certified Accountant, CPA – Certified Public Accountant, CA – Chartered Accountant, ACCA – Association of Chartered Certified Accountant

In 2019, internal auditors attended 2,167 hours of external and internal training, seminars and workshops in multiple technical disciplines, functional competency, knowledge sharing, professional certification program and online training to enhance their job performance and career prospects.

**Haikel Ismail**  
Chief Internal Auditor

**Hisham Zainal Mokhtar**  
Chairman, Audit Committee

## # ENTERPRISE RISK MANAGEMENT (ERM) - RISK COMMITTEE REPORT

As TM aspires to build up digital Malaysia as well as enhances customer experience for TM's sustainability, the risk landscape continues to be driven by the market competition, the evolving regulatory and policy changes and significant shifts in external factors including economic slowdown. For year 2019, TM has strategised its effort and increased its momentum in managing these challenges while maximising opportunities. Given the rapid development in industry landscape such as digital transformation, technology advancement/development, data security as well as IR4.0, TM has manoeuvred its focus towards managing strategic, operational and technological risks and leveraging the opportunities therefrom.

The BRC has been the platform where appropriate balancing between seizing opportunities and reasonable risk mitigations are deliberated. BRC continues to monitor the governance and execution of ERM programmes across TM. Acknowledging the rapid changes in the telecommunication market and its uncertainties, a new position of CRO

was created in 2019 aiming at spearheading programs to further uplift TM's risk culture and discipline.





Whilst TM is pursuing its business objectives towards enhancing shareholders' value and being a responsible GLC, TM aims to integrate Sustainability in the context of EES into the existing ERM framework and governance. The evolution is expected to further improve our ecosystem into sustainable long term value preservation and creation.

Excellent customer experience continues to be an element of critical importance in sustaining growth of a business. In view of this, TM continues to give priority in strengthening customer experience journey, anchored by customer insights in shaping customer experience solutions both physical and digital with a strong focus on network quality and services. More arrays of programs and activities will be put in place for future TM's business sustainability.

### SUMMARY OF PRINCIPAL ACTIVITIES

Throughout 2019, various planned activities have been implemented aimed at raising risk awareness as well as elevating risk culture across TM.

Amongst others, the following key activities were included:

Activities	Details
<b>Assessment</b> 	<ul style="list-style-type: none"> <li>State Risk Assessments were organised to widen risk implementation at selected states while strengthening risk governance and inculcating risk based thinking among regional staffs.</li> <li>AOP risk assessment with stakeholders to manage current and recurring risks as well as emerging risks that may jeopardise achievement of objectives, its potential impact and mitigation actions.</li> <li>Independent assessment by external consultant to identify, evaluate and provide gap analysis of ERM implementation as well as recommendations for effective ERM framework and its execution in TM.</li> <li>Internal compliance checks to assess the overall effectiveness of business compliance practices and standards.</li> </ul>
<b>Engagement</b> 	<ul style="list-style-type: none"> <li>Communication and engagement sessions, namely quarterly ERM sharing sessions including ERM Huddle with risk coordinators, quarterly Risk Monitor e-newsletters and engagement with Risk Champions</li> <li>Engagement with TM's senior management to provide insight and understanding on their roles towards ERM &amp; Sustainability.</li> </ul>
<b>Training</b> 	<ul style="list-style-type: none"> <li>Awareness and training on Project Risk Framework to all project managers and stakeholders/business partner for better understanding on project risk management covering all stages i.e. business case, implementation and post implementation.</li> <li>MERCIS refresher training and clinic to increase awareness on ERM &amp; MERCIS in supporting risk digital transformation.</li> </ul>
<b>Business Continuity Management (Bcm)</b> 	<ul style="list-style-type: none"> <li>BCM programs includes State BCM Engagement, Disaster Simulation Exercise, Proof of Concept activity for unifi Disaster Recovery Cabin, COW for LTE Mobile Network Disaster Recovery Plan, TM Preparedness for Northeast Monsoon and flood season and awareness on haze and pollution.</li> </ul>



## # ENTERPRISE RISK MANAGEMENT (ERM) - RISK COMMITTEE REPORT

### MANAGING CORPORATE RISKS

In providing assurance to BRC on the level of risks affecting TM, the following corporate risks are clustered, monitored and tracked to ensure minimum impacts to the business while at the same time maximising their foreseeable opportunities.

