

Progress For All

**Integrated  
Annual  
Report  
2021**

**Corporate  
Overview**



## PROGRESS FOR ALL

Growth is an essential part of nature, wherever life may take root. It is a fundamental process that has inspired us at TM since inception, as we continue on our mission to transform the life and livelihood of every single citizen of the nation.

This year, as we celebrate our 75<sup>th</sup> anniversary, we look upon the many crucial lessons we have learnt along the way. These experiences, both good and bad, have provided us with the insights as well as the motivation to do better, spurring us to achieve greater things. We aim to create a better and more sustainable society, leaving behind a better world for future generations.

Our journey, challenging as it may be, is far from complete. Our history is part of our story, guiding us as we take our next steps, helping us shape what is yet to come.

Visually, this journey is materialised through a single-line illustration that forms an unending link, flowing through each page. It not only represents the milestones we have accomplished, but also how we envision what is to be, today and tomorrow.

It is through the myriad of stories contained within this annual report that we express our convictions and ambitions: Progress For All, in all aspects of humankind.

*Rationale*

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## Our integrated reporting approach demonstrates how we create value for stakeholders

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## ...that's driven by a focused leadership

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## ...guided by our New TM Compass

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## ...to ensure continued growth

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## ...whilst being a responsible business

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## ...with a strong culture that's derived from our shared TM Values

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Pusat Ekonomi Digital Keluarga Malaysia (PEDi) is one of our success stories. PEDi is an initiative that provides digital and entrepreneurial skills training to people with limited access to the internet, as part of our ESG commitment in enriching social prosperity and livelihood with digital inclusiveness





# Serving the nation

TM's commitment to nation-building and driving Malaysia's ESG agenda not only revolves around infrastructure and technology, but also through the empowerment of its populace. As a primary driver of innovation, we are invested in nurturing local talents and developing digital proficiency in Malaysia

# Our Reporting Journey

Welcome to Telekom Malaysia Berhad’s (TM) Integrated Annual Report (IAR) 2021! We are pleased to share a balanced and fair assessment of the value we create for stakeholders this year. Our reporting process meets baseline industry and sustainability standards, demonstrating how we manage ESG risks and opportunities in a way that is value-accretive. As TM enters its 75<sup>th</sup> year in connecting Malaysians, we continue to evolve according to the nation’s changing needs. This report demonstrates how TM integrates key aspects of value creation to create a better and more sustainable future for everyone – by enabling a Digital Malaysia.

## Scope & Boundaries

TM’s IAR is produced and published annually, covering the full calendar year from 1 January to 31 December 2021 for financial and up to 16 March 2022 for non-financial. The report encompasses all its operations and activities across Malaysia. These include financial and non-financial performance, key strategies, material matters, risks and opportunities, and stakeholder value creation.

## Reporting Frameworks

- The International Integrated Reporting Council (IIRC) Framework
- Bursa Malaysia Securities Berhad’s Main Market Listing Requirements (Main LR)
- Malaysian Code on Corporate Governance (MCCG)
- Malaysian Companies Act 2016
- Malaysian Financial Reporting Standards (MFRS)
- Global Reporting Initiative (GRI) Sustainability Reporting Standards
- Bursa Malaysia’s Main LR on Sustainability Reporting
- The Association of Certified Chartered Accountants (ACCA) Malaysia Sustainability Reporting Guidelines for Malaysian Companies
- Task Force on Climate-related Financial Disclosures (TCFD)
- Bursa Malaysia’s Sustainability Reporting Guide
- The United Nations Sustainable Development Goals (UN SDGs)
- ISO 26000:2010 Guidance on Social Responsibility

## Reporting Principles

TM ensures the quality of its reporting disclosures by adhering to the following principles:

- Transparency:** Provides clear and truthful information to stakeholders, allowing them to accurately assess our strategies, outcomes and effectiveness.
- Materiality:** Emphasises TM’s economic, environmental and social (EES) impacts that significantly affect long-term stakeholder value.
- Stakeholder Inclusiveness:** Describes TM’s efforts to meet the ever-changing expectations of all stakeholders.
- Sustainability Context:** Elaborates on TM’s activities and performance in the context of sustainability risks and opportunities.
- Balance:** Reports on both positive and negative aspects of the business, enabling stakeholders to evaluate our overall performance fairly and rationally.
- Comparability:** Includes information from previous years, where possible, to demonstrate changes in our performance over time.
- Potential:** Indicates the current and future growth potential of our ideas, products, strategies and capital development, so stakeholders can better understand the reasoning behind our decisions.

## Sustainability Impact

Sustainability is a key aspect of our business. Our value creation efforts are influenced by economic, environmental and social factors. We also implement measures that strengthen good governance, which we view as a critical tool for our sustainability journey. Throughout this report, we have labelled the positive impacts of our outcomes and achievements:

- Economic Impact
- Social Impact
- Environmental Impact
- Governance

## Independent Assurance

The credibility of TM’s reporting disclosures has been verified by the independent auditors/verification companies:

Activity	Company
Consolidated Financial Statements Audit	Ernst & Young PLT (EY)
Carbon Footprint Assessment	SIRIM QAS International Sdn Bhd
Sustainability Disclosures Verification	SIRIM QAS International Sdn Bhd

## Forward-Looking Statements

This report contains certain forward-looking statements concerning TM’s future priorities, strategies and growth opportunities. These are based on predictions and expectations that may change due to various uncertainties beyond its control. Therefore, all forward-looking statements are not conclusive and have not been reviewed by TM’s auditors.

**Reach Out to Us!**  
 We at TM are always looking for ways to improve our reporting disclosures to keep our stakeholders better informed on our value creation journey. We welcome all questions or suggestions.

Please share your feedback to [gsc@tm.com.my](mailto:gsc@tm.com.my)

## Statement from the Board of Directors

The Board acknowledges its responsibility in ensuring the integrity of TM’s IAR 2021. In the Board’s opinion, this integrated report addresses all the issues material to TM’s business and stakeholders, providing a fair assessment of its integrated performance during the reporting year.

**Tan Sri Mohammed Azlan Hashim**  
 Chairman of the Board

### Navigation Tools:

#### Capitals

- Human
- Intellectual
- Natural
- Social and Relationship
- Financial
- Manufactured

#### Material Matters

- M1 Product Innovation
- M2 Customer Experience
- M3 Responsible Supply Chain
- M4 Climate Change
- M5 Human Capital
- M6 Community Development
- M7 Governance

#### Strategic Pillars

- Our Purpose
- Our Business
- Our Customer
- Our People

#### Stakeholders

- Employees
- Customers
- Shareholders & Investment Communities
- Government & Regulators
- Suppliers
- Business Partners
- Media
- Communities
- Unions

Please click [here](#) for the three (3) years of Sustainability Performance Data

# Key Integrated Concepts

We focus on creating shared value that benefits all our stakeholders, aligning with our sustainability journey. To do so, we adopt a holistic approach to understanding and addressing ESG matters that impact our ability to create near, medium and long-term value. Our value creation journey is shaped by the following:

**UNDERSTANDING THE CONTEXT**

**Operating Landscape**

TM's ability to drive a Digital Malaysia and create sustainable value is influenced by the environment in which we operate. By monitoring market trends, economic conditions and regulatory requirements, we are able to stay ahead of emerging challenges and opportunities that impact our long-term value.

▶

🕒 See page 28

**Stakeholder Needs**

As a stakeholder-centric organisation, our long-term success depends on the trust and support of our loyal stakeholders. We regularly engage with them to understand how to serve them better. Every business decision is anchored on balancing their needs to create value for each stakeholder group.

▶

🕒 See page 22

**Risks & Opportunities**

Our business aspirations and purpose remain susceptible to risks and opportunities that could materially impact the delivery of stakeholder value. Effective risk management allows us to mitigate these risks while leveraging opportunities that improve our competitive edge and strategy execution.

▶

🕒 See page 42

**SHAPING OUR DIRECTION**

**Materiality**

As a sustainable business, we apply the principle of materiality in formulating business decisions. Our strategies are shaped by the issues, opportunities and challenges that materially impact business and stakeholder value creation.

▶

🕒 See page 25

**Strategic Purpose**

Our nation-building aspirations and business priorities are embedded into TM's strategy, the New TM Compass. This strategy sets us on a path to transform into a human-centred organisation so we can continue meeting stakeholder needs far into the future.

▶

🕒 See page 37

**EXECUTING OUR STRATEGY**

**The Six (6) Capitals**

We strive to create both financial and non-financial value for our stakeholders. Our long-term success is shaped by our ability to effectively leverage the following six (6) capitals into our strategic decisions:

 <p><b>Financial Capital</b></p> <p>Our income and earnings are used to operate and grow the business. We channel our funds to pay relevant stakeholders, finance other types of capital and propel our sustainability and Digital Malaysia aspirations.</p> <p>▶</p> <p>🕒 See page 34</p>	 <p><b>Human Capital</b></p> <p>Our dedicated and skilled <i>Warga TM</i> acts as our execution engine. We invest in our employees so they can drive our strategic purpose forward.</p>	 <p><b>Intellectual Capital</b></p> <p>Our rich 75-year history as an industry pioneer is what the stakeholders trust. We embrace new technologies and digital solutions that strengthen our value proposition and competitive edge.</p>	 <p><b>Natural Capital</b></p> <p>Our operations rely on a range of resources, including energy, water, radio spectrum and other natural resources. As we progress on our sustainability journey, we strive to continuously reduce the impact of our activities on the environment.</p>	 <p><b>Social &amp; Relationship Capital</b></p> <p>Our strong and meaningful stakeholder relationships allow us to meet our nation-building agenda. We take pride in creating bonds that build a resilient and thriving society.</p>	 <p><b>Manufactured Capital</b></p> <p>Our vast infrastructure network, data centres and base stations are essential in connecting Malaysians nationwide. We also have retail outlets, office buildings and other physical assets that play important roles in our growth and operations.</p>
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**CREATING MEANINGFUL VALUE**

**Value Creation**

Ultimately, the purpose of our business is to create sustainable value for a broad set of stakeholder needs, such as maximising profits for shareholders and investors, creating a safe and conducive workplace for employees and suppliers, delivering innovative products and solutions to customers, supporting the Government in enabling a Digital Malaysia, and protecting the planet for society at large.

▶

🕒 See pages 32 & 33



# Performance Highlights

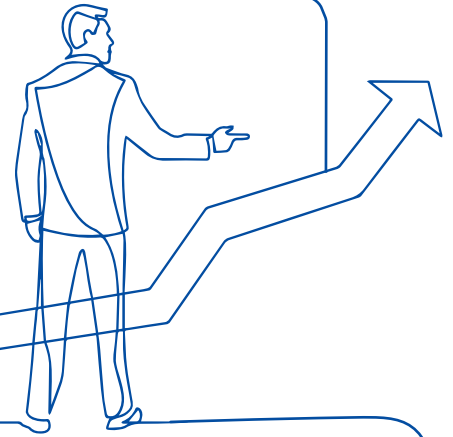
## KEY ACHIEVEMENTS

GROUP REVENUE  
**RM11.5 billion**

GROUP PATAMI  
**RM895.2 million**

EBIT  
**RM1.7 billion**

TOTAL DIVIDEND PAYOUT  
**RM490.6 million**  
(13.0 sen per share)



## OUR CUSTOMERS

TOTAL CUSTOMERS NATIONWIDE  
**3.4 million**

HOME  
**3.0 million**  
includes voice, broadband, unifi Mobile and unifi TV

SME  
**0.4 million**  
includes voice, broadband, unifi Mobile and solutions



- **≈9,000** Corporate customers
- **1,300** Federal, State Governments, Agencies
- **9** Data centres (including 3 world-class Tier III/Rated 3 data centres)



- **≈150** Malaysian Telcos
- **>500** International Telcos, OTT, hyperscalers
- **6** Regional Offices in **6** continents

## OUR NETWORK

### CABLES

**>900,000 km**

fibre cables globally including:

▶ **>650,000 km** domestic fibre cables

▶ **>320,000 km** submarine cables with **≈30** submarine cable systems



## ESG PERFORMANCE

### FTSE4Good Bursa Malaysia:

- **4** out of 4 stars rating
- Among top **25%** of Malaysian public listed companies on FTSE4Good Bursa Malaysia

### Environmental Footprint:

- **8%** reduction of overall GHG emission

### WARGA TM

**>20,000**

NON-EXECUTIVES  
**51%**

EXECUTIVES  
**49%**

### DIVERSITY:

**36%** women on Board and **31%** women in Management

## OUR PEOPLE





# What We Do

TM has served the nation with its comprehensive suite of communication services and solutions for over 75 years, and will proudly continue to play its role in ensuring inclusive connectivity for all Malaysians. First established as the Malayan Telecommunications Department in 1946, TM has grown leaps and bounds through various cycles of the country's telecommunication technology evolution. Now, TM is ready to enable digital to create a more sustainable future for all Malaysians. The Group is leveraging its innovative culture to deliver smart solutions that not only make lives easier, but also safeguard people and the environment. This is part of our sustainability commitment.

The Group is focused on growing the business to better serve the *Rakyat*, Businesses, Public Sector, Industry as well as its Shareholders with excellence in customer experience, solutions and connectivity at the core of its foundation. Being a digital growth company, TM is also well on its transformation journey from a public utility provider into a technology and digital solutions partner to enterprises, Government as well as customers.

As the nation's premier telecommunications and digital infrastructure provider, TM is ready to support the implementation of the Government's MyDIGITAL Blueprint in creating a fully-connected Digital Malaysia with the widest fibre backhaul infrastructure across the country. TM is also well-positioned to support the 5G rollout for the country, with continuous upgrade and expansion of its fibre network. In addition, as the sole home-based cloud service provider under the Blueprint, the Group is all geared up towards realising a fully digital Government with cloud and cybersecurity improvements.

TM continues to support and enable the implementation of the Jalinan Digital Negara (JENDELA) action plan, which aims to accelerate digital connectivity through widespread deployment of mobile, fibre and Fixed Wireless Access (FWA).

Striking a balance between performing as a Public Listed Company (PLC) and responsibilities towards nation-building as a Government-Linked Company (GLC), TM drives strong commercial and sustainable returns to invest in strengthening its core business, new growth areas as well as the communities and nation at large.

TM continues to evolve to meet the needs of its stakeholders and the demands of the future, and lead the industry in innovation, customer centricity and value creation; driven by its aspirations to be a human-centred technology company in delivering Digital Malaysia.

## OUR VISION

**To Make Life and Business Easier, for a Better Malaysia**

## OUR VALUES

- ▷ Total Commitment to Customers
- ▷ Uncompromising Integrity
- ▷ Respect & Care

## OUR MISSION

**We deliver Life Made Easier:**

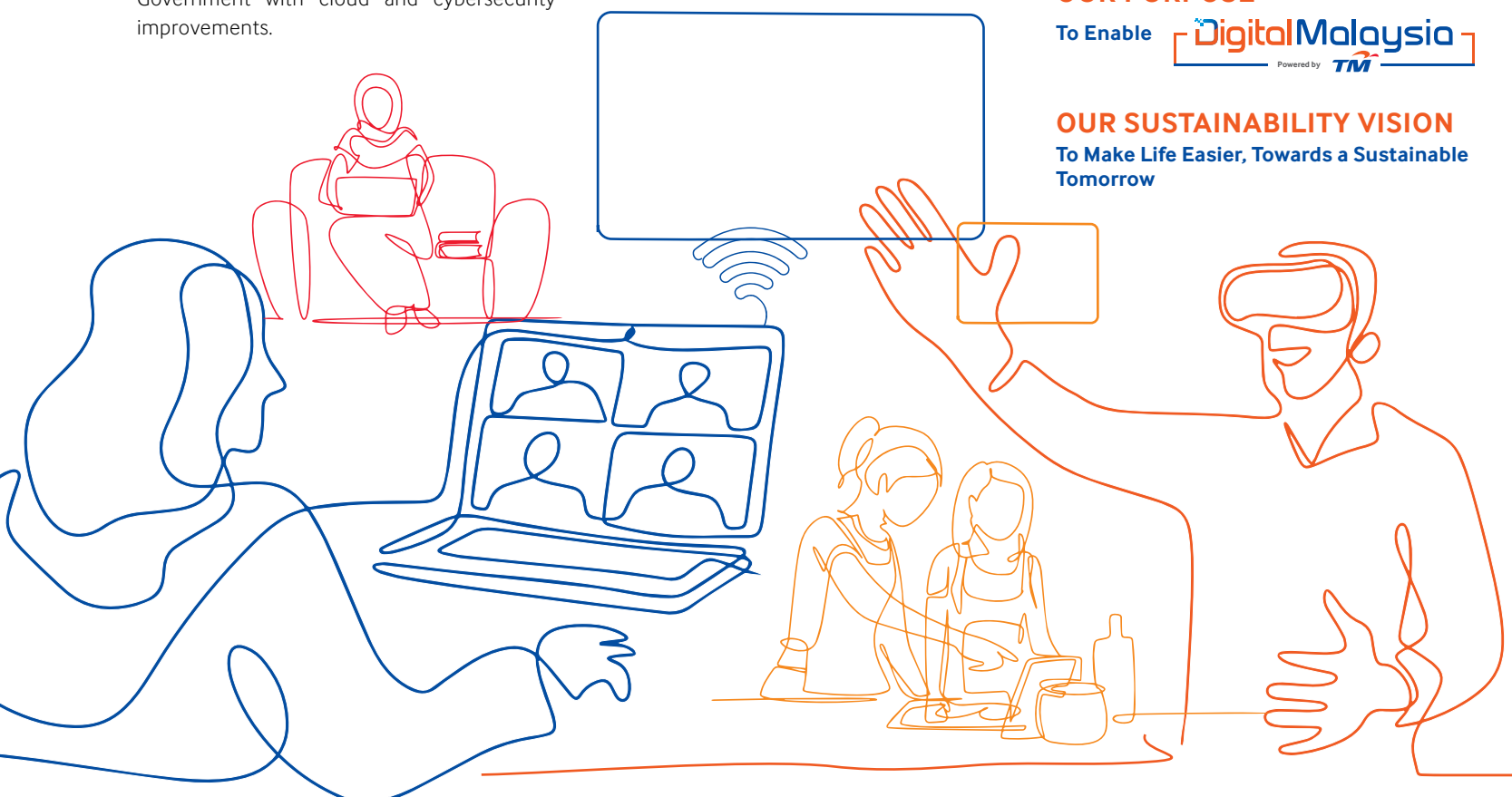
- 1 **To customers, through converged lifestyle communication experiences**
- 2 **To businesses, by collaborating and supporting them with integrated solutions**
- 3 **To the nation, by supporting socio-economic development through education, innovation & social initiatives**