RISK CLUSTER	STRATEGIC RISKS	FINANCIAL RISKS	TECHNOLOGY/ SYSTEM	OPERATIONAL	PEOPLE
<b>Definition</b>	Unexpected changes in key elements of strategy formulation or execution including inability to implement appropriate business plans and strategies, decision making, resource allocation or inability to adapt to changes in the business environment.	Unexpected changes in external markets, prices, rates, and liquidity supply and demand or potential adverse financial condition that may negatively impact the company's cash flow.	Technology/system related failures that lead to business disruption such as information security incidents or service outages, or incompleteness in computer operations, or illegal or unauthorised use of computer systems.	Unexpected changes in elements related to operations, such as human resources, processes & disasters. It includes legal & regulatory risks arising as a result of non-conformance with laws, rules, regulations, prescribed practices, contract agreement or ethical standards	Actual or potential threat of adverse effects on society and community, internally and externally. For example, human rights violations within the workforce, workforce competency, talent management (e.g. talent development, talent attraction & retention), corruption by employees/ management
<b>List of Risks</b>	<ul style="list-style-type: none"> <li>Regulatory landscape</li> <li>Competition risk</li> <li>Loss of reputation</li> </ul>	<ul style="list-style-type: none"> <li>Cost management</li> </ul>	<ul style="list-style-type: none"> <li>Digital technology</li> <li>Cyber security threat</li> <li>Data security</li> </ul>	<ul style="list-style-type: none"> <li>Revenue leakage</li> <li>Fraud</li> <li>OSHE</li> <li>Business continuity management</li> <li>Supply sustainability</li> </ul>	<ul style="list-style-type: none"> <li>Workforce Development &amp; Readiness</li> </ul>
<b>Mitigation Controls</b>	<ul style="list-style-type: none"> <li>Active participation/ collaboration/ showcase in supporting 5G initiatives</li> <li>Engagement and syndication with regulators</li> <li>Negotiation with access seekers</li> <li>Effective Sales Acceleration</li> <li>Managing negative sentiment in social media</li> </ul>	<ul style="list-style-type: none"> <li>Aggressive negotiation with service provider/ suppliers</li> </ul>	<ul style="list-style-type: none"> <li>Effective data access management</li> <li>Enforce consequence management for non-compliance</li> </ul>	<ul style="list-style-type: none"> <li>Continuous improvement program</li> <li>Continuous engagement with local authorities and suppliers</li> <li>Compliance audit program</li> <li>Effective OSH Inspection</li> <li>Regular BCM exercise and testing</li> </ul>	<ul style="list-style-type: none"> <li>Develop future skilling Subject Matter Expert</li> <li>Realign Learning &amp; Development structure</li> </ul>

## # ENTERPRISE RISK MANAGEMENT (ERM) - RISK COMMITTEE REPORT

### EMERGING RISKS AND OPPORTUNITIES

TM continues to seize business opportunities amid the advancement of digital technology and IR4.0 so as to be the market leader. This is however done through a robust risk management practice to ensure the right balance and appropriate mitigations are in place to avoid foreseeable adverse impacts to the company.

#### i. Digital Technology

Beyond 2020, digital technology promises new solutions, further innovation and new ways to connect with our customers and markets. While there are real business merits and opportunities in the adoption of digital technology namely in improvement of speed and productivity, the digital disruption also carries significant impact on the way TM manages risk. In addressing the security, privacy and compliance risk associated with digital, TM is embarking on new wave of infrastructure upgrades both fixed and mobile as means to mitigate potential adverse impacts of digital implementation. Considering that digital transformation transcends beyond mere technology, TM will continue to invest in upskilling the workforce to allow us to embrace the new digital culture and changes.

#### ii. Industry Revolution 4.0

The fourth industrial revolution (IR4.0) is the current and developing environment in which disruptive technologies and trends such as the IoT, RPA, VR and AI are changing the way we live and work. Through AI, a system is created to learn from its surroundings and use that data to connect humans, physical tools and the digital world. Early adoption to IR4.0 is critical to avoid TM losing its competitive edge against more advanced competitors in the market, hence opportunity loss to grow new revenue stream. To ensure the Group is fully prepared for the IR4.0, TM has established programmes focusing on Customer Centricity, Connectivity and Beyond Connectivity with the ultimate intention to improve the customer journey across TM while improving manpower planning to acquire the right skillset to support the new business environment as well as expedite infusion of digital mindset.