## OUR PURPOSE

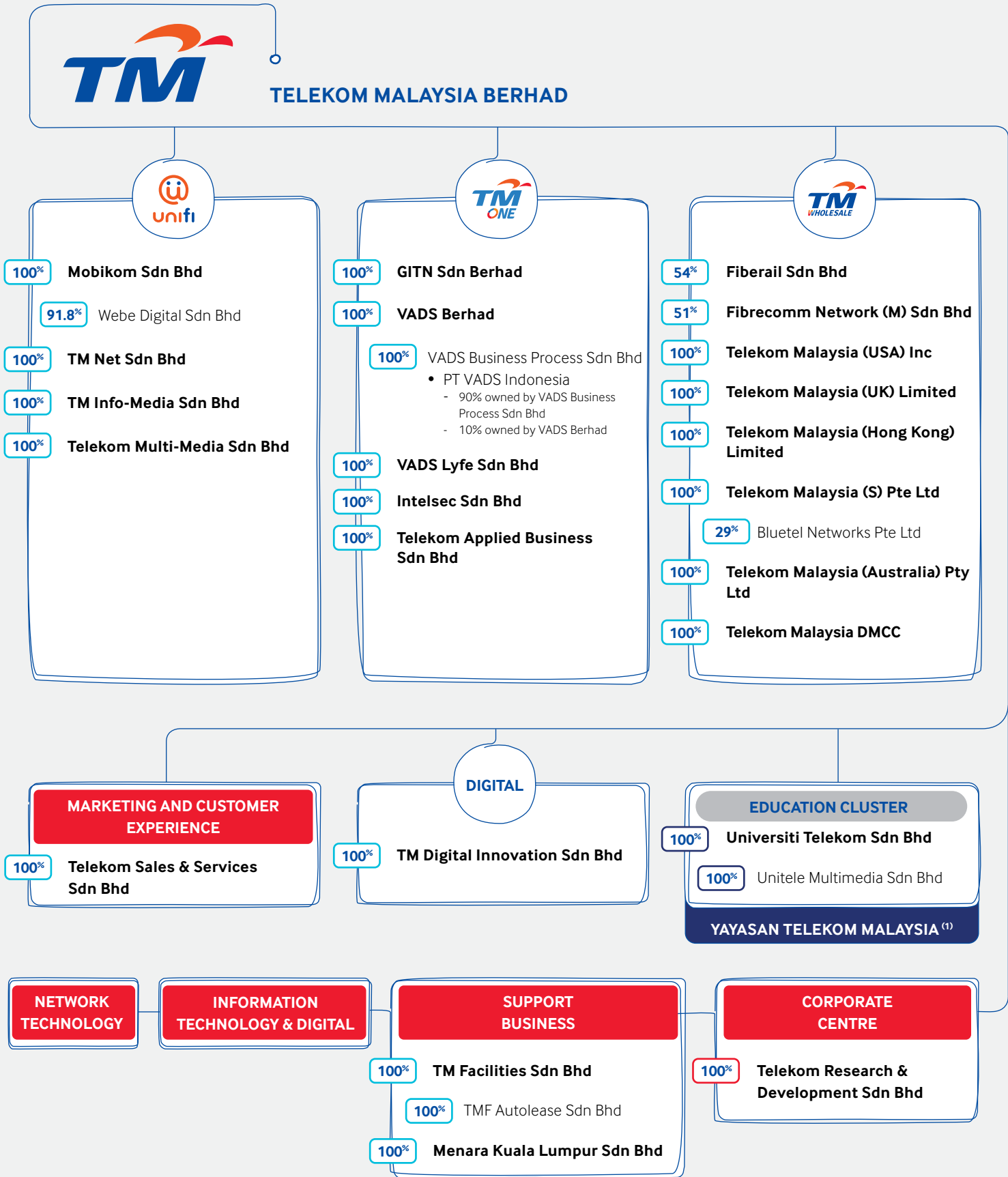
To Enable **Digital Malaysia**  
Powered by **TM**

## OUR SUSTAINABILITY VISION

**To Make Life Easier, Towards a Sustainable Tomorrow**



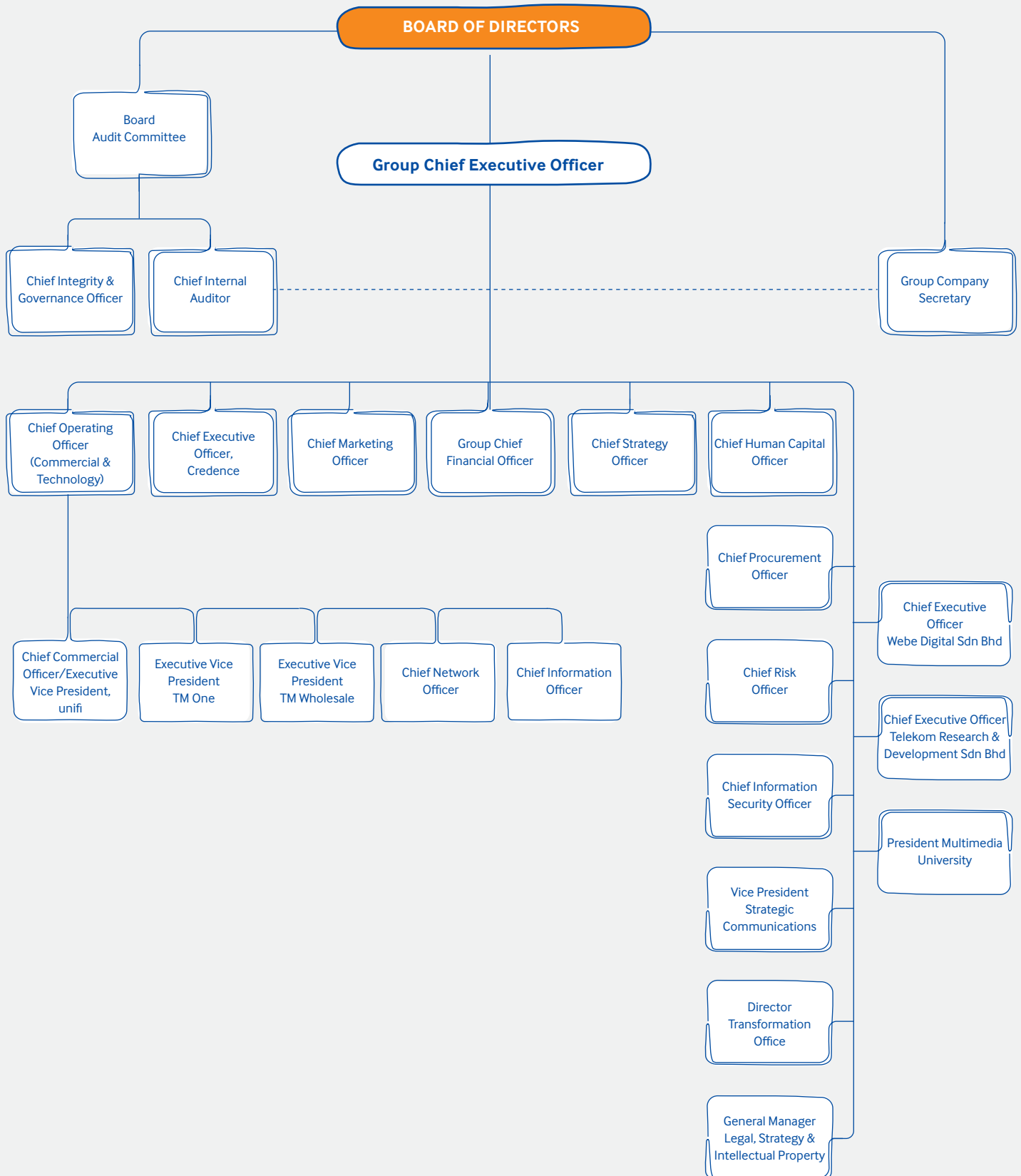
# Group Corporate Structure



Note:  
<sup>(1)</sup> Yayasan Telekom Malaysia (YTM) is a charitable trust established under the Trustee (Incorporation) Act 1952  
 • This chart represents TM's operating subsidiaries, associates, business functions and corporate functions

○ Business Cluster  
 ● Foundation  
 ● Education Cluster  
 ○ Research & Development  
 ● Business Support & Corporate Function  
 ○ TM Subsidiary/Associate

# Group Organisation Structure



# Our Sustainability Journey

## OUR SUSTAINABILITY PURPOSE

As a nation-building organisation, we aspire to transform the lives of all Malaysians. We believe that digitalisation is the future of business and sustainable living. The critical connectivity and innovative solutions that we deliver contribute to inclusive prosperity for the *Rakyat*. At the same time, we strive to always operate in a responsible and ethical manner. Our dedication to creating a better Malaysia for all is driven by TM's Sustainability Vision and Statement of Purpose. We will realise our vision and purpose through TM's ESG Roadmap & Commitments, as shown on page 81.



## 2021 SUSTAINABILITY MILESTONES

This has been a significant year in TM's sustainability journey. With the challenges and hardships faced by Malaysians this year, we have intensified our sustainability efforts to help the nation recover and rebuild. As a result, we are proud to share many milestones achieved in driving the sustainability agenda to contribute to Progress for All.





# Chairman's Statement

## Dear Stakeholders,

I would like to start by thanking my predecessor, Tan Sri Dato' Seri Mohd Bakke Salleh, for his service to TM. He played an exemplary role in steering the Group forward with an unwavering commitment to clarity, integrity and towards world-class standards as TM charts its next phase of sustainable growth. I am honoured to be given the opportunity to contribute and be part of the Group's mission to enable a Digital Malaysia.

---

### Tan Sri Mohammed Azlan Hashim

Chairman

The undertaking has been especially critical this year, as Malaysians battled with the devastating protracted effects of COVID-19 crisis to finances, health, education and the general economy as evidenced by the sharp decline in domestic consumption, disruption to production and trade and restriction in travel. Micro, Small and Medium Enterprises (MSME) suffered the brunt, with drastic employment drop shifting around 20% of M40 households to the income bracket below the B40 group.

The past two (2) years demonstrated telecommunication players have important roles in enabling a progressive Malaysia. The industry globally is steadily gaining recognition as communication providers of critical services and infrastructure in times of great peril. With the Movement Control Order (MCO) in effect, communities across the length and breadth of the country relied on our coverage to stay safely connected, efficient and productive, and to get on with life despite the restrictions. The importance of digitalisation has never been clearer, from enabling remote working, learning, and e-commerce to keeping citizens well-informed on the virus and the Standard Operating Procedures (SOPs) through social media as well as medical and case tracking applications.





During the tumultuous year, TM focused on assisting its stakeholders in navigating the impact of the ebb and flow of the pandemic. At TM, we consider a broad set of groups in our decisions to create value for current and future generations of stakeholders. TM has carried on to maximise its shareholders' value as a Public Listed Company (PLC), while continuously fostering the development of Malaysia's economy and nation-building initiatives as a Government-Linked Company (GLC). The sustainability of its business requires delivering inclusive value that extends beyond profit. This has been the key to our success over the past 75 years.

As an organisation with nation-building in our DNA, TM is determined to play its part. In line with the Government's JENDELA and MyDIGITAL initiatives, the Group has been aggressively expanding its fibre network across Malaysia, providing the *Rakyat* with a better broadband experience at home, at work and on the go. And now, TM is investing heavily to expand Malaysia's 5G ecosystem, bringing previously unimaginable new opportunities and possibilities as the country marches forward in the 4IR world across homes, businesses, industries, and the public sector. I am confident TM's digital infrastructure and innovative solutions will help the Group and all its customers to collectively overcome obstacles and seize opportunities in how we contribute to building up the national digital economy.

Aggressively expanding our fibre network across Malaysia, providing the *Rakyat* with a better broadband experience at home, at work and on the go...



### CREATING VALUE FOR OUR STAKEHOLDERS

TM's success has always been rooted in its dedication to making life better for its customers, employees, shareholders and the community in general.

Throughout the year, *Warga TM* worked tirelessly to maintain its services and operations to help customers stay connected during the MCO. We also enhanced our digital platforms and applications with self-serve features so customers can safely and seamlessly engage with us. While serving them, TM continued to prioritise the well-being of its employees, with utmost importance placed on strict compliance to the SOPs to minimise their exposure to the virus.

We established the TM Solidarity Fund as a platform for employees to contribute and support the Government's Tabung Bantuan Bencana Negara (TBBN), which provides aid to communities affected by natural disasters such as the recent floods. This internal fundraising initiative contributed a total of RM1.8 million to TBBN, reflecting the generosity and caring spirit of *Warga TM* nationwide. Additionally, we provided financial and non-financial aid, including food, communication devices and other essential items, channelling nearly RM15.0 million in contributions to over 87,000 individuals and families.

In terms of shareholder value, TM looks at maximising their returns in the long term. This meant considering factors such as overall business and earnings performance, capital commitments, financial conditions, distributable reserves and other relevant aspects that may influence our ability to generate sustainable value as we future-proof the organisation and stride ahead as a growth company. TM is committed to distributing yearly dividends of 40% – 60% of Profit After Tax and Non-Controlling Interests (PATAMI) and as such, the Board had declared a total dividend of 13.0 sen per share with a total payout amounting to RM490.6 million, for this financial year.

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### LEADING WITH INTEGRITY & PURPOSE

Strong corporate governance has been key to TM's resilience these past two (2) years. The Group's robust processes and risk models ensure it consistently acts in the best interest of all stakeholders. Our governance system begins with a diverse and knowledgeable Board, whose members are selected for their vision and experience in mitigating the changing business and regulatory industry dynamics as well as meeting the needs of its stakeholders.

During the year, the Board composition was reviewed to ensure its members had relevant skills and expertise in the telecommunications industry and digital segments. To stay ahead of emerging trends and challenges arising from advanced technologies, prominent speakers and industry leaders were invited to Board meetings to brief members on the global telecommunications landscape and relevant technological changes. Additionally, the Board attended training programmes in key areas of growing critically, such as 5G technology, climate change and sustainability, cybersecurity and agile culture, thus ensuring a future-ready Board capable of leading TM's transformation.

On that note, we are excited to have the extensive experience and insights of our two (2) new Board members. Firstly, we welcome Muhammad Afhzal, who is currently the Employees Provident Fund's (EPF) Chief Digital Technology Officer (CDTO). With over 23 years of experience in technology, he is well-



equipped to guide TM's digital transformation journey. We are also proud to appoint Rossana Annizah to the Board, who has more than 30 years of experience and held several leadership roles in the telecommunications and banking sectors.

To assist the Board in discharging its duties, we have established several Board Committees. The Board Risk Committee (BRC), in particular, helps the Board deliberate on current and emerging risks, and reviews the Group's strategic investment proposals, focusing on key threats and mitigation actions for the Board's approval. The BRC receives updates on all risk issues, including COVID-19 risks that could jeopardise the business. In 2021, an assessment exercise determined that abuse of power and non-compliances were major integrity and governance risks faced by the Group. In response, we introduced various initiatives and controls to mitigate these risks effectively, including establishing TM's Organisational Anti-Corruption Plan (OACP) that adheres to MS ISO 37001 Anti-Bribery Management System (ABMS), as well as continuous training on ethics and integrity compliance to all of *Warga TM*.

The Board also held regular meetings to deliberate on key topics and issues that impact our ability to create long-term stakeholder value. This year we focused on TM's strategy, corporate governance, local and global telecommunication trends, as well as leadership succession plans. In terms of strategy, we regularly deliberate, realign and reassess our business direction and strategy according to our transformation plans. Several key changes were implemented for corporate governance, such as introducing new Board and management members, reviewing the Board committees, including the abolishment of the Board Investment Committee (BIC), and enhancing BRC's roles. Directors were also exposed to other Board committees as part of their knowledge acquisition.

### CHAMPIONING A SUSTAINABILITY CULTURE

A focus this year was to place ESG as a core strategic purpose. Our business priorities are in line with our sustainability commitments, as every decision made needs to take into account ESG considerations. Our nation-building aspirations are very much part of sustainable development, and TM's Digital Malaysia ambition is integral to taking care of people and the planet.

To inculcate a sustainability mindset across the Group, TM introduced ESG Key Performance Indicators (KPIs) for the Board and leadership team in 2021, marking a significant milestone in our sustainability journey, as these KPIs encourage greater accountability and responsibility in every unit of the organisation. In support, we have also set up a dedicated sustainability-related agenda

for TM's management and Board meetings. Similarly, we established TM's Sustainability Action Working Group (SWG), a collaborative platform that reflects all stakeholder concerns during sustainability-related discussions. These efforts demonstrate our steadfast commitment to embedding ESG into the TM culture and ecosystem.

Integrating sustainability is also essential to helping the Group mitigate emerging ESG risks. Since last year, sustainability risks have been a key component of our Enterprise Risk Management (ERM) Framework. This is supported by our Business Continuity Management (BCM) Framework, which builds our organisational resilience against social and environmental disasters, such as COVID-19 and the rising climate crisis.

In tandem, we have stepped up our climate action efforts based on recommendations from the TCFD. We continue to conduct detailed assessments on the impact of climate change on our long-term business, enabling the Group to determine the physical and transition risks, as well as opportunities, related to climate change. Climate-related risks are now a core component of our BRC agenda to ensure the Board regularly monitors and deliberates on these risks. Moving forward, climate-related risks will be included as a key corporate risk that is proactively tracked and managed across the Group.

### DRIVING A DIGITAL & SUSTAINABLE FUTURE

In the coming years, TM will focus on helping Malaysia rebuild and recover from the pandemic. The main measure to achieve this is by intensifying our national digitalisation efforts. Under JENDELA, we have committed to expanding our fibre network to an additional six (6) million premises by the end of 2022, thus closing the digital divide and ensuring all corners of society can stay connected.

Under JENDELA, we have committed to expanding our fibre network to an additional six (6) million premises by the end of 2022, thus closing the digital divide and ensuring all corners of society can stay connected.

We will also work with Digital Nasional Berhad (DNB) to improve quality access to 5G and establish TM as the preferred fibre provider. Furthermore, TM will leverage its position as the sole Malaysian Cloud Service Provider (CSP) to build and manage hybrid cloud services, further empowering businesses, industries and public sector to digitalise. TM will strengthen Malaysia's global connectivity and partnership ecosystem with international telcos, content partners and hyperscalers, to successfully position Malaysia as a bespoke digital hub for the ASEAN region.

While making great strides in digitalising the nation, TM's ESG commitments remain in focus. The Group will execute its sustainability initiatives in phases to progressively meet its ESG targets across various timeframes. The most challenging yet exciting is TM's net-zero emissions target by 2050, which will be achieved through energy optimisation and renewable energy.

### APPRECIATION

As we enter another year of national and global uncertainty, I am most encouraged by TM's quickening pace in the face of the fast-changing business environment. TM has its diverse stakeholder groups to carry it through any obstacle and to challenge the teams to think differently. I would like to thank two (2) former Board members, Dato' Mohd Naim Daruwish and Dato' Ibrahim Marsidi, for their valuable contributions during their tenure. Meanwhile, the Board welcomes Rossana Annizah Ahmad Rashid and Muhammad Afhzal Abdul Rahman, who joined us in November and December 2021, respectively.

Finally, thank you to all our stakeholders, as well as to our dedicated management team and committed *Warga TM*, suppliers, partners in Government, loyal shareholders and ever-faithful customers. With their unwavering support, we are on track to realising our aspiration of powering a full-fledged Digital Malaysia.

  
Tan Sri Mohammed Azlan Hashim  
Chairman



# GCEO's Statement



## Dear Stakeholders,

As we turn the chapter on year two of the global pandemic, it is evident we are still living in challenging times. Societies continue to battle the economic and social disruption to lives and livelihoods, triggering far-reaching and long-term impacts, especially for the vulnerable population.

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### Imri Mokhtar

Managing Director/Group CEO

Though the crisis has posed great difficulty for everyone, it has also created opportunities for society to reset and do things differently, and a big impetus for its shift into digital adoption. The disruptions from COVID-19 accelerated the use of technological platforms, enabling the industry to drive digital engagements more efficiently and ease the unprecedented slump in economic activity. Micro entrepreneurs and Small Medium Enterprises (SMEs) stood to massively benefit from adopting digital solutions, though more can be done to drive digitalisation among Malaysian businesses.

Throughout these times, telecommunication services played a vital role in ensuring the continued functioning of the economy, relying on essential network services to stay connected and productive. TM, with its strong track record of connecting Malaysians for 75 years, rose to the fore in how we efficiently responded to the surging needs for digital connectivity, adapting quickly to customers' changing habits and expectations. More than ever, customers, businesses, Government and industries rely on our critical network and services to stay connected in a secure and reliable way. Learning from that, we improved our internal processes and systems to deliver a better customer experience, and this has in turn, created high expectations of what TM can offer. We scaled up our investment to better serve our customers, ensuring that services are delivered faster and better for everyone.

As we pursue commercial sustainability and fulfil our growth objectives as a Public Listed Company (PLC), we stayed the course in our commitment to nation-building and making life easier for Malaysians. The challenging, high-pressure environment tested our fundamentals but with relentless execution, TM is well-positioned to take on the opportunities of new technologies to further support the implementation of the JENDELA plan in building a better future for Malaysia.



## SUPPORTING THE NATION DURING A CHALLENGING YEAR

It has been, without doubt, a difficult 2021 for many Malaysians. Beleaguered by constraints arising from protracted lockdowns, large swaths of society were inadvertently impacted. Consequently, more Malaysians shifted online to adapt to a new normal. This rapid shift to digital channels saw a change in customers' behaviour, as they demanded fast and uninterrupted coverage to work, learn and play.

This rapid shift to a digital way of life brought massive changes in customer behaviour. Online consumption of video and content streaming skyrocketed, and e-commerce transactions simply multiplied. People had no other option but to work, study, be entertained and conduct business remotely from home, marking a significant shift in how Malaysians utilise technology and make the most of access to the internet.

The internet and hyper-connectivity of a household can be likened to a basic survival need, with customers expecting continuous connectivity. As a Group, we are committed to deliver coverage quality to ensure continuity and consistency.

In times of global upheaval, the fundamental strength of TM's assets becomes ever more evident. The network that we are anchored on – over 650,000 km of fibre nationwide – provides the robustness and the resiliency to support the increase in the demand by Malaysians. As a nation, it is also imperative we are connected to the rest of the world and that is where the international connectivity of our sub-sea cables come into play to ensure an end-to-end quality experience for society and customers.

We remained undeterred throughout the worst of times and ensured Malaysians stayed connected in the safety of their homes, with customer support services fully operational. This commitment is extended to all customer segments across homes, businesses, industries and the public sector.

This year has been challenging not only due to the pandemic, but also the country's worst flood crisis in recent years, reported to have displaced 70,000 people. Rising waters impacted over 15 network sites and hill stations across four (4) states due to power outages, high water levels and severe road conditions, making it tough to access these locations to reconnect affected customers.

Regardless, thanks to the exhaustive efforts of our engineering and support teams, 85% of impacted customers were swiftly back online within a week. Additionally, we channelled RM36.4 million to help customers affected by the flood with CPE replacements at the cost of RM7.6 million, customer rebates of RM7.5 million, and RM21.3 million in donation and service restoration efforts. As a nation-building organisation, TM is steadfast in helping our customers and other stakeholders respond and recover from such disaster events.

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## STAYING ON OUR GROWTH TRAJECTORY

Despite the challenging backdrop, I am pleased to report our commendable financial results for 2021, in which TM recorded a 6.4% growth in revenue to RM11.5 billion compared to RM10.8 billion in 2020. This solid performance is attributed to the strong growth in unifi revenue and fixed broadband subscribers, as well as the sharp increase in the TM Wholesale business, which registered an increasing data demands from hyperscalers, and international and domestic telcos.

The solid revenue improvement, coupled with continuous cost optimisation initiatives, saw Earnings Before Interest and Tax (EBIT) increase from RM1.6 billion to RM1.7 billion (6.6% Year-on-Year (YoY)). However, PATAMI fell 11.9% to RM895.2 million, mainly attributable to higher taxation, including provision for *Cukai Makmur* and higher net finance cost.

On that note, CAPEX for the year stood at RM1.7 billion, which is 14.7% of the Group's revenue. This is particularly encouraging as it reflects our commitment to invest in business expansion, new growth areas and provide great experience and services for our growing base of customers. Free Cash Flow at RM2.2 billion rose 10.2% from RM2.0 billion, ensuring steady growth ahead of an increasingly demanding future. Overall, we are proud that although the Group faced significant difficulties in 2021, we kept our foot on the pedal to ensure a healthy financial performance, and remain on course with our growth aspirations.





**TRANSFORMING TM TO MEET FUTURE NEEDS**

With 2021 concluding our first year of the three (3)-year New TM Transformation Programme, TM is raring to go in how we will future-proof our organisation for performance and growth. The transformation anchors on four (4) strategic pillars: Our Purpose, Our Business, Our Customers and Our People. The New TM Compass provides greater clarity on how we come together as a team to strengthen and align our Purpose, to serve our Customers better, and in return, deliver outstanding Business performance, powered by the commitment and resilience of our People.

Our stakeholders are at the heart of the New TM Compass, with each pillar integral to creating long-term value for all Malaysians. It supports our dual role responsibility as a PLC and GLC, focusing on long-term commercial sustainability whilst being a partner for the Government's nation-building and digital agenda.

We are particularly proud of integrating Environmental, Social and Governance (ESG) factors into Our Purpose. Sustainability is now stitched into the essence of TM's strategic decisions, with ESG initiatives embedded into TM's ecosystem for effective implementation. In doing so, we are better equipped to mitigate and respond to ESG risks and opportunities, such as the effects arising from pandemics and climate change that may impact our future performance.

Through the effective execution of the New TM Compass, we have reversed the three (3) year decline in revenue in 2021, within the first year of our transformation. TM has shown positive results delivering overall growth in revenue and EBIT, with the success of our cost rationalisation improving overall profitability.

Within 12 months, we made tremendous progress in becoming a higher-performing team. We are more outcome-driven and adopted a new culture of becoming more and more agile in our execution. We did it our way #IniCaraKita and this new culture is here to stay. We have proven that our execution strategy, paired with our greatest resource – *Warga TM* as the execution engine – is the right formula for us to build a brighter future for TM.

We aim to evolve towards becoming a human-centred technology. What this translates to is in our ambition to ensure we progress from delivering converged connectivity into value-added services for our customers with innovative digital solutions and applications. This will not only make lives, workplaces and businesses better, but also enable us to realise our Digital Malaysia aspirations.

**ENHANCING CONNECTIVITY AND ENABLING DIGITAL SOLUTIONS**

As the national connectivity and digital infrastructure provider, we are at the forefront of the country's technological progress. We see this reflected in Our Purpose under the New TM Compass to support Malaysia in realising a more digital society, business, industry and Government.

We are strong advocates for the Government's JENDELA plan to close the digital divide, actively contributing to nationwide fiberisation efforts to improve broadband coverage and quality. Currently, TM has over 650,000 km of fibre nationwide and our unparalleled network is targeted to grow rapidly in the coming years in tandem with JENDELA. I am pleased to report that TM is on track to meet its commitments, achieving over 100% of our 2021 JENDELA target.

As technology evolves, whether in fibre or mobile, it actively serves to unlock newer services that we may not have on hand today. A prime example is understanding and accessing what new and advanced 5G technology capabilities can bring to the table for the betterment of society and businesses. The Group's fibre network expansion is not limited to home and business premises, but also the fiberisation of mobile towers in improving current 4G service quality and expediting 5G rollout. TM is Digital National Berhad's (DNB) selected fibre partner in implementing Malaysia's 5G network rollout. We will provide DNB with fibre services for connectivity between its 5G mobile sites and nodes, leveraging our domestic fibre cable network.

**The Group's fibre network expansion is not limited to home and business premises, but also the fiberisation of mobile towers in improving current 4G service quality and expediting 5G rollout**

Looking ahead, we will ensure our network is robust in supporting the future requirements of 5G, with mobile growth driven mainly by smart services and digital solutions. The business-to-business (B2B) applications of 5G are tremendous and the biggest value lies in the industry verticals, which allows smart manufacturing, smart healthcare, smart agriculture and so forth, going beyond mere retail consumer use.

TM also takes the lead in driving MyDIGITAL – Malaysia's Digital Economy Blueprint that aims to accelerate the country's digital transformation. Three (3) of our nine (9) data centres are built to meet the rigorous requirements of the Tier III/Rated 3 rating, providing world-class cloud, artificial intelligence (AI) and cybersecurity services to further elevate Malaysia's digitalisation capabilities. At the same time, our growing global network of more than 30 submarine cable systems spanning 320,000 km is ready to support the global connectivity demand outlined under the Blueprint. TM has every intention to continue powering a Digital Malaysia for the country across the various customer segments.



**BALANCING OUR PLC AND GLC COMMITMENTS**

As a GLC with a strong focus on nation-building, people may forget that TM is also a PLC that needs to generate strong returns for shareholders. Our commitments to nation-building go hand-in-hand with our commercial focus as a PLC.

Businesses across Malaysia, including other PLCs, have no recourse but to adopt digital transformation in order to remain relevant and respond to new realities. Companies must embrace digitalisation to bring their company closer to their customers and give it a better chance to succeed in a post-pandemic landscape.

With this in mind, TM is proud to champion the fourth pillar of Bursa Malaysia's PLC Transformation programme, in which we help transform Malaysian corporates into high-performing, future-ready organisations set to reap the benefits of an increasingly digital world. As the national connectivity and digital solutions provider, we are excited to share our best practices on how to embrace technology to create better collaboration across sectors and enhance customer experience at every touchpoint. We hope our ongoing transformation journey inspires other PLCs on theirs, as we create new partnerships that will further drive the country's digital ecosystem to benefit all Malaysians.



## PUTTING CUSTOMERS AT THE HEART OF TM

Customers' trust and confidence in TM have been integral to our 75-year success. However, in an increasingly complex and dynamic landscape, customers' expectations are quickly evolving, and it is imperative we grow alongside them. Our aim is to deliver efficient and seamless customer experiences without losing the human touch.

The convergence landscape has been experiencing rising competition, with mobile and content players aggressively offering fixed broadband. Nevertheless, we remain the only true 'convergence provider' for broadband, mobile and content. Even with pricing pressures, our offerings remain competitive. We set ourselves apart from the competition by delivering reliable and seamless services to our customers. We believe a great customer experience is the most sustainable edge in a competitive market.

**We believe a great customer experience is the most sustainable edge in a competitive market.**

Customers' expectations have certainly increased on the back of the surge in digital and online experience that customers have gone through over the past two (2) years, setting the baseline of what they expect from a provider. Apart from hyper-connectivity, customers want services that are easy and convenient to use. The younger segments of Malaysians are demanding for service providers to better understand them, and as such, expect more personalised services. That is the trend we are seeing – simple, convenient, intuitive and personalised array of products and services.

In 2021, we offered unique value propositions to customers focusing on digital interaction and simplification, to deliver convenient and personalised services. This is part of our campaign to transform our end-to-end customer experience to ensure customers' needs are met. We introduced digital tools that empower them to easily manage our services and resolve any potential issues. At the same time, our friendly frontliners provide tailor-made consultation and solutions to further enhance their experience and connectivity.

With the rising demand for reliable connectivity, we made a bold promise to restore customers' services within 24 hours. This revolutionary commitment is an industry first, ensuring that our customers get the best broadband experience possible. Through our 24-hour service restoration guarantee, they are assured of greater peace of mind as we collectively navigate the 'new normal'. By prioritising customer needs and experiences, we achieved a Net Promoter Score (NPS) of +23 and maintained the highest market share in the fixed broadband market.

## CHAMPIONED BY OUR LINES OF BUSINESS

The realisation of the Group's digital aspirations is spearheaded by our three (3) lines of business (LOBs) – unifi, TM One and TM Wholesale. Firstly, unifi delivers essential convergence services to home and business customers, particularly SMEs. Their services have been particularly critical this year, as Malaysians relied on broadband connectivity to mitigate and respond to the impacts of COVID-19. In its effort to support SME recovery and growth, unifi offered more than 377,000 local SMEs special packages with the complete digital solutions to help them to grow their business and stay competitive. Through their tireless efforts, unifi achieved a record-breaking performance. unifi recorded the highest number of fixed broadband customers, with a total of 2.78 million customers, as well as the highest number of new broadband customer installations.

Meanwhile, TM One is at the forefront of catalysing Malaysia's smart ecosystem. It delivered a strong value proposition of offering end-to-end managed services and digital solutions, backed by robust digital connectivity and infrastructure. As the only home-based CSP with data sovereignty assurance, TM One serves to enhance its cloud service as a complete digital solution by embedding analytics, smart services/ IoT and cybersecurity to cater to key industry verticals.

Finally, TM Wholesale continues to provide wholesale services to both domestic and international telcos, including hyperscalers. Domestically, as the preferred fibre service provider, TM Wholesale is steadily expanding 4G and 5G fibre infrastructure, in line with the Government's JENDELA initiative. TM Wholesale's fibre services to DNB for 5G network rollout, valued at RM2.0 billion over the next ten (10) years, is a testament of our commitment to infrastructure sharing in enabling excellent 5G solutions and services for Malaysia. TM Wholesale also experienced a record year, achieving the highest active ports subscription for wholesale High-Speed Broadband (HSBB) access, with more than 550,000 total ports for other Malaysian fibre broadband telcos. On the international front, TM Wholesale recorded 190 new deals from hyperscalers and global service providers for various wholesale international data services – a milestone year in positioning Malaysia as a regional digital hub.

## EMBEDDING SUSTAINABILITY INTO EVERYTHING WE DO

Recent years have shown what can happen if we do not protect our planet. We faced flood disasters attributed to the destruction of natural habitats and the rise in climate change. Seeing many Malaysians struggle to deal with the aftermath of multiple crises accelerated our ESG journey. We are stepping up our ESG programmes to help the country recover and move forward in a more sustainable manner. It is also encouraging to note that TM is listed in the FTSE4Good Bursa Malaysia Index with a full rating of four (4) stars.

As mentioned, a key milestone this year is the greater integration of sustainability into our business operations. Every business decision made now includes ESG considerations to safeguard the business and stakeholders from future disruptions, creating new opportunities for long-term growth and well-being. This is supported by the establishment of our ESG commitments and KPIs, further incorporating a sustainability mindset across the Group. Our most notable achievement is the launching of TM's Sustainability Roadmap. We have set ambitious sustainability targets to track our near to long-term sustainability performance. These targets range from socio-economic contributions, such as providing at least 70% of premises with high-speed internet by 2025, to becoming net-zero carbon by 2050. TM's sustainability commitments are underpinned by strong corporate governance, adhering to the highest standards of ethics, integrity and transparency.

**We have set ambitious sustainability targets to track our near to long-term sustainability performance. These targets range from socio-economic contributions, such as providing at least 70% of premises with high-speed internet by 2025, to becoming net-zero carbon by 2050**

Furthermore, we are escalating our climate action. As a national service provider, we are committed to cutting down our emissions as well as adapting our operations to continue delivering essential connectivity despite potential natural disasters. The key is to build our resilience against climate-related risks. We have, therefore, included climate change risks as part of our BRC agenda to ensure we regularly monitor and deliberate on these risks. This is supported by our Business Continuity Plan (BCP) and Disaster Recovery Plan (DRP), which minimise the impacts of climate-related disasters on our operations and customer experience.

## INSPIRING OUR PEOPLE TO DRIVE DIGITAL

We are grateful for the continued diligence and dedication of our employees or fondly referred to as 'Warga TM', particularly in recent trying times. They have demonstrated an unwavering passion in driving the nation forward despite navigating new challenges to their work environment. I am confident in *Warga TM's* ability to continuously adapt and help the Group achieve its commercial and nation-building aspirations.



With the ongoing COVID-19 issues, TM's utmost priority in 2021 was to take care of their health and well-being. We are continuously listening to our employees and taking stock of the health of our organisation. This includes the progress of our culture change and how we are aligned as *Warga TM* towards a single goal, our execution capability and ability to continuously renew ourselves in adapting to the fast-changing customer and market environment.

TM's new culture statement, #IniCaraKita was collectively curated by *Warga TM*. The culture statement, which sets the expected behaviour and desired culture for employees towards a high performing organisation, was well received with encouraging responses during the "#IniCaraKita" launch and subsequent engagement activities.