#### iii. Realising 5G Benefits

The rise of 5G will usher in a new era of mobile Internet connectivity and services. Although still at its infancy stage, the 5G market is abundant with potential and opportunities, and TM is aggressively determined to be the dominant 5G network provider in Malaysia as demonstrated by early pilots in Subang Jaya and Langkawi in 2019 despite the uncertainty in the 5G spectrum allocation by the regulator. Robust and diligent risk management enable TM to fully exploit the opportunities offered by 5G, while at the same time managing the uncertainties and challenges of this nascent technology.

#### iv. Supply Sustainability

The ongoing global bilateral trade issues has led to the emergence of supply sustainability risk on telecommunications network equipment. Chinese telecommunications equipment make up a substantial part of TM's overall network 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.

#### v. Data security

Data provides values for organisation while at the same time creating new challenges around transparency, accuracy, security, privacy, social expectations, legal requirements and compliance to the laws, regulations and standards. As a trusted partner to the industry and key stakeholders, TM continues to take appropriate mitigation actions to protect the confidentiality, integrity and availability of information to prevent any untoward incidents. Apart from managing risks, there are opportunity to monetise the security controls and skills to other businesses to enable protection of their valuable information from security threats and hackers. Hackers and fraudsters tactics have changes over time as they aim to get through defenses before they are noticed. As such, TM will continuously ensure adequate system/tools be implemented to protect business data, to detect fraud, to improve processes and upgrade people skill set to be well-equipped to combat their new tactics.

#### vi. Corruption

Corruption and bribery practices have a significant adverse impact on the economy. Such practices contribute to inefficiencies and wastages in markets and organisations by undermining competition and innovation, misallocating resources and inflating the cost of doing business. TM prioritises integrity in its business operations and does not tolerate any corrupt practices among its employees, agents or representatives.

The upcoming updates to Section 17A of the Malaysian Anti-Corruption Commission Act (MACCA), which will come into effect in June 2020, will increase the scope of corporate liability by directly implicating the directors and management of any organisation in violation of the act. In preparation for this new regulation, moving on in 2020, TM will continue to review, evaluate and strengthen existing controls on corruption risk exposure so as to provide further assurance and alignment to the act and to demonstrate our commitment in upholding integrity throughout the organisation.

As we embrace new business opportunities, TM will continue to manage the current and new risks in our effort to ensure sustainability of business. Some of the key action plans include increase competitiveness by improving customer experience and offering innovative products, while improving staff competency in line with IR4.0 to support TM's aspiration towards building Digital Malaysia and to be leader in converged services.

## # BUSINESS CONTINUITY MANAGEMENT

### TM BUSINESS CONTINUITY MANAGEMENT (BCM) – CONTEXT

TM Group has always been at the forefront of telecommunication technology evolution to address digital transformation opportunities in the public and enterprise sector for nation building. TM's leading role in network infrastructure capability and delivery coupled with robust BCM programme ensure timely recovery of network and services during disaster. This will assure that during disaster TM is able to minimise impact of our services to customers.

### BCMS ISO 22301:2012 CERTIFICATION HAS BEEN SUCCESSFULLY IMPLEMENTED IN GITN

As the nation moves progressively towards Digital Malaysia, TM has further expanded its BCM journey by establishing BCM governance across the Group. Adoption of BCMS ISO 22301:2012 Standard is a reaffirmation of our commitment in ensuring that the implementation of BCM is consistent with BCM's best practices. In this respect, TM's wholly owned subsidiary, Government Integrated Telecommunications Network (GITN), the provider of public sector's managed network connectivity and managed security services, has taken a step further by being successfully certified with BCMS ISO 22301:2012 in August 2019.



Figure 1: GITN successfully certified BCMS 22301:2012 by SIRIM QAS Sdn Bhd

In ensuring effective BCM programme's execution, TM has in place a pool of 19 certified BCM Lead Auditors and practitioners who are instrumental in carrying out the BCM implementation and compliance to best practices.

As part of continuous and robust risk management, TM acknowledges the technology advancement of Big Data, IoT, AI and 5G, as well as uncertainties around the on-going trade war between the US and TM's key network/technology supplier, China. Hence, it is of paramount importance to ensure timely assessment of possible threats as well as implementation and testing of appropriate recovery strategies to provide the stakeholders, industry and customers the confidence and needed assurance of TM's service continuity and quality.