To maintain employee morale during the MCO, we enhanced TM's Flexible Working Arrangements by introducing Flexi Space (work-from-home), Flexi Time (Staggered Working Hours) and Flexi Team (Split Team Work). Appropriate policies and guidelines were established, including daily health declarations, to ensure employees remain safe and productive. We continue to take proactive measures to curb the spread of COVID-19 for the safety of our employees, customers and stakeholders. It has set a new baseline for TM, where returning full time to the office may not be the best way forward as we implement a hybrid model of working beginning January 2022.

As our country embraces this digital era, it is not just about investing into the technology of platforms, hardware or software, it is also about investing into the human capital in the effort to develop, retain and attract leading digital talents. Putting this into action, we invested RM20.1 million in employee training, future skilling, reskilling, upskilling and other development programmes, with an average of 41 training hours delivered per employee. We also focused on equipping employees with future-ready skills in key areas such as cloud, Robotic Process Automation (RPA), 5G, Software-Defined Networking (SDN) and Network Function Virtualisation (NFV) technologies, data analytics, smart services, Internet of Things (IoT), digital, agile, cybersecurity and other related areas. We managed to train over 13,000 employees in future skills, which is an outstanding feat considering MCO restrictions. Undeterred by COVID-19, we continue to develop our employees towards becoming digital leaders capable of driving a Digital Malaysia.

**WHAT THE FUTURE HOLDS**

As TM enters its second year of transformation, we are ready with the right mindset to tackle whatever the new year may bring. 2021 has demonstrated our ability to adapt and help the nation in times of need, and we will continue to do so in the years to come. The Group's main focus for 2022 onwards is to support the Government's efforts to rebuild the nation post-pandemic as it gears itself to seize opportunities in the Fourth Industrial Revolution.

Although Malaysia is on a path of recovery, we remain cautiously optimistic as the economy is susceptible to the emergence of new variants and other social and climate challenges that may deter its progress. The telecommunications industry is moving from infrastructure-based competition to a more service-based competition. Connectivity services will also be increasingly commoditised, where competition has progressed beyond infrastructure. This is an opportunity for TM to also go beyond just the connectivity that we provide to households, businesses and the public sector as industries strive to go more digital to better serve their end customers.

Business customers, particularly SMEs, will contribute to higher broadband take-up via unique offerings, as they optimise the Government's digitalisation grant. This signifies that going digital is no longer an option; it is a necessity for businesses to embrace what an online presence can bring to their business, and how adopting productivity and digital tools can improve efficiency. TM serves a large segment of our MSMEs, and it is a responsibility for us to work together with customers to bring them to that next phase of digitisation. New opportunities will continue to evolve in Mobile, Enterprise and the public sector, mainly in 5G connectivity, digital and IoT services, data centres and cloud solutions.

To meet these new challenges and opportunities, we are activating more programmes to keep pace with our growth trajectory and quickly move forward to further enable Digital Malaysia.

**TM's revenue growth is expected to remain intact, in line with the Group's market guidance, which is between low to middle single-digit growth, while EBIT is projected to be more than RM1.8 billion, driven by our three (3) lines of business (LOBs) – unifi, TM One and TM Wholesale. We also expect to invest between 14% to 18% of our revenue this year on CAPEX, reflecting our continued commitment to investing in growth areas, capacity-building, as well as to enhance customer experience.**

As we continue our shift towards becoming a human-centred technology company, we will develop innovative solutions and drive digital adoption across our broad customer base of home, SME, corporate and Government customers – anchored on great customer experience. We will invest in growth, and critical to this momentum is in the development of our talents to be future-ready and equipped with digital capabilities, enabling the organisation to innovate and build digital solutions that make customers' lives and work better.

With the uplift of movement control restrictions in Malaysia and the economy gaining pace, we remain committed to serving the nation. We will focus on upholding the national agenda through continuous support for the JENDELA and MyDIGITAL plans, enabling nationwide 4G and 5G fibre infrastructure and expanding our fibre broadband coverage.

In promoting sustainability, we remain steadfast in our ESG commitments. For Environmental, we will progressively cut down our emissions by 30% in 2024, 45% by 2030 and to achieve net-zero emission by 2050. On Social, TM is set to provide access to high-speed internet to at least 70% of premises nationwide. The Group promotes gender diversity in decision-making roles by having a minimum of 30% women on its Board of Directors and in Management. Under Governance, TM will continue working with the Malaysian Anti-Corruption Commission (MACC) to uphold our zero-tolerance for any form of corruption and maintain the highest standards of corporate governance.

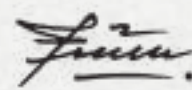
Regardless of what lies ahead, we are confident in the Group's ability to endure and carry on. As the past 75 years have demonstrated, *Warga TM* are resilient to any challenge that may come our way. We will stay true to our commitment to transforming the lives of all Malaysians.

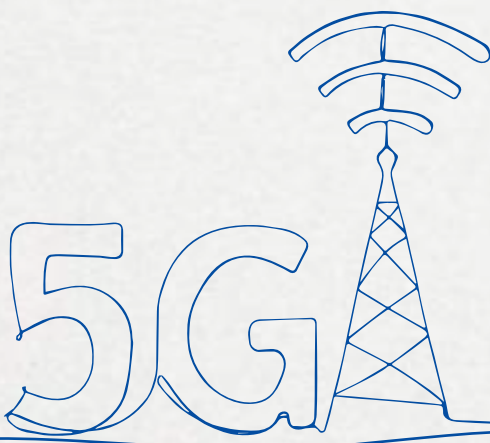
**ACKNOWLEDGEMENTS**

First and foremost, I would like to express my gratitude to our previous Chairman, Tan Sri Dato' Seri Mohd Bakke Salleh, for his dedication and efforts during his tenure. His leadership was key to helping the Group navigate the difficult year, and we wish him all the best in his future endeavours. I would like to acknowledge the valuable contributions of former Board Members, Dato' Mohd Naim Daruwish and Dato' Ibrahim Marsidi. I am also grateful to our Board of Directors for their continued support and guidance.

Most importantly, thank you to *Warga TM* for their strong commitment and hard work as we continue to adjust to the new ways of working. And thank you to our frontliners, in particular, for their unwavering commitment and sacrifices made to perform their line of duty for our customers.

Last but not least, my appreciation to all our stakeholders – our customers, shareholders, investors, suppliers, Government, regulators and the community at large – for your support and trust.

  
Imri Mokhtar





## GCFO's Review



TM remained resilient and agile in responding to the strong headwinds of COVID-19, which continued to impact our customers, supply chain and stakeholder value across our operations. We witnessed encouraging progress in the first year of our three-year New TM Transformation Programme (New TM 2021-2023). We took decisive measures to optimise our business and exercised fiscal discipline, while also investing in our growth and transformation to meet our long-term business and nation-building aspirations. Despite the COVID-19 pandemic and other challenging conditions, we have been steadfast in our efforts, and I am pleased to report that 2021 has been a positive year for TM on multiple fronts.

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**Razidan Ghazalli**  
Group Chief Financial Officer

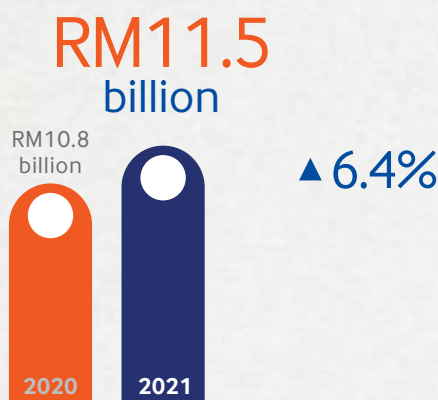
Through strong fundamentals and a dedicated *Warga TM*, we achieved a commendable performance against the higher guidance set. This includes improved topline growth in comparison to the previous year, which was continuously driven by unifi and TM Wholesale. With our value and transformation programmes in place across the Group yielding favourable results, the revenue momentum has pushed us to register consecutive years of EBIT growth. Our ability to achieve growth and continuously create value for stakeholders amidst a challenging landscape is a testament to how we are ready to enable a Digital Malaysia for a better future for all.



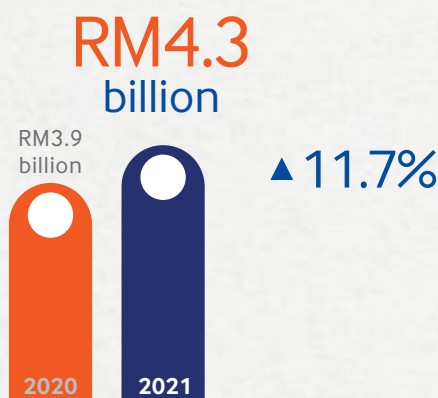
**FINANCIAL PERFORMANCE**

The Group's operating revenue increased 6.4% to RM11.5 billion from RM10.8 billion recorded during the financial year of 2020, with revenue increase from all lines of products apart from non-telecommunication services. The topline growth has raised our business profitability levels from the previous year. Our reported Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) improved by 11.7%, from RM3.9 billion in 2020 to RM4.3 billion in 2021, and our reported EBIT successfully met our guidance at RM1.7 billion, a 6.6% increase from the RM1.6 billion recorded last year.

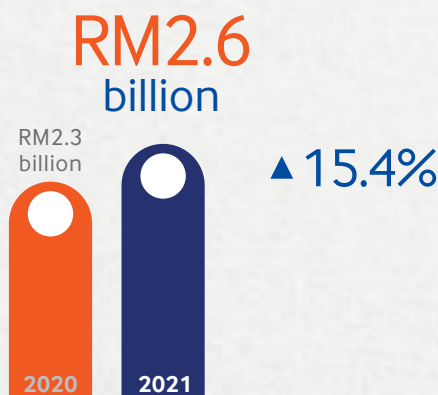
**Revenue**



**EBITDA**



**Depreciation and Amortisation**



RM million	FY2020	FY2021	YTD
EBIT	1,604.7	<b>1,710.1</b>	6.6%
Net Finance Cost	344.6	<b>459.6</b>	33.4%
Profit Before Tax	1,278.5	<b>1,246.8</b>	-2.5%
PATAMI	1,016.0	<b>895.2</b>	-11.9%

However, higher net finance cost and tax charges resulted in an 11.9% decrease in PATAMI at RM895.2 million for 2021 compared to RM1.0 billion in the previous year. Nevertheless, the Group's operational efficiency improved YoY as the increase in operating costs was lower than the increase in revenue, notwithstanding the recognition of impairment loss and accelerated depreciation on our mobile assets.

**unifi** recorded a strong 10.3% increase in revenue from RM4.6 billion in 2020 to RM5.1 billion in the current reporting year. This increase is mainly attributed to the rise in the internet, mobile, voice and sales of devices, with an exceptional 19.1% increase in fixed broadband subscribers in 2021. Continuing cost optimisation initiatives and cautious monitoring of expenditures allowed unifi to sustain its increase in profits, recording a 64.7% increase in EBIT for 2021, at RM1.0 billion compared to RM613.0 million in the previous year.

**TM Wholesale** registered a revenue of RM2.5 billion in 2021, a 14.7% growth from RM2.2 billion in total revenue reported for 2020. This growth is due to higher revenue from both international and domestic market segments. Operating costs increased by 5.4% to RM1.5 billion, from RM1.4 billion in 2020, which is mainly attributed to higher direct costs. Correspondingly, this led to TM Wholesale's EBIT increase of RM80.5 million (22.6%) from RM356.4 million to RM436.9 million, representing a profit margin of 16.6% compared to the 15.4% recorded last year.

**TM One's** performance, however, faced challenges from the impact of the MCO. The LOB recorded a 4.1% decrease in revenue from RM3.7 billion to RM3.5 billion, mainly due to a decline in voice and internet services following termination, lower usage and bandwidth downgrade, coupled with the delays in Customer Projects due to the pandemic. This affected TM One's EBIT performance, which decreased by 10% to RM903.9 million from RM1.0 billion in the last financial year.

**OUR FINANCIAL PRIORITIES**

We began 2021 with a fresh financial guidance based on our current performance, which took into account the challenges in our operating landscape. For our topline, we projected a flat to low-single-digit revenue growth, anchored by improvements we saw on the retail front as well as our other LOBs. This, together with the success of the transformation value programmes and cost optimisation initiatives underway, provided the confidence to strive for an EBIT of more than RM1.7 billion by the end of 2021.

Our capital expenditure (CAPEX) spend, at RM1.7 billion or 14.7% over total operating revenue, was well within our market guidance. Out of the amount spent, 50.4% was for Access, 24.7% was made for Core Network, and the remaining 24.9% was for Support Systems. The spending is part of our commitment to investing in future growth by modernising our network and technology platforms to deliver the best experience for our current and prospective customers. Disciplined CAPEX prioritisation and procurement supported by network modernisation and new approaches to network roll-out enabled optimal CAPEX spending in 2021. This contributed to the improvement in the Group's Return on Invested Capital (ROIC) which grew to 9% from 8.4% in 2020.

Similar to our previous efforts in converting our copper-related assets to fibre cables, we are taking a proactive and prudent position to reflect the value of our mobile assets to better focus on future growth, as we prepare and position ourselves for 5G deployment.

Our robust working capital management continued to yield improvements in cost efficiencies for the major operational overheads. The focus was also on manpower optimisation and productivity improvements across the whole organisation which will result in future savings in manpower costs.

Our Free Cash Flow increased to RM2.2 billion due to higher EBITDA, contributing to the increase of receipts from customers during the year. Group ratios have also improved from the previous year, indicating enhanced returns and healthy financial standing for further growth.



We continuously seek to optimise capital allocation balancing the need for investment for future growth, funding for business requirements and maximising returns to shareholders. In 2021, we successfully completed the exercise of early redemption and paid in full the outstanding Sukuk under a RM2.0 billion Islamic Commercial Papers and Islamic Medium Term Notes programme, established on 5 April 2011.

We maintained strong credit ratings from multiple rating agencies despite the challenging landscape. This demonstrated our financial strength and capacity to meet all our financial obligations.


**RAM Rating Services**      **AAA**

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**Moody's Investors Services**   **A3 (baseline credit profile "BAA1")**

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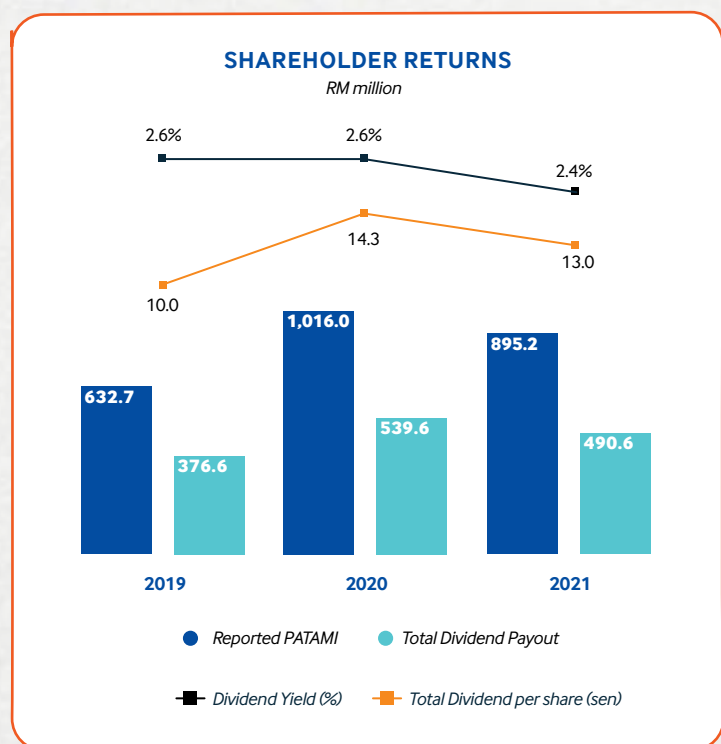
**Standard & Poors (S&P)**      **A- (standalone credit profile "A-")**



### GENERATING SHAREHOLDER VALUE

Sustainable commercial growth remains a key priority for the Group. Our commitment to shareholders is to optimise their returns for the years to come. TM's dividend payments take into account continuous and rigorous internal assessment to ensure cash is preserved and are available to support the company's needs, particularly during a period of growth. Payout is based on performance and directly links Management's focus and shareholders' interests. We are committed to our dividend policy of 40% - 60% from reported PATAMI, subject to our other commitments and business circumstances.

For 2021, we declared a Final Interim Dividend of 6.0 sen per share with a payout amounting to RM226.4 million for the financial year of 2021. Following the first interim dividend declared in August last year, the total interim dividend for 2021 is 13.0 sen per share, with a total dividend payout amounting to RM490.6 million.



### MOVING FORWARD

Despite the current uncertainties, the Malaysian economy is expected to gradually improve in 2022 from the worst wave of pandemic earlier. As the enabler of Digital Malaysia, we are steadfast in our efforts to realise the national digital aspirations and committed to supporting the Government's efforts to rebuild the economy post-pandemic.

**2022 GUIDANCE**

<b>Revenue Growth</b>	<b>Low to mid single digit growth</b>
<b>EBIT</b>	<b>More than RM1.8 billion</b>
<b>CAPEX/Revenue</b>	<b>Between 14% - 18%</b>

With a refreshed 2022 financial guidance, we are ready to take on the new year and achieve new levels of growth. Our three (3) LOBs will continue to leverage the rising demand for digital products and services to deliver new and exciting value propositions to customers to deliver revenue growth. At the same time, we will stay on course to increase our EBIT with the continuation of our transformation value programmes, closely monitoring costs and increasing business efficiency, effectively rolling out our projects at the highest yield possible, including exercising prudent financial management.

We will continue to invest in long-term growth by optimising our CAPEX. This includes sweating our assets for maximum value, making strategic investments based on reasonable returns, improving our procurement process for more competitive pricing and diligent and targeted spending on business needs.

Finance will continue to play a key supporting role to ensure TM remains fundamentally sound to support business strategy and new growth areas in the digital services space. Adherence to financial best practices, optimised processes, and internal controls will continue as a key component of financial and corporate governance.

As we enter the second year of our transformation programme, the TM Compass will guide the Group in powering a digital nation by delivering excellence in customer experience, solutions and connectivity. We will channel financial capital into transforming the Group into a human-centred technology company, delivering innovative digital solutions and applications that enable multiple facets of society to adopt the digital lifestyle, thus driving Progress For All.