### Disaster Recovery Equipment deployment for Unifi and Mobile Services

Continuous Business Impact Analysis (BIA) and simulation exercises with different scenarios allow TM to proactively formulate workable recovery strategies and manages emerging risk exposures at an early stage. This was demonstrated through various assurance programmes carried out in 2019 to further improve the readiness and effectiveness of TM's BCM programme:

- unifi service Disaster Recovery Equipment (DRE) simulation to improve recovery speed for fixed broadband services
- Implementation of CoW solutions, to improve mobile products and convergence solutions service availability and recovery.
- Implementation of business continuity plan at contact centres, Live Chats and social media to compliment TMpoint outlets in ensuring uninterrupted customer service and experience.
- Four (4) simulation drills to evaluate and improve the effectiveness of business continuity plans for TM's network/connectivity infrastructure, being the key assets supporting TM business and service operations.
- Introduction of BCM program at MMU to ensure uninterrupted education and learning experience in the event of crisis or disaster.

### DISASTER SIMULATION EXERCISE AT TM STATE LEVEL IN COLLABORATION WITH STATE GOVERNMENT AGENCIES

At the national level, in the event of disaster, TM's primary duty is to protect its assets, which are classified as Critical National Information Infrastructure (CNII) through collaboration with Government agencies, relevant statutory bodies and private sectors.

TM continues to have a close and active collaboration with Government agencies through its participation in the National Cyber Crisis Exercise (X-MAYA Cyber Drill) together with Malaysia National Cyber Security Agency (NACSA) to simulate Cyber-attack and assess TM's internal and external communication, processes and procedures including Information Security BCM team readiness in managing Cybersecurity incidents.

Whilst the primary focus of TM's BCM is at the corporate level, TM is progressively building BCM capability at the state level by jointly hosting the Disaster Simulation Drill exercise with SUK Negeri Sembilan, State Government Agencies with MCMC as observers in October 2019. The full-scale emergency drill was meant to test the joint readiness of state Government agencies and representatives of the local communities in the event of natural and man-made disasters namely landslide, fire and tower collapse at hill stations.



## # BUSINESS CONTINUITY MANAGEMENT



Figure 2: TM Simulation Disaster Exercise in collaboration with relevant State Government agencies at Negeri Sembilan

### MOVING FORWARD

As TM continues to champion the Digital Malaysia aspiration, business and service continuity readiness need to be ingrained as part of important TM's working culture as well as embedding BCM into business planning and operations to mitigate potential losses in the event of disaster.

As we move into a more challenging environment, we continue to strengthen and drive a well-tested and robust BCM programme as our commitment to uphold good customer experience and to preserve TM's corporate reputation.

## # 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

There were no proceeds from corporate proposals carried out during the financial year.

*[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 2019 or entered into since the end of the previous financial year ended 31 December 2018.

*[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 2019 is disclosed on pages 158 to 159 of the Financial Statements.

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

#### 4.0 EMPLOYEE SHARE SCHEME - LONG TERM INCENTIVE PLAN (LTIP)

In the year under review, the shareholders at the 34<sup>th</sup> AGM has approved the maximum allowable grants pursuant to the LTIP to Mohd Azizi Rosli, a Person Connected to Rosli Man, Chairman of TM of up to 40,000 of the new ordinary shares of the Company (TM Shares). The total grant to Mohd Azizi since the commencement of the LTIP was 2,500 shares which has been granted in December 2016 (700 shares), June 2017 (700 shares) and June 2019 (1,100 shares) respectively. The first LTIP granted to him in 2016 was fully vested on 31 July 2019 upon meeting the LTIP vesting conditions set by the LTIP Committee.

In 2019, Shazril Imri Mokhtar, the then Acting Group Chief Executive Officer was granted 86,700 shares in June 2019 and 88,600 shares in December 2019. Pursuant to the LTIP By-Laws, the grant became void, of no effect and ceased upon his resignation on 31 January 2020.

Since commencement of the scheme, the aggregate maximum allocation applicable to Key Senior Management stated in pages 148 to 155 was 0.50% of the total shares made available under the LTIP and the actual percentage granted to them was 0.25%, of which 0.15% (553,100 shares) has been granted in 2019.

During the year under review, up to 15,274,100 units of RS and 2,119,300 units of PS were granted under the LTIP. The first LTIP grant (i.e. RS) granted to TM employees on 1 December 2016 had been fully vested on 31 July 2019.

*[Disclosed in accordance with Appendix 9C, Part A, item 27 of the Main LR]*

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

At the 34<sup>th</sup> Annual General Meeting (AGM) held on 29 May 2019, 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 25 April 2019 (RRPT Mandate). This RRPT Mandate is valid until the conclusion of the forthcoming 35<sup>th</sup> AGM of the Company.



## # ADDITIONAL COMPLIANCE INFORMATION

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 2019 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 @ Hamidon, Iszad Jeffri Ismail, Dato' Mohamed Nasri Sallehuddin	In addition to their shareholdings in our Company, Khazanah and MOF Inc. have direct and indirect shareholdings of 36.93% in Axiata.  Dato' Asri Hamidin @ Hamidon and his Alternate, Iszad Jeffri Ismail are representatives of MOF Inc. on our Board.  Dato' Mohamed Nasri Sallehuddin is Khazanah's representative on our Board.	<b>Revenue</b>					
				- Interconnect revenue from Axiata Group.	24,139				
				- Provision of leased-line services to Axiata Group.	6,580				
				- Provision of data and bandwidth related services to Axiata Group.	69,757				
				- Site rental for telecommunications infrastructure, equipment and related charges by TM Group to Axiata Group.	54,055				
				- Provision of Internet access and broadband services to Axiata Group.	271				
				- Provision of contact centre and business process outsourcing services by VADS Berhad (VADS) to Axiata Group.	28,710				
				- Provision of fibre optic core and bandwidth services by Fiberail Sdn Bhd to Axiata Group.	316				
				- Provision of fibre optic, bandwidth, space and facility by Fibrecomm Network (M) Sdn Bhd (Fibrecomm) to Axiata Group.	614				
				- Rental of office premises to Axiata Group.	68				
				<b>Cost</b>					
				- Interconnect charges by Axiata Group.	26,974				
				- Leased-line charges by Axiata Group.	2,049				
				- Fibre optic and leased-line charges by Axiata Group to Fibrecomm.	1,067				
				- Core rental and mobile services from Axiata Group to TM Group.	1,595				
				- Network sharing charges using Domestic Roaming and Multi Operator Core Network by Celcom to Webe Digital Sdn Bhd.	163,163				
				- Site rental for telecommunications infrastructure, equipment and related charges by Axiata Group to TM Group.	41,719				
				<b>TOTAL</b>	<b>421,077</b>				
				Our Company and/or our subsidiaries	Tenaga Nasional Berhad (TNB) and its subsidiaries (TNB Group)	MOF Inc., Khazanah, Dato' Asri Hamidin @ Hamidon, Iszad Jeffri Ismail, Dato' Mohamed Nasri Sallehuddin	In addition to their shareholding in our Company, Khazanah and MOF Inc. have direct and indirect shareholding of 27.26% in TNB.  Dato' Asri Hamidin @ Hamidon and his Alternate, Iszad Jeffri Ismail are representative of MOF Inc. on our Board.  Dato' Mohamed Nasri Sallehuddin is Khazanah's representative on our Board.	<b>Revenue</b>	
								- Provision of connectivity services, ICT equipment and security surveillance devices to TNB Group.	24,250
- Provision of fibre optic and bandwidth for telecommunication services by TNB Group.	21,187								
- Commission on collection of TNB bills by Telekom Sales and Services Sdn Bhd from TNB Group.	118								
- Rental of Office Premises to TNB Group.	1,642								
<b>Cost</b>									
- Leasing of fibre optic from TNB Group.	18,654								
- Leasing of infrastructure for telecommunication services from TNB Group.	9,501								
<b>TOTAL</b>	<b>75,352</b>								

## # CORPORATE DIRECTORY



FOLLOW

### HEAD OFFICE

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- @weareunifi
- @unifi
- @unifi
- unifi

### TM ONE

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Scan QR code for more information about TM

## # CORPORATE DIRECTORY

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### TELEKOM RESEARCH & DEVELOPMENT SDN BHD