# The Stakeholders We Rely On

TM’s 75-year history of connecting Malaysians is built on the trust given by our stakeholders – they are the reason for our success. Everything we do is to create sustainable value for them. Therefore, we regularly engage with our stakeholders through various platforms to capture their changing expectations and deliver innovative ways to make their lives easier.

**Frequency of Engagement** Daily Weekly Monthly Quarterly Annually

**EMPLOYEES**

**WHY ARE THEY IMPORTANT?**

As the execution engine of the Group, our employees drive our aspirations forward. Our digital and nation-building objectives are made possible by their skills, hard work and dedication. At the same time, we are responsible for providing employees with their livelihoods, a nurturing work culture and fulfilling career paths.

How We Engage with Them	What They Expect from Us	How We Create Value for Them	How We Measure Value
<ul style="list-style-type: none"> <li>Townhalls </li> <li>Employee appraisals </li> <li>Employee engagement events </li> <li>Email blasts </li> </ul>	<ul style="list-style-type: none"> <li>Clear, inclusive and fair career developments</li> <li>Safe and conducive working conditions</li> <li>Healthy work-life balance</li> </ul>	<ul style="list-style-type: none"> <li>Establish a career succession plan for all employees</li> <li>Strengthen governance on employee well-being</li> <li>Provide flexible working arrangements</li> </ul>	<ul style="list-style-type: none"> <li>82% scoring in Organisational Health Index (OHI) Index</li> <li>88% of employees completed their Goal Setting</li> <li>Zero (0) workplace fatalities</li> </ul>

**CUSTOMERS**

**WHY ARE THEY IMPORTANT?**

Customers are what keep us in business. Their trust in our products and services allows us to grow and expand our network while directly contributing to our financial performance. Meanwhile, we deliver essential services that help them stay connected and thrive in an increasingly digital world.

How We Engage with Them	What They Expect from Us	How We Create Value for Them	How We Measure Value
<ul style="list-style-type: none"> <li>Customer feedback management </li> <li>Customer Support Centre </li> <li>Social media tools </li> <li>Market research loyalty programmes </li> </ul>	<ul style="list-style-type: none"> <li>Convenient and seamless customer service</li> <li>High-speed and reliable broadband services</li> <li>Affordable and innovative products and solutions</li> </ul>	<ul style="list-style-type: none"> <li>Integrate digital solutions at touchpoints</li> <li>Increase and enhance our network coverage</li> <li>Deliver affordable and unique value propositions</li> </ul>	<ul style="list-style-type: none"> <li>23 NPS Score</li> <li>75.2% of customer complaints resolved within three (3) days</li> <li>735 cybersecurity incidents resolved/handled</li> <li>Zero (0) fines and penalties related to cybersecurity breaches</li> <li>Improved serving time from 45 minutes to 14 minutes</li> </ul>





**SHAREHOLDERS & INVESTMENT COMMUNITIES**

**WHY ARE THEY IMPORTANT?**

Our shareholders and investors provide the Group with financial strength through continued access to capital. This allows us to invest in growth projects and innovative solutions, thus delivering optimum financial returns.


How We Engage with Them	What They Expect from Us	How We Create Value for Them	How We Measure Value
<ul style="list-style-type: none"> <li>Analyst Results Briefings </li> <li>One-to-one virtual meetings </li> <li>Analyst engagement events: IR Spotlight Series </li> <li>Virtual conferences, seminars and forums organised by Investment communities </li> <li>Direct queries response from website, emails &amp; calls </li> <li>Live queries from shareholders during the AGM </li> </ul>	<ul style="list-style-type: none"> <li>Strong corporate governance and anti-corruption practices</li> <li>Enhanced return on investments (ROI)</li> <li>Competitive products and services</li> </ul>	<ul style="list-style-type: none"> <li>Establish robust policies and frameworks</li> <li>Improve cost savings through efficient processes</li> <li>Invest in research and development (R&amp;D) to meet market needs</li> </ul>	<ul style="list-style-type: none"> <li>RM895.2 million Reported PATAMI</li> <li>RM490.6 million Total Dividend Payout</li> <li>RM1.7 billion CAPEX (14.7% of revenue)</li> </ul> 



**GOVERNMENT & REGULATORS**

**WHY ARE THEY IMPORTANT?**

To achieve our nation-building aspirations, it is important to maintain a close working relationship with the Government. We support their programmes and initiatives that aim to propel the country forward, and they provide us with incentives and guidance on compliance with regulatory matters.



How We Engage with Them	What They Expect from Us	How We Create Value for Them	How We Measure Value
<ul style="list-style-type: none"> <li>Email reports on MCO-related matters </li> <li>Updates on supply chain disruptions </li> <li>Coordination meetings </li> <li>One-to-one meetings </li> </ul>	<ul style="list-style-type: none"> <li>Constant adherence to regulatory requirements</li> <li>Closing the digital divide</li> <li>Ethical and responsible practices</li> </ul>	<ul style="list-style-type: none"> <li>Conduct regular audits</li> <li>Increase and enhance our network coverage</li> <li>Establish robust policies and frameworks</li> </ul>	<ul style="list-style-type: none"> <li>&gt;90% of issues logged in the MCO reporting were resolved</li> <li>&gt;90% of issues related to supply chain disruptions were resolved.</li> <li>100% compliance with major laws and regulations</li> </ul> 



**SUPPLIERS**

**WHY ARE THEY IMPORTANT?**

Our wide network of suppliers provides us with the necessary products and services to operate and meet our strategic objectives. We strive to create a resilient supply chain by always treating our suppliers with respect, trust and fairness.

How We Engage with Them	What They Expect from Us	How We Create Value for Them	How We Measure Value
<ul style="list-style-type: none"> <li>Supplier Relationship Management </li> <li>Supplier training programmes </li> <li>Supplier recognition </li> <li>Supplier Satisfaction Survey </li> </ul>	<ul style="list-style-type: none"> <li>Safe and effective grievance mechanisms</li> <li>Fair contracts and payments</li> <li>Convenient and efficient processes</li> </ul>	<ul style="list-style-type: none"> <li>Establish formal grievance mechanisms and platforms</li> <li>Implement policies that protect suppliers' rights</li> <li>Integrate digital solutions into procurement processes</li> </ul>	<ul style="list-style-type: none"> <li>RM3.8 billion total contributions to suppliers</li> <li>~RM3.0 billion channelled to local suppliers</li> <li>RM1.1 billion total operating costs distributed to Bumiputera vendors</li> </ul>  



**BUSINESS PARTNERS**

**WHY ARE THEY IMPORTANT?**

We work closely with our business partners to exchange expertise, insights and capabilities that are mutually beneficial to our respective businesses' growth and long-term success.

How We Engage with Them	What They Expect from Us	How We Create Value for Them	How We Measure Value
<ul style="list-style-type: none"> <li>Progress reports </li> <li>Corporate presentations </li> <li>Signing ceremonies </li> <li>Annual reports </li> </ul>	<ul style="list-style-type: none"> <li>Alignment of partnerships and goals</li> <li>Mutual understanding of business expectations</li> </ul>	<ul style="list-style-type: none"> <li>Ensure regular engagements with business partners</li> <li>Set up business partnership units across the Group</li> </ul>	<ul style="list-style-type: none"> <li>Through regular engagement with business partners, TM achieved close to 9,000 corporate customers and over 1,300 affiliates in Federal, State and Government agencies</li> </ul>



**MEDIA**

**WHY ARE THEY IMPORTANT?**

We rely on the media to provide a fair and accurate representation of our business to the general public. It is important to maintain good media relations to shape a positive reputation that aligns with our purpose and gain the support of our other stakeholders.

How We Engage with Them	What They Expect from Us	How We Create Value for Them	How We Measure Value
<ul style="list-style-type: none"> <li>News releases </li> <li>Press conferences </li> <li>Media coverage </li> <li>Media engagements </li> <li>Media courtesy visits </li> </ul>	<ul style="list-style-type: none"> <li>Sharing of factual and accurate information</li> <li>Respectful and cordial media relations</li> </ul>	<ul style="list-style-type: none"> <li>Organise media rapport-building activities</li> <li>Implement Spokesperson Training Workshop sessions</li> </ul>	<ul style="list-style-type: none"> <li>Media tonality score of 60% - 62%, reflecting a positive public perception</li> </ul>



**COMMUNITIES**

**WHY ARE THEY IMPORTANT?**

Communities provide invaluable support to our strategic and nation-building aspirations. By fostering strong relationships with local communities, we create trust and confidence in our ability to enable a Digital Malaysia.

How We Engage with Them	What They Expect from Us	How We Create Value for Them	How We Measure Value
<ul style="list-style-type: none"> <li>Website, Facebook, Instagram, LinkedIn </li> <li>Community engagements/corporate responsibility activities </li> <li>Seminars, training &amp; joint activities </li> <li>Annual Reports </li> </ul>	<ul style="list-style-type: none"> <li>Inclusive socio-economic progress</li> <li>Safe, clean and peaceful living environment</li> </ul>	<ul style="list-style-type: none"> <li>Invest in community development programmes</li> <li>Ensure constant environmental and social compliance</li> </ul>	<ul style="list-style-type: none"> <li>RM14.9 million investment/contributions towards community programmes</li> <li>RM582.3 million worth of scholarships disbursed</li> </ul>



**UNION**

**WHY ARE THEY IMPORTANT?**

Unions take care of our employees' best interests. By collectively bargaining on their behalf, unions help us balance the needs of our employees and maintain industrial harmony.

How We Engage with Them	What They Expect from Us	How We Create Value for Them	How We Measure Value
<ul style="list-style-type: none"> <li>Joint activities </li> <li>Consultations </li> <li>Dialogues &amp; engagements </li> <li>Negotiations </li> </ul>	<ul style="list-style-type: none"> <li>Alignment of business and workers' priorities</li> <li>Transparent and fair welfare options</li> </ul>	<ul style="list-style-type: none"> <li>Assess and review collective bargaining agreements</li> <li>Conduct regular engagements with trade unions</li> </ul>	<ul style="list-style-type: none"> <li>37% of employees covered by unions</li> <li>100% completion of strategic analysis of key items in collective agreements</li> </ul>

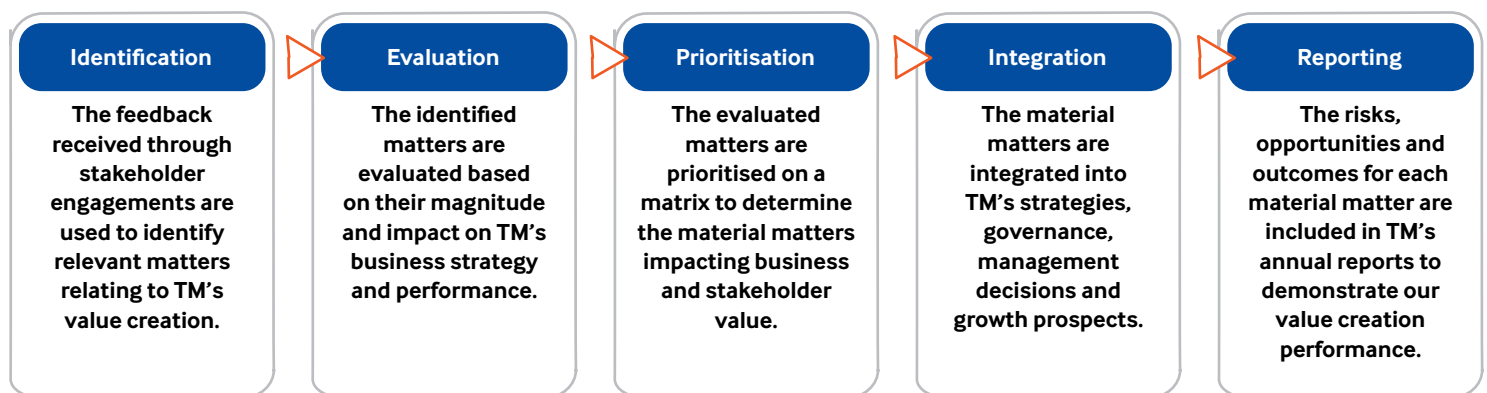


# Our Material Matters

Our value creation story focuses on addressing matters that are most material to our strategic priorities and stakeholder expectations. We devise our strategies, programmes and policies based on these material matters. This is part of TM’s ESG commitment, enabling us to deliver long-term value and fulfil our obligation as both a business and a nation-building organisation.

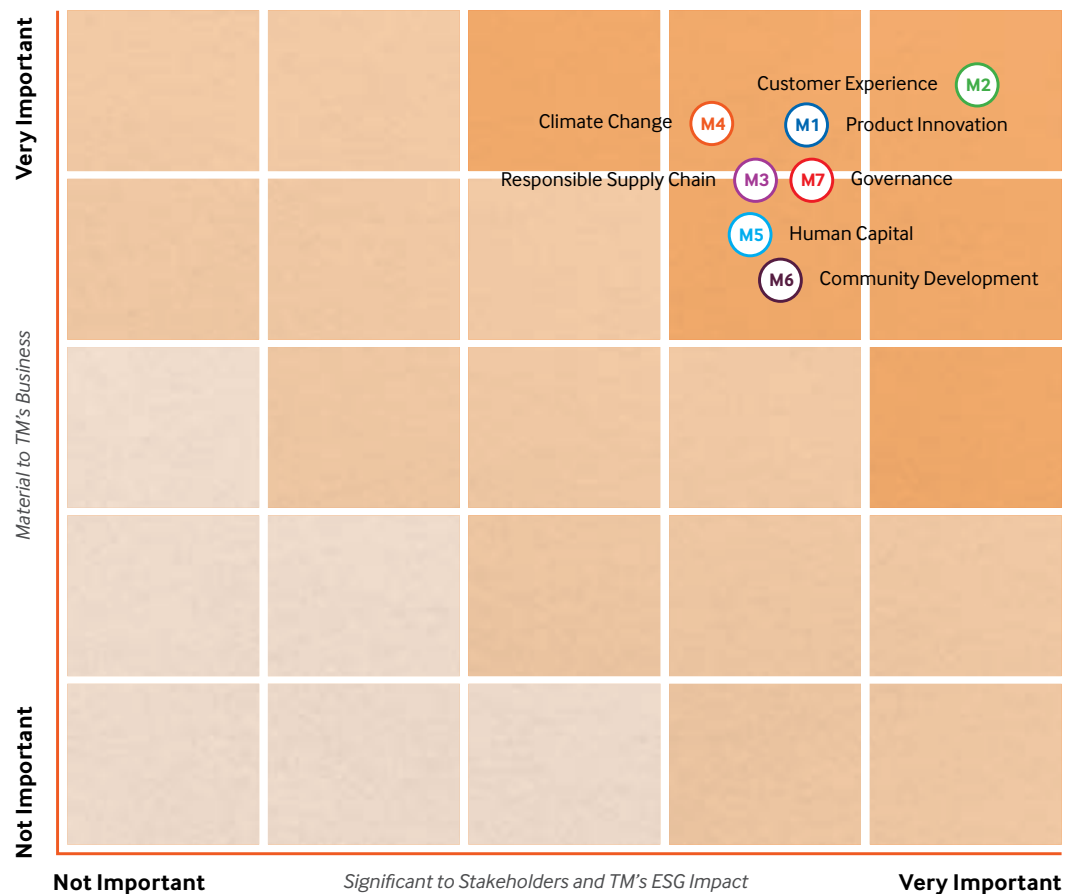
## MATERIALITY METHODOLOGY:



The material matters are identified through a structured assessment process. The matters are prioritised according to their impact on our business and influence on stakeholders. We regularly review and assess these matters to ensure that the information is timely and relevant. The materiality process consists of five (5) key steps:







## MATERIALITY MATRIX:



Based on our assessment, we have identified and prioritised seven (7) material matters that are of high importance. All of these material matters are considered when developing our business and sustainability strategies. Our performance on each material matter is elaborated on pages 85 to 125.







**M1 PRODUCT INNOVATION**  See page 86. 



Why It Matters	What Are the Risks	What Are the Opportunities	What We Do
<p>Our customers expect smart and innovative product solutions that meet their rising connectivity demands. This is a crucial aspect in remaining competitive and enabling a Digital Malaysia.</p> <p><b>Stakeholders:</b> </p>	<ul style="list-style-type: none"> <li>Reduced customer loyalty due to irrelevant or outdated products</li> <li>Increased competition due to emerging and disruptive technologies</li> </ul> <p><b>Key Risks:</b> Strategic Risks, Financial Risks, Technology/System Risks</p>	<ul style="list-style-type: none"> <li>Recommendations and repeated purchases due to satisfied customers</li> <li>Improved profitability and performance-driven by cutting-edge product solutions</li> </ul>	<ul style="list-style-type: none"> <li>Invest in the R&amp;D of products according to market needs</li> <li>Promote an innovative work culture that rewards creativity and diverse ideas</li> </ul> <p><b>Capitals Deployed:</b> </p>



**M2 CUSTOMER EXPERIENCE**  See page 91. 

Why It Matters	What Are the Risks	What Are the Opportunities	What We Do
<p>In today's competitive and fast-paced environment, customers are accustomed to fast and personalised services. A seamless yet meaningful customer experience reflects our commitment to making life easier for them.</p> <p><b>Stakeholders:</b> </p>	<ul style="list-style-type: none"> <li>Decline in customer base due to poor service and frustrating experiences</li> <li>Loss of customers' trust from cybersecurity issues that impact their peace of mind</li> </ul> <p><b>Key Risks:</b> Strategic Risks, Operational Risks, Financial Risks</p>	<ul style="list-style-type: none"> <li>Improved customer retention due to friendly and warm customer service</li> <li>Cost savings from seamless and efficient customer processes</li> </ul>	<ul style="list-style-type: none"> <li>Integrate digital solutions and smart features into our customer platforms</li> <li>Strengthen our cybersecurity infrastructure to protect customer data</li> </ul> <p><b>Capitals Deployed:</b> </p>

**M3 RESPONSIBLE SUPPLY CHAIN**  See page 102. 

Why It Matters	What Are the Risks	What Are the Opportunities	What We Do
<p>ESG issues within the supply chain create a ripple effect that impacts our operations. More importantly, as an important stakeholder group, we are responsible for the welfare and well-being of our supply chain partners.</p> <p><b>Stakeholders:</b> </p>	<ul style="list-style-type: none"> <li>Operational and business disruptions due to regulatory breaches from suppliers</li> <li>Reputation damage due to unethical and corrupt practices within the supply chain</li> </ul> <p><b>Key Risks:</b> Operational Risks, Sustainability Risks</p>	<ul style="list-style-type: none"> <li>Improved work performance from suppliers due to fair and safe working conditions</li> <li>Additional savings from the sustainable and efficient sourcing of products and services</li> </ul>	<ul style="list-style-type: none"> <li>Ensure a fair and transparent procurement process for suppliers</li> <li>Prioritise suppliers that integrate social and environmental practices into their business</li> </ul> <p><b>Capitals Deployed:</b> </p>

**M4 CLIMATE CHANGE**  See page 96. 

Why It Matters	What Are the Risks	What Are the Opportunities	What We Do
<p>Climate change is a significant threat to all stakeholders and will impede our ability to create long-term value. Building climate resilience is key to our business sustainability.</p> <p><b>Stakeholders:</b> </p>	<ul style="list-style-type: none"> <li>Damages to our critical infrastructure due to extreme weather events</li> <li>Unexpected costs due to unexpected and rising environmental regulations</li> </ul> <p><b>Key Risks:</b> Strategic Risks, Operational Risks, Sustainability Risks</p>	<ul style="list-style-type: none"> <li>Adapting to climate change ensures continued connectivity and customer satisfaction</li> <li>Low-carbon technologies enable us to proactively mitigate climate-related risks</li> </ul>	<ul style="list-style-type: none"> <li>Implement energy and material optimisation initiatives</li> <li>Organise internal and external environmental awareness programmes</li> </ul> <p><b>Capitals Deployed:</b> </p>





**M5**

**HUMAN CAPITAL**

See page 107.