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## # GLOSSARY

5GCC	5G Command Centre	CNO	Chief Network Officer
5GDP	5G Demonstration Project	COBIT	Control Objectives for Information and Related Technology
<b>A</b> AAPG	Audit and Assurance Practice Guide	COINS	Corporate Information Superhighway
ABAC	Audit and Business Assurance Committee	CONCISE	Collection and Credit Information System
ACCA	Association of Chartered Certified Accountants	COO	Chief Operating Officer
AGM	Annual General Meeting	COPM	Centralised Organisation Programme Management
AI	Artificial Intelligence	COSO	Committee of the Sponsoring Organisation of the Treadway Commission
AOP	Annual Operating Plan	COVID-19	Coronavirus Disease 2019
APICTA	Asia Pacific Information and Information Technology Award	CoW	Cellular on Wheel
API	Application Programming Interface	CPA	Certified Public Accountant
Apps	Applications	CPO	Chief Procurement Officer
AR	Account Receivable	CR	Corporate Responsibility
ARPU	Average Revenue Per User	CRO	Chief Risk Officer
ASEAN	Association of Southeast Asian Nations	CSO	Chief Strategy Officer
<b>B</b> BAC	Board Audit Committee	CSR	Corporate Social Responsibility
BBF	Broadband Fiberisation	CTIO	Chief Technology and Innovation Officer
BBS	Behavioural Based Safety	CXO	Chief Experience Officer
BCM	Business Continuity Management	<b>D</b> DC	Data Centres
BCP	Business Continuity Plan	DDoS	Distributed Denial of Service
BDM	Batam-Dumai-Melaka	DMCS	Dumai (Sumatera) Melaka Cable System
BEA	Bumiputera Empowerment Agenda	DoA	Declaration of Assets
BEE	Board Effectiveness Evaluation	DoE	Department of Environment
BIA	Business Impact Analysis	DoF	Department of Fisheries
BIC	Board Investment Committee	DRE	Disaster Recovery Equipment
Board	Board of Directors	<b>E</b> EBIT	Earnings Before Interest and Tax
BOC	Business of Operations Council	EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
BPC	Best Practice Committee	EC	Experience Centre
BPG	Business Policy and Governance	ED	Executive Director
BPIP	Board Performance Improvement Programme	EEO	Energy Efficiency Optimisation
BPO	Business Process Outsourcing	EES	Economic, Environment and Social
BRC	Board Risk Committee	EGM	Extraordinary General Meeting
BRM	Billing and Revenue Management	eMBB	Enhance Mobile Broadband
BSS	Business Support System	EMF	Electromagnetic Frequency
BTC	Board Tender Committee	EPC	Energy Performance Contracting
BTP	Board Training Programme	EPE	Employee Productivity Enhancement
Bursa Securities	Bursa Malaysia Securities Berhad	EPF	Employee Provident Fund
BVDP	Bumiputera Vendor Development Programme	EPI	Environmental Performance Index
<b>C</b> CAGR	Compound Annual Growth Rate	EPU	Economic Planning Unit
CAPEX	Capital Expenditure	ERM	Enterprise Risk Management
CBE	Code of Business Ethics	ERP	Enterprise Resource Planning
CCO	Chief Commercial Officer	ESG	Environmental, Social and Governance
CDN	Content Delivery Network	ESI	Energy Saving Initiatives
CDO	Chief Digital Officer	EY	Ernst & Young
CEPA	Conservation, Education and Public Awareness	<b>F</b> FMC	Fixed-Mobile Convergence
CG	Corporate Governance	FWA	Fixed Wireless Access
CGU	Cash Generating Units	<b>G</b> GBA	Group Business Assurance
CIA	Chief Internal Auditor	GBC	Group Brand and Communication
CIDB	Construction Industry Development Board	GBI	Green Building Index
CITP	Certificate in Training Practices	GCEO	Group Chief Executive Officer
CIGO	Chief Integrity and Governance Officer	GCFO	Group Chief Financial Officer
CIO	Chief Information Officer	GDC	Group Digital Centre
CLIFF	Customer & LOBs in Fraud Frontier	GDP	Gross Domestic Product
CLSO	Chief Legal and Secretarial Officer	GHCM	Group Human Capital Management
CNII	Critical National Information Infrastructure	GHG	Greenhouse Gas