Why It Matters	What Are the Risks	What Are the Opportunities	What We Do
<p><i>Warga TM</i> is the execution engine of our transformation strategy. It is important to maintain an engaged and future-ready workforce to help drive our long-term aspirations.</p> <p><b>Stakeholders:</b> </p>	<ul style="list-style-type: none"> <li>Unmotivated and disengaged employees lead to poor productivity and performance</li> <li>Loss of employees due to potential health and safety violations</li> </ul> <p><b>Key Risks:</b> Operational Risks, Sustainability Risks</p>	<ul style="list-style-type: none"> <li>Effective training programmes contribute to a motivated and knowledgeable workforce</li> <li>High talent retention and acquisition due to a reputation as a top employer</li> </ul>	<ul style="list-style-type: none"> <li>Establish regular training and development programmes according to relevant industry skills</li> <li>Implement policies and programmes that prioritise employee well-being and safety</li> </ul> <p><b>Capitals Deployed:</b> </p>

**M6**

**COMMUNITY DEVELOPMENT**

See page 113.



Why It Matters	What Are the Risks	What Are the Opportunities	What We Do
<p>Our role as a nation-building organisation means ensuring that all segments of society benefit from our activities. An empowered community is important in creating an inclusive Digital Malaysia.</p> <p><b>Stakeholders:</b> </p>	<ul style="list-style-type: none"> <li>Lack of stakeholder confidence due to poor involvement in community development</li> <li>Underdeveloped communities hinder inclusive socio-economic growth</li> </ul> <p><b>Key Risks:</b> Strategic Risks, Sustainability Risks</p>	<ul style="list-style-type: none"> <li>Increased visibility and credibility as a caring and responsible organisation</li> <li>High employee morale and productivity due to community volunteerism</li> </ul>	<ul style="list-style-type: none"> <li>Set up volunteering opportunities for employees to give back to society</li> <li>Distribute scholarships to high-potential students and nurture them into digital leaders</li> </ul> <p><b>Capitals Deployed:</b> </p>

**M7**

**GOVERNANCE**

See page 121.



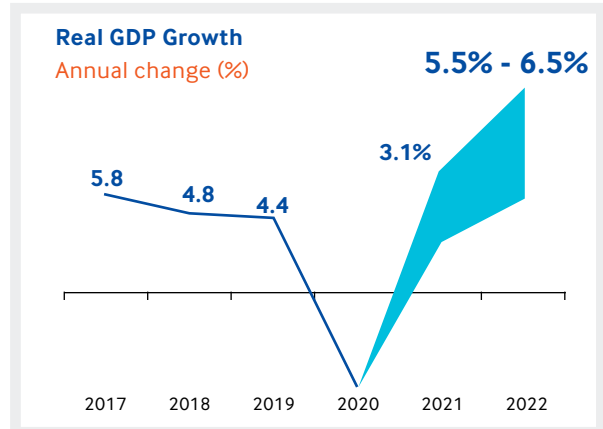
Why It Matters	What Are the Risks	What Are the Opportunities	What We Do
<p>Our ability to create shared stakeholder value relies on having a robust governance system in place. Good governance ensures we protect the interests of all stakeholders, and avoid implications of corruption, malpractices and non-compliances.</p> <p><b>Stakeholders:</b> </p>	<ul style="list-style-type: none"> <li>Financial and non-financial penalties due to potential corruption and malpractices</li> <li>Poor employee morale due to poor leadership and governance</li> </ul> <p><b>Key Risks:</b> Strategic Risks, Financial Risks, Operational Risks, Sustainability Risks</p>	<ul style="list-style-type: none"> <li>Enhanced stakeholder trust and confidence due to fair policies and systems</li> <li>High credibility and performance due to effective compliance and risk management</li> </ul>	<ul style="list-style-type: none"> <li>Frequently monitor and review all regulatory standards to ensure constant compliance</li> <li>Provide grievance mechanisms for stakeholders to safely report any malpractices</li> </ul> <p><b>Capitals Deployed:</b> </p>

# Analysing Market Trends

## THE ECONOMY

### WHAT HAPPENED IN 2021

- The Malaysian economy recorded growth of 3.1% in 2021, compared to a 5.6% contraction in the same period last year
- This growth is due to increased economic activities as containment measures are progressively relaxed amid vaccine rollouts and continued policy support
- The imposition of various forms of MCOs nationwide have impacted the income and livelihoods of people and businesses, especially the SMEs



Source: Department of Statistics Malaysia and Ministry of Finance Malaysia

#### How It Impacted TM

- Demand for fixed home broadband still relevant as various forms of MCO and SOP implementation to enable the new normal
- More demand for SME digital solutions due to Government grant via matching grants and financing assistance of RM14.2 billion announced during Budget 2022 and series of aid packages during pandemic lockdown
- Accelerated digital transformation, with rising focus on digital services, data centre and cloud

#### How It Impacted Our Stakeholders

- Business customers**
  - A decline in average monthly revenue, mainly for 40% of MSMEs
- Individual customers/communities**
  - Decrease in household income, with 12.8% of T20 and 20% of M40 households relegated to lower-income category

#### What We Did

- Product offerings covering multi-segments of consumer household
- Continue to enable businesses to be more sustainable in this challenging environment i.e. grow and manage their cost via digital education and e-commerce drive
- Ensure digital infra fully supported and functional throughout the pandemic

#### What the Future Looks Like

- According to the Twelfth Malaysia Plan (12MP), development expenditure will be distributed to projects with a high multiplier impact to reinvigorate the economy
- The economy will continue to recover, with projected GDP growth between 5.5% - 6.5%.
- Projected lower inflation rate (from 2.4% to 2.1%) and improvement in unemployment rate (from 4.8% to 4%)
- The positive outlook is dependent on other factors, such as pandemic containment and strong global economic prospects

## CONNECTIVITY

### WHAT HAPPENED IN 2021

- Prolonged lockdowns further drove demand for fixed broadband subscriptions
- Fibre continued to be the largest form of connectivity technology, accounting for 86% of total broadband connections
- There was also a significant increase in mobile data usage, driven by users who relied on mobile broadband as their primary connectivity
- Ongoing trends toward hybrid working and greater use of digital media



**7%** increase in consumer broadband subscriptions to 2.7 million

Source: GlobalData Q2 2021 Fixed Forecast

#### How It Impacted TM

- More digital service providers (DSP) compete to capitalise on SME's digital transformation budget
- Public reliance on fixed broadband surged around the world during the COVID-19 pandemic, and although demand might dip from recent highs, there are good prospects for further growth because of ongoing trends toward hybrid working and greater use of digital media

#### How It Impacted Our Stakeholders

- Individual customers**
  - Higher reliance on the reliability and speed of services
- Business customers**
  - Increase in hybrid workplace
  - Large enterprises invest in connectivity solutions to strengthen business continuity

#### What We Did

- Continue our drive towards convergence offerings for our Consumer (home and individual)
- Provider of digital technology and solutions beyond connectivity for SME, Enterprise and the public sector

#### What the Future Looks Like

- The connectivity market will be driven by network expansion, especially in suburban and rural areas
- The overall residential fixed-line broadband market is expected to be flat in five (5) years
- When 5G is available, the single wholesale provider approach (via DNB) will lower entry barriers and further drive competition
- Business fixed and mobile data are expected to grow at 8.5% and 2% CAGR, respectively, from 2021 to 2026



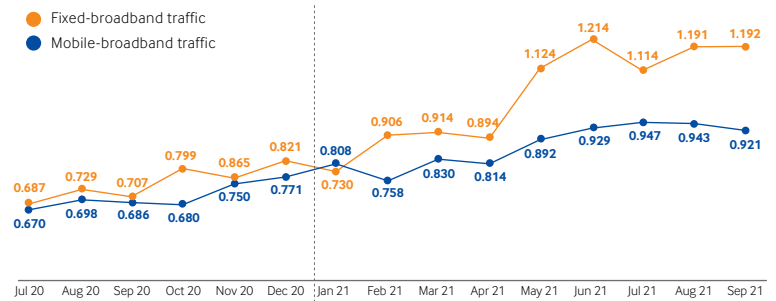
## DIGITALISATION

### WHAT HAPPENED IN 2021

- A surge in internet demand due to rising digital adoption
- Most SMEs remained conservative in their Information & Communications Technology (ICT) spending, with only 43% increasing their budget compared to 63% in 2020\*
- Despite the Government's initiatives to drive ICT adoption in the SMEs segment, not many SMEs deployed new solutions

\*Source: GlobalData IT Insight

### Broadband traffic (exabytes)



\* Source: MCMC 3Q 2021 C&M Facts and Figures. Note: 1. 1 Exabyte = 1,000,000,000 Gigabyte

#### How It Impacted TM

- Increase in demand for fixed broadband as a more relevant and reliable solution at home due to the ongoing recovery of pandemic
- Reliance on digital tools, notably cloud services, will continue to grow significantly in a post-pandemic recovery

#### How It Impacted Our Stakeholders

- Customers**
- Low tolerance to poor performance and downtime of service
  - Demand for more consistent, omnichannel digital experiences, with a strong emphasis on self-service options and flexible prices
- Government & Regulators**
- Proliferate digital penetration nationwide to improve the socio-economic status of Malaysians

#### What We Did

- Progressively transformed the end-to-end customer digital experience
- Developed digital products and solutions (Enterprise Smart Services) to expedite digital adoption
- Continue to invest in the core to serve demands in existing and new home passed areas

#### What the Future Looks Like

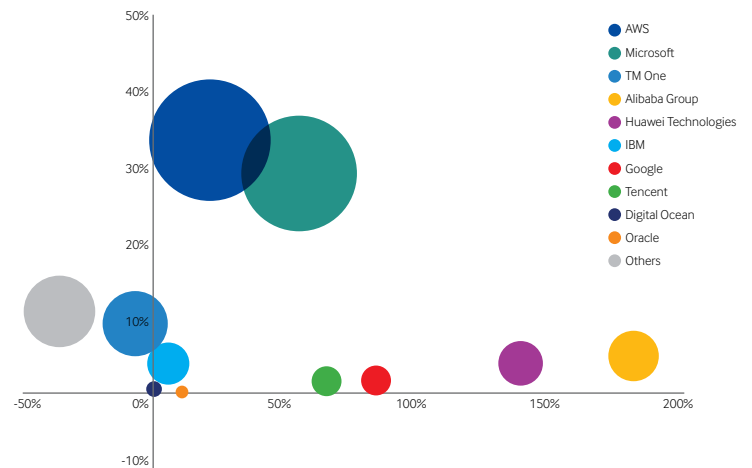
- SME's race to pivot operationally and strategically will contribute to ICT growth
- This will lead to solid growth in the SME total addressable market (TAM) for 2022
- ICT growth YoY is expected to hit 10.9%, higher than pre-pandemic levels
- Many local and global DSPs, including the traditional non-tech providers, are exploiting further the B2B mindset and venturing into the ICT ecosystem

## CLOUD

### WHAT HAPPENED IN 2021

- The Government launched the MyDIGITAL initiative to drive the adoption of cloud services in the market
- Enterprises are increasingly aware of cloud benefits, with many planning to migrate their workload from on-premises to hosted environments
- Despite the increase in cloud demand, data centre services continued to be crucial for critical applications and highly regulated verticals, such as Government and Banking, Financial Services and Insurance (BFSI)
- Software as a Service (SaaS) is the cloud technology that most enterprises in Malaysia are considering investing in 2021 and beyond

### Malaysia's Top 10 IaaS Market Share and Growth, 2H20



Source: IDC Semiannual Public Cloud Services Tracker, 2H20

#### How It Impacted TM

- Opportunity to leverage global technology companies and expertise to move up the cloud value chain
- Became the sole home-based CSP
- Hyperscalers' expansion in the country will also drive the ecosystem and the market competition

#### How It Impacted Our Stakeholders

- Individual customers**
- Faster turnaround time for new service availability, including services through adoption of native cloud services
- Business customers**
- More workloads hosted on the cloud, with advanced capabilities available
  - 5G will also drive the edge computing market, enabling new applications across verticals through solution co-creation between service providers and enterprises
- Employees**
- Increased agility and efficiency across organisation through cloud

#### What We Did

- Aligned to digital technology roadmap, with technology training and industry certification
- Ensured all digital products are cloud-native, i.e. built on cloud for cloud
- Aligned with TM Wholesale aspiration to become a digital hub for the ASEAN region, as it can be realised through strategic collaborations with hyperscalers and global service providers in Malaysia

#### What the Future Looks Like

- Malaysian enterprises are increasingly utilising cloud services to address internal skillset gaps and drive deployment success
- Hyperscalers will expand their local partners to offer cloud services (e.g. AWS Outposts) from domestic data centres
- Most enterprises in Malaysia are considering investments in 'hybrid cloud' and 'managed cloud' implementation models in the next two (2) years
- The cloud market is expected to grow strongly at a CAGR of 15% in the next five (5) years

## INTERNET OF THINGS (IOT)

### WHAT HAPPENED IN 2021

- IoT opportunities are enormous, with a global economic value projection ranging from US\$1.9 trillion to US\$7.1 trillion
- The market size for IoT for consumers in Malaysia was \$215.6 million (RM894.8 million) in 2021, and ~\$2.7 billion (RM11.0 billion) for enterprises\*
- However, the pandemic impacted the IoT market across industries as enterprises shifted their ICT budget to more critical solutions, such as enabling remote workplaces
- With the reopening of economic activities, some enterprises started to resume their existing IoT initiatives and/or consider new IoT solutions again

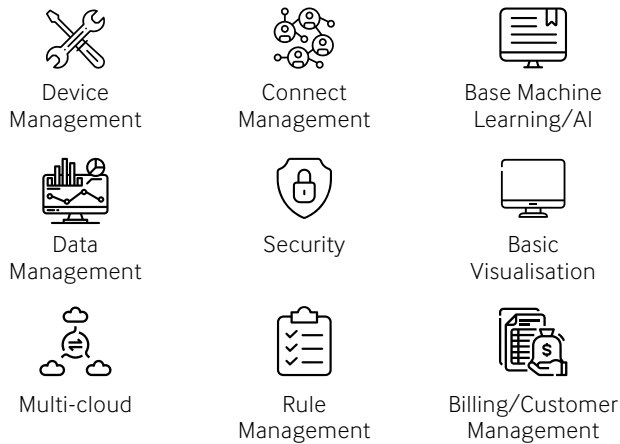
\*Source: IDC - Malaysia Connectivity Insight 2021 For Consumer & Enterprise Segment (Sep 2021)



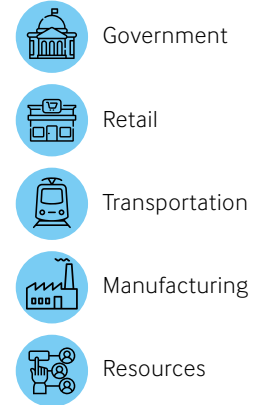
### Things



### CSP IoT Platform



### Industry Platforms



IoT Consumer (Smart Home) & IoT Enterprise (Industrial Solution) – Source - IDC

### How It Impacted TM

- Potential to position Malaysia as the preferred IoT development in the region
- Opportunity to expand service offering portfolios, presenting customers with compelling incentives for subscribing to multiple services

### How It Impacted Our Stakeholders

- Individual customers**
  - Enhanced digital experiences and a more converged lifestyle
- Business customers**
  - Received valuable insights from data analytics for accurate predictions
  - AI and RPA for faster decision-making full automation
- Communities**
  - Personalised information sharing within groups
  - Intelligent community services and nation-building applications

### What We Did

- Set up a transformational roadmap to enable cross-functional technology platforms
- Develop and commercialise IoT solutions (i.e. Smart Services) for Enterprises across various verticals
- More Consumer lifestyle/entertainment devices included as add-on bundle to promote affordable payment terms and improve customer experience

### What the Future Looks Like

- The demand for IoT solutions to enhance COVID-19 responses, such as connected cameras and remote maintenance, will continue to grow
- AI as an ingredient in IoT applications and specialised hardware could be offered to SME and Enterprise customers
- Enhance and expand capabilities 5G with other ICT capabilities such as cloud, data centre, cybersecurity and data analytics to wider verticals
- 5G will also further drive IoT demands across industries such as large-scale sensor deployments, low latency and high bandwidth applications
- The IoT service market in Malaysia is expected to grow at a CAGR of 13% in the next five (5) years, growing to \$309.0 million (~RM1.3 billion) and \$3.7 billion (RM15.2 million) for consumers and enterprises, respectively, by 2024



## BIG DATA

### WHAT HAPPENED IN 2021

- The pandemic caused many organisations to move towards data-driven means to support operational resilience and revenue generation
- Building on the availability of cost-efficient cloud storage and supportive streaming services, companies increasingly explored real-time data opportunities
- AI and Big Data Analytics (BDA) are complementary technologies driving use cases such as Industry 4.0

#### How It Impacted TM

- Improvements in agility and digital services from AI/BDA implementation
- Ensuring compliance with data residency and sovereignty regulations with cloud infrastructure hosted in TM's secure data centres within Malaysia

#### How It Impacted Our Stakeholders

##### Business Customers

- In its effort to pivot the impact of the pandemic, many organisations have moved towards data-driven means to support operational resilience and revenue generation
- Big data turns into fast data. Building on the availability of cost-efficient cloud storage and supportive streaming services, companies will increasingly explore real-time data opportunities
- Importance of data-driven insights and analytics escalates potential damages from data breaches and data misuse

#### What We Did

- Leveraged analytics to drive digital and enhance customer experience
- Utilised BDA in our digital solution strategy to maximise impact to customers

#### What the Future Looks Like

- Challenges in data collection and fragmentation will limit widespread access to timely insights
- However, more achievable use cases will help companies approach the broader goal of continuous intelligence
- Companies will continue to invest in technologies that enable continuous integration and delivery of data
- With the growth of data, companies will liberate themselves from data storage and processing constraints by shifting from on-premise computing to partly or fully cloud-based architectures

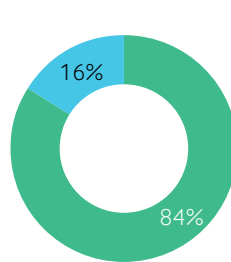
## SUSTAINABILITY

### WHAT HAPPENED IN 2021

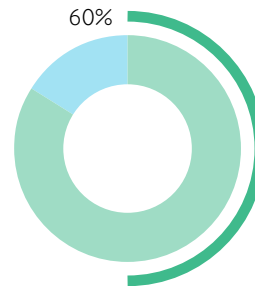
- Consumers, investors, regulators and industry players worldwide are increasingly supporting the global call for net-zero carbon emission in 2050
- There has been rising pressure for climate change, in particular, due to an increase in extreme weather events
- Many companies around the world, including telco service providers, have made strong commitments in addressing ESG challenges for the future sustainability

### Key Insights: Momentum and Shifting Perspectives

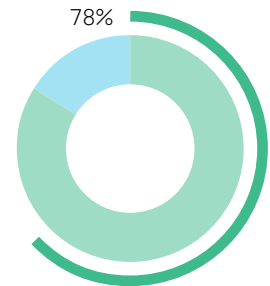
Three (3) signs of momentum among asset owners



84% are pursuing or considering pursuing ESG integration in their investment process.