## # GLOSSARY

GIA	Group Internal Auditor	LOBs	Lines of Businesses
GIC	Government Investment Companies	LR	Listing Requirements
GIG	Group Integrity and Governance	LTE	Long-Term Evolution
GIS	Group Information Security	LTI	Lost Time Injury
GIT	Group Information Technology	LTIP	Long-Term Incentive Plan
GITD	Group IT & Digital	<b>M</b> MACCA	Malaysian Anti-Corruption Commission Act
GITN	Government Integrated Telecommunications Network	MAICSA	Malaysian Institute of Chartered Secretaries and Administrators
GLC	Government-linked Company	Main LR	Main Market Listing Requirements
GNT	Group Network Technology	MC	Management Committee
GP	Group Procurement	MCCG	Malaysian Code on Corporate Governance
GRI	Global Reporting Initiative	MCIM	Member of Chartered Institute of Marketing
GRM	Group Risk Management	MCMC	Malaysian Communications and Multimedia Commission
GS	Group Strategy	MCO	Movement Control Order
GSM	Global System Mobile Association	MCT	Malaysia-Cambodia-Thailand
GST	Goods and Services Tax	MD	Managing Director
<b>H</b> HBI	Happy Barometer Index	MDEC	Malaysian Digital Economy Corporation
HSBB	High Speed Broadband	MDSCS	Malaysian Domestic Submarine Cable System
HSE	Health, Safety and Environment	MEF	Malaysia Employer Federation
<b>I</b> IBSS	International Banking Summer School	MERCIS	Management of Enterprise Risk, Compliance, Insurance, Incident and Information Security System
ICI	Internal Control Incident	MFRS	Malaysian Financial Reporting Standards
ICM	Internal Control Memorandum	MICPA	The Malaysian Institute of Certified Public Accountants
ICP	iCare Prime	MICPS	Member of Chartered Institute of Procurement Supply
ICSA	Institute of Chartered Secretaries and Administrators	mMTC	Massive Machine-type communication
ICT	Information & Communications Technology	MMU	Multimedia University
IDEAS+	Intelligent Network Diagnostic & Expert Advisory System for Service Desk	MNO	Multinasional Organisation
IGU	Integrity and Governance Unit	MNOs	Mobile Network Operations
IIRC	International Integrated Reporting Council	MoC	Memorandum of Collaboration
INED	Independent Non-Executive Director	MOE	Ministry of Education
INTAN	National Institute of Public Administration	MOF	Minister of Finance
IOC	Integrated Operations Centre	MOH	Ministry of Health
IOCC	Integrated Operations Command Centre	MoU	Memorandum of Understanding
IoT	Internet of Things	MPH	Multipurpose Hall
IP	Internet Protocol	MPLBP	Majlis Perbandaran Langkawi Bandaraya Pelancongan
IPDC	Iskandar Puteri Data Centre	MPSJ	Majlis Perbandaran Subang Jaya
IPLC	International Private Leased Circuit	MSC	Multimedia Super Corridor
IPVPN	Internet Protocol Virtual Private Network	MSWG	Minority Shareholder Watchdog Group
IR4.0	Industrial Revolution 4.0	<b>N</b> NACRA	National Annual Corporate Report Awards
IRB	Inland Revenue Board	NACSA	National Cyber Security Agency
ITSA	IT Strategy & Infrastructure	NBOs	National Blue Ocean Strategy
ISMS	Information Security Management System	NCSB	NIOSH Certification Sdn Bhd
ISO	International Organisation for Standardisation	ND	Network Delivery
ISP	Internet Service Provider	NEC	Non-Executive Chairman
<b>J</b> JASS	Jendela Aplikasi Servis dan Solusi	NECS	Now Everyone Can Sell
<b>K</b> KKMM	Ministry of Communications and Multimedia Malaysia	NED	Non-Executive Director
KOBK	Koperasi Bukit Kepong	NES	Net-Easy Score
KPA	Kelab Pencita Alam	NFCP	National Fibreisation and Connectivity Plan
KPI	Key Performance Indicator	NFV	Network Function Virtualisation
KPKT	Ministry of Housing and Local Government	NGO	Non-Government Organisations
KVDC	Klang Valley Data Centre	NINE	Non- Independent Non-Executive
<b>L</b> LADA	Langkawi Development Authority	NINED	Non-Independent Non-Executive Director
L&D	Learning and Development	NOC	Network Operations Centre
LEED	Leadership in Energy and Environmental Design		
LIA	Langkawi International Airport		
LoA	Limit of Authority		