▶ 60% of those began doing so in the last four (4) years.



▶ And 78% seek to align with the UN SDGs.

This material is developed by Morgan Stanley Investment Management and the Morgan Stanley Institute for Sustainable Investing.

**Eight (8) out of ten (10) Investors globally are “actively considering” integrating ESG criteria into their investment process/decisions.**

Source: Morgan Stanley Institute for Sustainable Investing and Morgan Stanley Investment Management

#### How It Impacted TM

- An opportunity to publicise our purpose and commitment towards national and global net-zero targets
- TM has made ESG commitment i.e. achieve carbon emission reduction by 30% in 2024 and net-zero emission by 2050

#### How It Impacted Our Stakeholders

##### Customers

- Greater trust in TM as a brand due to responsible ESG practices

##### Investors

- Valuation uplift with the incorporation of ESG into our purpose

##### Regulators

- Rising pressure and commitments to social and environmental development

##### Employees

- Greater ownership and pride to work in purposeful, sustainability-oriented organisations

#### What We Did

- Integrated sustainability into our strategy, the New TM Compass
- Introduced sustainability-related KPIs for our leadership team
- Established a sustainability roadmap with measurable goals and targets
- Embedded ESG in our eco-system and processes

#### What the Future Looks Like

- Regulators and Government bodies will increase pressure on companies to reduce their carbon footprint and compliance to ESG
- There will be a stronger collaboration between countries and organisations to achieve sustainable development goals

# Value Creation Business Model



**VISION: To Make Life and Business Easier, for a Better Malaysia**

OUR CAPITALS...

...ENABLE VALUE-ADDING

BUSINESS ACTIVITIES THAT CREATE...

**INPUTS**



**FINANCIAL**

- **RM2.2 billion** Free Cash Flow
- **RM1.7 billion** total CAPEX invested



**MANUFACTURED**

- **>650,000 km** domestic fibre cables
- **>320,000 km** submarine cables with **30** submarine cable systems
- **9** data centres (including 3 world-class Ties III/Rated 3 data centres)
- **>13,000** Wi-Fi hotspots
- **6** regional offices in **6** continents
- **100** global PoPs locations worldwide including **28** international gateway PoPs
- **3.0** million broadband ports
- **3,000** fiberised mobile sites
- **>80** CDN nodes worldwide
- **>30** TMiX nodes nationwide



**HUMAN**

- **>20,000** *Warga TM*
- **RM20.2 million** invested in employees training & development
- Launch of #IniCaraKita Culture Statement



**SOCIAL & RELATIONSHIP**

- **1,827** local suppliers
- **RM14.9 million** contributed towards community
- **RM957,000** contributed to culture and heritage



**INTELLECTUAL**

- **RM61.4 million** invested in R&D
- **75 years** of experience as a leading telco provider



**NATURAL**

- **43.1 million kWh** of energy consumption
- **221,590 (m<sup>3</sup>)** of water withdrawal

**BUSINESS OPERATIONS**



Enriching customers' lives through a digital lifestyle



Creating value for businesses through digital enablers



Connecting Malaysia to the world with borderless opportunities

**We are committed to driving our ESG agenda forward to deliver a better tomorrow.**

Read more on page 81.

**KEY RISKS**

Read more on pages 42 to 43.

**MATERIAL MATTERS**

Read more on pages 25 to 27.

**OUR STRATEGY  
NEW TM COMPASS**



Read more on pages 37 to 39.

**MARKET TRENDS**

- Economy
- Connectivity
- Digitalisation
- Internet of Things (IOT)
- Big Data
- Cloud
- Sustainability

Read more on pages 28 to 31.

**MISION:** We deliver Life Made Easier

**...VALUE FOR OUR STAKEHOLDERS.**

**OUR PURPOSE**  
Enable Digital Malaysia

- **Key Risks:** Strategic, Technology/System, Sustainability
- **Material Matters:**
  - M4 Climate Change
  - M6 Community Development
  - M7 Governance

**OUR CUSTOMERS**  
Deliver Customer Needs

- **Key Risks:** Strategic, Operational, Sustainability
- **Material Matters:**
  - M2 Customer Experience

**OUR PEOPLE: WARGA TM**  
Execution Engine to Perform & Transform

- **Key Risks:** Strategic, Operational, Technology/System
- **Material Matters:**
  - M5 Human Capital

**OUR BUSINESS**  
Stronger Financial Position

- **Key Risks:** Strategic, Operational, Financial, Sustainability
- **Material Matters:**
  - M1 Product Innovation
  - M3 Responsible Supply Chain

**OUTCOMES**

**FINANCIAL**

- **RM11.5 billion** Revenue
- **RM895.2 million** PATAMI
- **RM1.7 billion** EBIT
- **RM490.6 million** Total Dividend Payout (13.0 sen per share)

**MANUFACTURED**

- **3.0 million** total homes served
- **~9,000** Corporate customers
- **1,300** Federal, State Government, Agencies
- **~150** Malaysian Telcos
- **>500** International Telcos, OTT, hyperscalers
- **0.4 million** total SME customers served
- **66%** digitised customers interactions

**HUMAN**

- **5,937** employees trained with future-ready skills and other key functions
- **36%** women on Board
- **31%** women in the Management
- **7%** drop in recordable injury cases

**SOCIAL & RELATIONSHIP**

- **RM3.0 billion** contributed to local suppliers
- **RM582.3 million** scholarship disbursed via YTM since 1994
- **>16,000** students benefitted
- **>87,443** individuals/families benefitted from COVID-19 efforts
- **>6,500** teachers and students reached through community & nation-building programmes
- **>5,000** families assisted in flood relief efforts

**INTELLECTUAL**

- **>17** total awards and accolades received across TM

**NATURAL**

- **8%** reduction in overall carbon footprint
- **80.1%** reduction in air-travel emissions
- **61.9%** reduction of scheduled waste
- **RM2.4 million** in cost savings for Network Equipment (NE) shutdown

**STAKEHOLDERS**

- Shareholders & Investment Communities
- Government & Regulators
- Business Partners

- Shareholders & Investment Communities
- Government & Regulators
- Business Partners

- Employees
- Unions
- Government & Regulators

- Customers
- Suppliers
- Business Partners
- Communities
- Media


- Employees
- Shareholders & Investment Communities

- Government & Regulators
- Communities
- Employees
- Media
- Suppliers



# Our Capitals

We utilise six (6) types of capitals to create financial and non-financial value for our stakeholders. These capitals are interrelated, with a complex interplay between them. When making strategic decisions, we look at the trade-offs between the capitals to maximise positive outcomes. This is part of our sustainability approach, in which we sometimes need to make short-term financial trade-offs to achieve meaningful, long-term gains.



**HUMAN CAPITAL**


**Our dedicated and skilled *Warga TM* acts as our execution engine. We invest in our employees so they can drive our strategic purpose forward.**

	Inputs		Outputs/Outcomes			
	2020	2021	2020	2021		
<b>Total number of <i>Warga TM</i></b>	>21,000	<b>&gt;20,000</b>	<b>Average total hours of training per year per employee</b>	20	<b>41</b>	<p style="text-align: center; margin: 0;"><b>Actions to Enhance Outcomes</b></p> <ul style="list-style-type: none"> <li>Deliver competitive remuneration and benefits to employees</li> <li>Implement stringent employee health and safety programmes</li> </ul>
<b>Total investments in employees training &amp; development (RM million)</b>	11.8	<b>20.2</b>	<b>Employees with Collective Bargaining Agreements (%)</b>	37%	<b>37%</b>	
<b>Gender diversity in workforce (women)</b>	39%	<b>40%</b>	<b>Lost Time Injury Frequency Rate (LTIFR)</b>	0.76	<b>0.85</b>	
<b>Gender diversity on Board (women)</b>	25%	<b>36%</b>	<b>Incident Rate (IR)</b>	3.05	<b>2.75</b>	
			<b>Fatality Rate (FTR)</b>	0	<b>0.06</b>	

**Trade-Offs**

We invested in Occupational, Safety and Health (OSH) and well-being programmes to help employees manage the COVID-19 pandemic, while implementing employee training programmes to create a future-proof workforce. This may put pressure on our near-term Financial Capital, but the improved productivity and new skills acquired will result in greater profitability in the long run.

[For more information, see page 107.](#)



**INTELLECTUAL CAPITAL**

**Our rich 75-year history as an industry pioneer is what stakeholders trust. We embrace new technologies and digital solutions that strengthen our value proposition and competitive edge.**

	Inputs		Outputs/Outcomes			
	2020	2021	2020	2021		
<b>Total investments in R&amp;D (RM million)</b>	65.0	<b>61.4</b>	<b>No. of acquired international Awards</b>	4	<b>5</b>	<p style="text-align: center; margin: 0;"><b>Actions to Enhance Outcomes</b></p> <ul style="list-style-type: none"> <li>Engage with customers to develop smart solutions that meet their needs</li> <li>Elevate the value proposition of our product solutions</li> </ul>
<b>Years of experience in the telco industry</b>	>70	<b>75</b>	<b>No. of smart solutions developed</b>	-	<b>7</b>	

**Trade-Offs**

To meet changing customer demands, we channelled financial resources into R&D and smart technologies. This may reduce our immediate Financial Capital, but it also improves our competitive edge for better overall performance. At the same time, the trust gained from customers as a digital leader improves our Social & Relationship Capital.

[For more information, see page 87.](#)



**NATURAL CAPITAL**

Our operations rely on a range of resources, including energy, water, radio spectrum and other natural resources. As we progress on our sustainability journey, we strive to continuously reduce the impact of our activities on the environment.

Inputs	2020		2021	
	2020	2021	2020	2021
<b>Total water withdrawal (m<sup>3</sup>)</b>	228,458	<b>221,590</b>		
<b>Total energy consumed (kWh million)</b>	47.4	<b>43.1</b>		

Outputs/Outcomes	2020		2021	
	2020	2021	2020	2021
<b>Change in carbon footprint (%)</b>	-13	<b>-8.0</b>		
<b>Total GHG emissions (tCO<sub>2</sub>e)</b>	38,604	<b>35,555.16</b>		
<b>Total solid waste generated (kg)</b>	447,582	<b>467,125</b>		

- Actions to Enhance Outcomes**
- Introduce energy-efficient systems and technologies at TM assets
  - Optimised the fuel usage for our vehicle fleet

**Trade-Offs**

As part of our sustainability commitments, we continue to invest in green technologies and low-carbon solutions, thus lowering our Financial Capital. Nevertheless, resource-efficient operations help conserve both Natural and Financial capital in the long term. It also improves stakeholder trust, which strengthens our Social & Relationship capital.

For more information, see page 96.



**FINANCIAL CAPITAL**

Our income and earnings are used to operate and grow the business. We channelled our financial funds to pay relevant stakeholders, finance other types of capitals and propel our Digital Malaysia aspirations.

Inputs	2020		2021	
	2020	2021	2020	2021
<b>Free Cash Flow (RM billion)</b>	2.0	<b>2.2</b>		
<b>CAPEX (RM billion)</b>	1.5	<b>1.7</b>		

Outputs/Outcomes	2020		2021	
	2020	2021	2020	2021
<b>Group Revenue (RM billion)</b>	10.8	<b>11.5</b>		
<b>PATAMI (RM billion/million)</b>	1.02	<b>895.2</b>		
<b>EBIT (RM billion)</b>	1.6	<b>1.7</b>		
<b>Total Dividend Payout (RM million)</b>	539.6	<b>490.6</b>		

- Actions to Enhance Outcomes**
- Conduct rigorous cost discipline and optimisation
  - Ensure robust management of working capital

**Trade-Offs**

We channelled our Financial Capital to grow other capitals, such as investing RM20.2 million into employee training (Human Capital) and RM1.7 billion into our capital expenditure, including expanding network infrastructure (Manufactured Capital). Although this temporarily lowers our Financial Capital stock, improvements in other capitals ultimately replenish and further grow our long-term finances.

For more information, see pages 19 to 21.





**SOCIAL & RELATIONSHIP CAPITAL**

Our strong and meaningful stakeholder relationships allow us to meet our nation-building agenda. We take pride in creating bonds that build a resilient and thriving society.

Inputs	2020	2021
	<b>No. of local suppliers</b>	1,829
<b>Investments in community/nation-building initiatives</b> (RM million)	>6.7	<b>14.9</b>
<b>TM Future Skills Investment (RM)</b>	150,000	<b>300,000</b>
<b>Total value of scholarships disbursed</b> (RM million)	561.0	<b>582.3</b>

Outputs/Outcomes	2020	2021
	<b>Total contribution to suppliers</b> (RM billion)	3.5
<b>Total contribution to local suppliers</b> (RM billion)	2.6	<b>3.0</b>
<b>Net Promoter Score (NPS)</b>	11	<b>23</b>
<b>No. of beneficiaries reached</b>	>30,000	<b>&gt; 87,443</b>

- Actions to Enhance Outcomes**
- Regularly engaged with our various stakeholder groups
  - Organised training and development programmes for suppliers

**Trade-Offs**

During the year, we held community and stakeholder engagement programmes that required an outflow of Financial Capital in the short term. However, the trust created through stakeholders will provide opportunities to grow Human and Intellectual Capital, ultimately contributing to better Financial Capital performance.

For more information, see page 103, as well as page 114.



**MANUFACTURED CAPITAL**

Our vast infrastructure network, data centres and base stations are absolutely essential in connecting Malaysians nationwide. We also have retail outlets, office buildings and other physical assets that play an important role in our growth and operations.

Inputs	2020	2021
	<b>CAPEX</b> (RM billion)	1.5
<b>Fibre cables nationwide</b> (km)	>560,000	<b>&gt;650,000</b>
<b>International submarine cables</b> (km)	>300,000	<b>&gt;320,000</b>

Outputs/Outcomes	2020	2021
	<b>Total Home and SME customers served</b>	3.1 mil.
<b>Total no. of Enterprise and Public Sector customers</b>	≈13,000	<b>≈10,300</b>
<b>Total domestic and international customers</b>	>600	<b>&gt;695</b>

- Actions to Enhance Outcomes**
- Expanded our network through targeted investments
  - Accelerated fibre rollout and copper decommissioning

**Trade-Offs**

To improve our coverage and ensure all Malaysians can get connected, we continue to expand our network and infrastructure. This impacts both Financial and Natural Capital. However, the increase in Manufactured Capital will help deliver higher financial returns, which can then be channelled into environmental initiatives to restock Natural Capital. Additionally, by closing the digital divide, we build public trust and further improve our Social & Relationship Capital.

For more information, see pages 20, 50, 56, 61, and 86 to 90.