## # GLOSSARY

NOVA	Next-Gen Opportunity Vibrant Ambition	SEA-ME-WE4 (SMW4)	South East Asia-Middle East-Western Europe Cable System 4
NPS	Net Promoter Score	SEA-ME-WE5 (SMW5)	South East Asia – Middle East – Western Europe Cable System 5
NRC	Nomination and Remuneration Committee	SEF	Supplier Enquiry Form
NSC	National Security Council	SID	Senior Independent Director
NTIP	National Telecommunications Infrastructure Provider	SIRIM	Standards and Industrial Research Institute of Malaysia
<b>O</b> OHSMS	Occupational Health and Safety Management System	SKRM	Sistem Kabel Rakyat Malaysia
OIP	Open Innovation Platform	SME	Small Medium Enterprise
OPEX	Operating Expenditure	SMS	Short Message System
OSHA	Occupational Safety and Health Act	SOCISO	Social Security Organisation
OSHE	Occupational Safety, Health and Environment	SOP	Standard Operating Procedure
OSS	Open Source Software	SORMIC	Statement on Risk Management and Internal Control
OTT	Over-The-Top	SRF	Subsidiaries' Board Remuneration Framework
OUM	Open University Malaysia	SRMM	Supplier Relationship and Material Management
<b>P</b> P2C	People Compliance Committee	STARS	Smart Traffic Analytics Recognition System
PATAMI	Profit After Tax and Minority Interests	STEM	Science, Technology and Mathematics
PBT	Profit Before Tax	<b>T</b> TechCom	Technology Committee
PCC	Procurement Compliance Committee	TDD	Time Division Duplex
PCG	Putrajaya Committee on GLCs High Performance	TM R&D	TM Research and Development
PCI DSS	Payment Card Industry Data Security Standards	TMCC	TM Convention Centre
PDPA	Personal Data Protection Act	TMTEC	TM Tender Evaluation Centre
PDRM	Polis DiRaja Malaysia	ToR	Terms of Reference
PIP	Performance Improvement Programme	TRACE	TM Revenue Assurance System
PIR	Post Investment Review	TRI*M	Measurement of customer satisfaction index
PKTBM	Persatuan Keusahawanan Telekomunikasi Berhad Malaysia	TS25	Transformasi Sekolah Programme by 2025
PKTM	Persatuan Kontraktor Telekomunikasi Malaysia	TVET	Technical and Vocational Education and Training
PMI	Procurement Maturity Index	TVRA	Threat, Vulnerability and Risk Assessment
POC	Proof of Concept	<b>U</b> UN SDG	United Nation's Sustainable Development Goals
PoPs	Point-of-Presences	uBC	unifi Business Club
PPP	Public-Private Partnership	UIUX	User Interface and User Experience
PS	Performance Share	UMW	UMW Corporation Sdn Bhd
PSP	Performance Share Plan	UNEP	United Nations Environment Programme
PUW	Program Usahawan Wanita	UnisZA	Universiti Sultan Zainal Abidin
<b>Q</b> QoQ	Quarter-on-Quarter	URLLC	Ultra-Reliable Low Latency Communications
<b>R</b> R&D	Research & Development	US EPA	US Environmental Protection Agency
R2R	Recording to Reporting	US GBC	US Green Building Council
RAN	Radio Access Network	USP	Universal Service Provision
RITA	Revolutionising IoT TM Access	<b>V</b> V2X	Vehicle-to-Everything
RO	Regional Offices	VDI	Voice, Data and Internet
ROHS	Restriction of Hazardous Substances	VR	Virtual Reality
ROI	Return on Investment	<b>W</b> Wi-Fi	Wireless Fidelity
RPT	Related Party Transactions	<b>Y</b> YCM	Yayasan Coral Malaysia
RR	Rakan Rangkaian	YTM	Yayasan TM
RRPTs	Recurrent Related Party Transactions		
RS	Restricted Shares		
<b>S</b> SA	Standalone		
SC	Securities Commission		
SAT-3	South Atlantic-3 Cable System		
SB	Support Business		
SDGs	Sustainable Development Goals		
SDN	Software Defined Network		
SDWAN	Software-Defined Networking in a Wide Area Network		
SEA-ME-WE3 (SMW3)	South East Asia-Middle East-Western Europe Cable System 3		

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