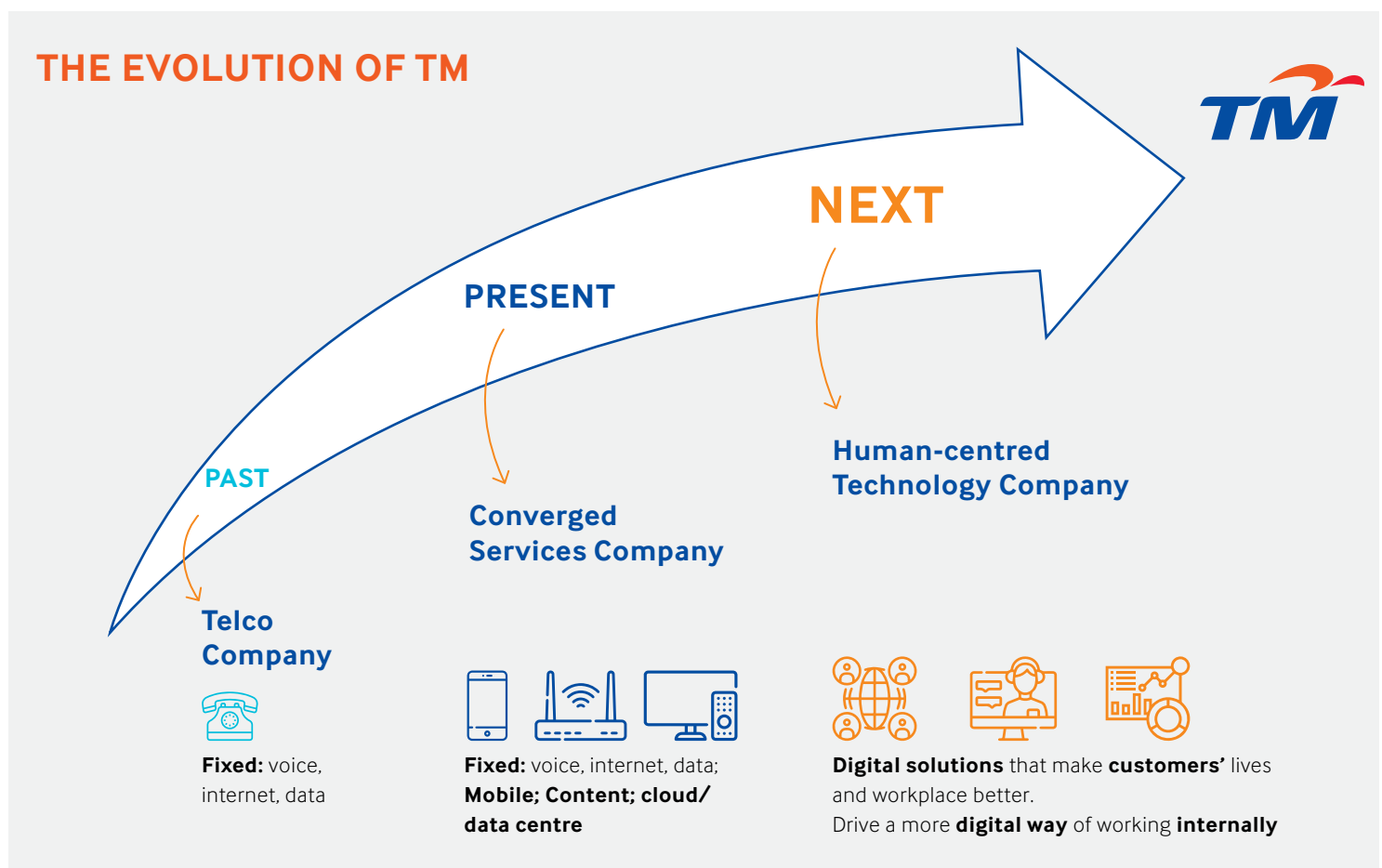
# Our Value Creation Strategy

For the past 75 years, our unwavering commitment to connecting Malaysians and building the nation has been the heart of everything we do. The country’s connectivity and telecommunication needs have evolved driven by new technologies and increased in digital adoption.

In recent years, we have transformed from a traditional Telco into a Converged Services Company. We have strengthened our fixed services that includes voice, internet and data, as well as mobile connectivity services with enriched and exciting TV contents for our customers. Our robust digital infrastructure acts as a solid foundation to enable digital and managed services that includes our data centre and cloud services. This Makes Life and Business Easier for our customers and enables us to realise the aspiration of Digital Malaysia.

In our journey to evolve as a human-centred technology company, it is imperative to have digital solutions that make customers’ lives and workplace better while it will also drive a more digital way of working. With digital solutions, customers can expect offerings to be highly personalised and customised. More value for customised services will be offered as customers move from ‘speed and price’ to ‘unique and differentiated experience’ that best suits their needs and lifestyle.

We also look forward to have more human-centred applications enabled by the emerging technology of 5G. 5G presents TM with the opportunities as the technology requires a faster and stable infrastructure, and this is made possible with TM’s robust fibre network. We work towards enriching customer experience with more digital services and applications benefiting people, i.e. IoT, smart services, or cloud computing. TM is proud to be the only home-based CSP trusted by Government to drive digital adoption in public sector. We believe, we are best positioned to offer such services and will continue to accelerate our reinvention as a human-centred technology company.



**TM TRANSFORMATION IS ANCHORED ON THE NEW TM COMPASS**

Recognising the challenging and dynamic industry landscape, it is important for TM to remain competitive and commercially sustainable. Thus, we have embarked on a 3-year transformation journey (2021-2023) anchoring on our New TM Compass. Our resilient performance is due to the effective execution of the New TM Compass. Through this strategy, we undertook transformational measures and ensures that we are well-equipped to enable Digital Malaysia to create sustainable value for current and future stakeholders. The New TM Compass anchors on four (4) strategic pillars: Our Purpose, Our Business, Our Customers and Our People.

New/added areas (for 2022 and beyond) that will guide us through our transformation towards a human-centred technology company:

- **Our Purpose:** A greater integration and renewed focus on ESG into our business operations with clear and bold commitments and targets
- **Our Business:** Business growth strategy by reaping opportunities new value creation from Digital and Fixed-Mobile Convergence (FMC)
- **Our Customers:** Customer Experience Excellence that focuses more on being proactive and offering personalisation to the mass, our unifi customers



**STRATEGIC PROGRESS**



**OUR PURPOSE**

TM is in a unique position, in which we play a dual role as both a PLC and a GLC. We focus on delivering long-term commercial growth as well as supporting the Government’s nation-building agenda. With 75 years of experience, we are well-adept in balancing the needs of the *Rakyat* and the business.

In 2021, we have renewed Our Purpose to include TM’s Sustainability Agenda with enhanced ESG aspiration. Our ESG initiatives are embedded into TM’s ecosystem for effective implementation and to ensure that sustainability is stitched into the fabric of our business governed by TM’s Sustainability Architecture and TM ESG Roadmap and execution plans as in page 79.

Our commitment is also recognised with TM’s ESG achievement ranked among the top 25% of 80 rated Malaysian companies and rated 4 out of 4 stars rating in FTSE4Good Bursa Malaysia. Our focus on the Environmental front is to continue protecting and preserving the planet by reducing carbon emission. Three (3) of TM data centres are now powered by Renewable Energy as part our efforts in reducing carbon footprint. On the Social front, we will continue playing our role as an enabler of Digital Malaysia to enrich social prosperity and livelihood with digital inclusiveness. With regards to Governance, we remain committed to upholding the highest standards of ethics, integrity and transparency in our conduct.



**Our ESG Achievement:**



What We Achieved		
2019	2020	2021
-	4/4 FTSE4Good Bursa Malaysia	4/4 FTSE4Good Bursa Malaysia

**Benefits Seen for Stakeholders:**

- Customers:**
  - Attract and retain customers with increased customer loyalty and happiness
- Employees:**
  - Improve employee morale and retain talents by reinforcing the purpose of the organisation
- Investors & Shareholders:**
  - Reduce the downside regulatory risks and legal intervention by proactively upholding our good reputation of TM to authorities, investors, financial institutions and public
  - Cost reduction with lower energy consumption and reduced waste
- Government & Regulators:**
  - Improve ability to attract long term investments from sustainability-focused investors



**OUR BUSINESS**

We are elevating our business by developing a performance-based culture that optimises near- to long-term financial outcomes. The goal is to accelerate revenue and EBIT uplift and deliver sustainable financial returns to our shareholders. Our business growth strategy involves reaping opportunities to create new value from digital and fixed-mobile convergence.

**Strategic Performance:**



What We Achieved				Value Created for Stakeholders
Targets (2021)	2019	2020	2021	
<b>Revenue growth: flat to single-digit growth</b>	RM11,434.2 million	RM10,840.3 million	<b>RM11,529.0 million</b>	<b>Customers</b> <ul style="list-style-type: none"> <li>Serving the requirements of our retail, enterprise, industry &amp; public sector customers</li> <li>Improving customer experience &amp; journey</li> <li>Improving product offerings</li> </ul>
<b>EBIT: more than RM1.6 billion</b>	RM1,568.3 million	RM1,604.7 million	<b>RM1,710.1 million</b>	<b>Shareholders and Investors</b> <ul style="list-style-type: none"> <li>Effective cost management</li> <li>Sound business practices &amp; governance</li> <li>Improving profitability &amp; dividend payouts/yield</li> </ul>
<b>CAPEX guidance: 14 - 18%</b>	11.9%	13.7%	<b>14.7%</b>	<b>Shareholders and Investors</b> <ul style="list-style-type: none"> <li>Sustainable investment for future business growth</li> <li>Improve Return on Asset (ROA), ROIC while effectively managing the Weighted Average Cost of Capital (WACC)</li> </ul>







**OUR CUSTOMERS**

To power a digital nation, we first and foremost need to fulfill our customers' needs. Without the trust and support of our customers, we will not be able to achieve our ambitious digital and nation-building aspirations. We remain steadfast in delivering Customer Experience Excellence, Solutions Excellence and Connectivity Excellence. As an inclusive service provider, we strive to keep all customer segments connected, from home and individuals to the private and public sectors.

**Strategic Performance:**

What We Achieved			
Targets (2021)	2019	2020	2021
<b>NPS: +14</b>	n/a	+11	<b>+23</b>

**Value Created for Stakeholders**

**Customers**

- We strive to continuously improve the customer experience at each touchpoint to create happy and satisfied customers.

In 2021, we have introduced series of value creation to enhance customer experience especially for unifi customers i.e. Consumers and SMEs. Highlighting some of the improvements as below:

- 24-hour service restoration guarantee
- Alert and notification (via SMS and myunifi application) for any service interruption
- Service Tracker to monitor the restoration work real-time progress via myunifi application
- Introduce Easy Fix as the self-service tool for customers to diagnose and troubleshoot their issues
- Interactive and simplified bill presentation

Throughout 2021, we have progressively introduced new experiences for our customers

**Interactive Bill**

**TM Force workforce management system**

**Proactive Service Alerts**

**Easy Fix Self-Service**

**Service Tracker**

**24-hour Service Restoration Guarantee**

2021

→

Easy, straightforward and simple bill presentation

New workforce management system for installation and restoration activities

Upfront alerts via SMS and myunifi mobile application push notification upon service failure with ticket creation

Empower customers to self-diagnose and troubleshoot their issues, and create a ticket for escalation

View and track real-time progress and restoration updates via the myunifi mobile application

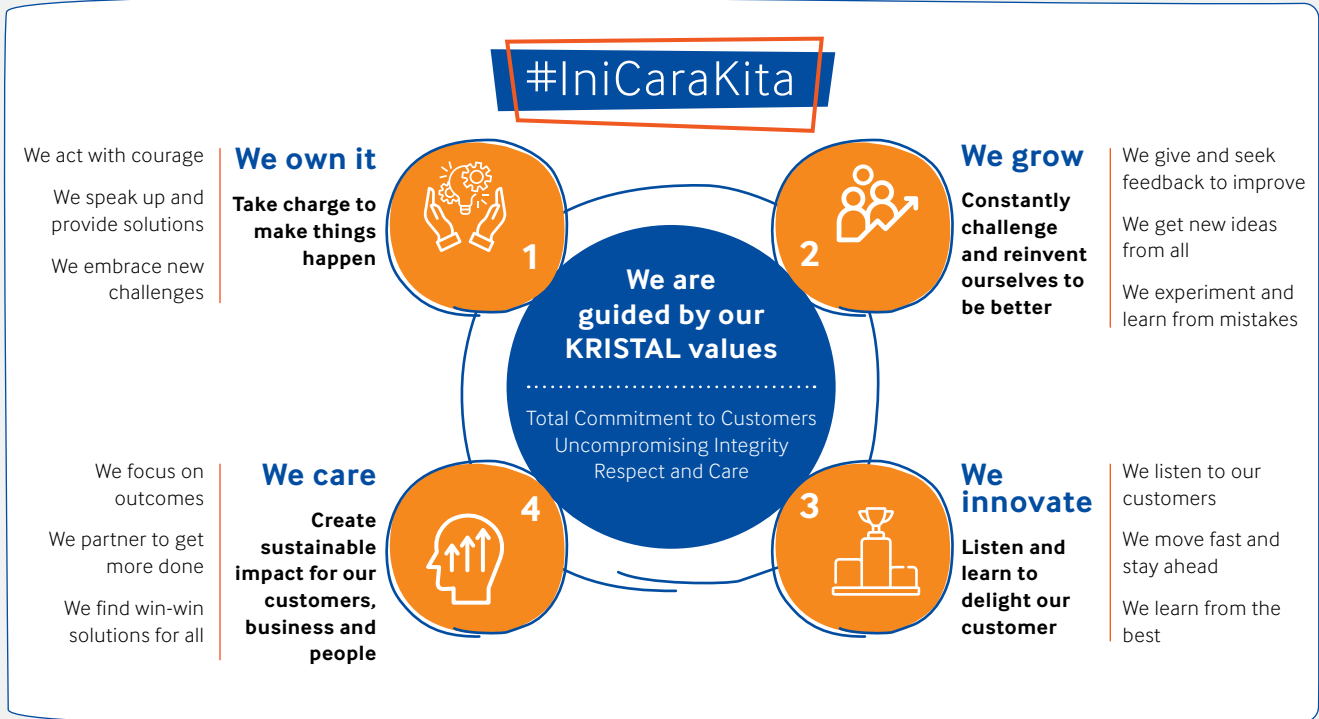
24-hour service restoration guarantee, and compensation for our premium customers



**OUR PEOPLE: WARGA TM**

We see our *Warga TM* as the execution engine of the company. The transformation of TM towards realising our purpose and aspirations is fully dependent on the performance and dedication of our people. In building a high-performance culture, we nurture our workforce with the right skills and knowledge. At the same time, we adopt a simplified operating model for a more agile way of working environment.

In 2021, we have launched TM's Culture Statement, #IniCaraKita, to share the desired work culture amongst *Warga TM*. Following this statement, we defined executable value programmes across our strategic pillars, focusing on financial performance, customer experience and organisational change. These programmes were driven by a cross-functional team with the best talent capable of meeting our transformation commitments.



**Strategic Performance:**

	What We Achieved		
Targets (2021)	2019	2020	2021
<b>Organisational Health Index (OHI)</b>	-	-	<b>82 TM OHI score is above average within the South East Asian Region</b>
<b>Value Created for Stakeholders</b>			
<p> <b>Employees:</b> For 2021, TM focused on the following key areas for <i>Warga TM</i> and the organisation.</p> <ol style="list-style-type: none"> <li><b>1. High-performance culture</b> <ul style="list-style-type: none"> <li>• Uplift the #IniCaraKita work culture</li> <li>• Strengthen performance and reward management</li> <li>• Expand Agile way of working</li> </ul> </li> <li><b>2. Empowering through future-ready talents programme</b> <ul style="list-style-type: none"> <li>• Develop a highly-skilled <i>Warga TM</i></li> <li>• Future-proof our organisation with future-ready skills</li> </ul> </li> <li><b>3. Lean and efficient organisation</b> <ul style="list-style-type: none"> <li>• Shaping a lean organisation with improved manpower productivity</li> </ul> </li> </ol>			

# Mitigating Risks to Value Creation






Effective risk management is an integral component of our value creation strategy. With the dynamic landscape of the modern world, it is essential for TM to stay ahead of existing and emerging risks that may impact our ability to deliver sustainable value to our stakeholders. Through our Enterprise Risk Management (ERM) Framework, we embed effective risk mitigation and management across our entire value creation process.

For the existing and known risks, we continue to review and improve the controls so as to provide the needed assurance to the business based on the movement of the key risk and control indicators. Meanwhile, we recognise the impact of emerging risks on the business and operations through proactive assessments and the institution of appropriate risk controls.

For more information on our risk management, please see pages 175 to 182.








Type of Risk	How It Impacts Value	How We Mitigate the Risks	Impact Indicators
<p><b>Strategic Risks</b></p> <p>External and internal factors, such as competition, regulations and reputational challenges, may impact our ability to achieve TM's strategic objectives and purpose.</p> <p><b>Material Topics:</b> M1 M2 M4</p> <p><b>Capitals:</b> [Icons: Bank, Lightbulb, Brain, Gear]</p>	<ul style="list-style-type: none"> <li>Loss of customers to competitors</li> <li>Deterioration of market share</li> </ul> <p><b>Stakeholders Affected:</b> [Icons: People, Document, Star]</p>	<ul style="list-style-type: none"> <li>Launch effective promotional campaigns</li> <li>Active engagement with regulators and stakeholders</li> </ul> <p><b>Strategic Pillars:</b> [Icons: Target, Gear, Document, Star]</p>	<ul style="list-style-type: none"> <li>Market share</li> <li>Acquisition revenue</li> <li>Termination rate</li> <li>Regulatory compliance</li> </ul>
<p><b>Risk Movement</b></p> <p>Significant to High given the intense competition in the telco industry to grow market share through competitive products and services as well as challenging regulatory landscape, which requires continuous engagement with regulators.</p>			
<p><b>Operational Risks</b></p> <p>Failed internal processes, OSH incidents, inadequate systems, or external occurrences, may disrupt our essential services and operations.</p> <p><b>Material Topics:</b> M1 M3 M5 M7</p> <p><b>Capitals:</b> [Icons: Bank, Lightbulb, Brain, Gear]</p>	<ul style="list-style-type: none"> <li>Impacted customer experience due to connectivity downtime</li> <li>Low employee morale related to health and safety issues</li> </ul> <p><b>Stakeholders Affected:</b> [Icons: People, Document, Star]</p>	<ul style="list-style-type: none"> <li>Strengthen our service restoration plan</li> <li>Implement OSH policies and standards</li> </ul> <p><b>Strategic Pillars:</b> [Icons: Target, Gear, Document, Star]</p>	<ul style="list-style-type: none"> <li>Waiters conversion</li> <li>Order drop rate</li> <li>Lost Time Injury (LTI)</li> </ul>
<p><b>Risk Movement</b></p> <p>Low to Significant with key controls in place to mitigate supply chain risk exposure through diversity in the supply chain, improvement to the end-to-end supply sustainability management, improvement to the service delivery and restoration while managing the impact of COVID-19 among employees and contractors. Workplace infection continues to be contained through work-from-home (WFH) arrangement, driving vaccination and booster take-up, as well as enforcement of relevant SOPs.</p>			



Type of Risk	How It Impacts Value	How We Mitigate the Risks	Impact Indicators
<p><b>Financial Risks</b></p> <p>Issues and factors that directly impact the Group's financial performance or liquidity, including credit risk, cost escalation, revenue leakage and revenue gap.</p> <p><b>Material Topics:</b>   </p> <p><b>Capitals:</b>  </p>	<ul style="list-style-type: none"> <li>Lower returns to shareholders and investors</li> <li>Less financial capital to fund our nation-building aspirations</li> </ul> <p><b>Stakeholders Affected:</b>  </p>	<ul style="list-style-type: none"> <li>Actively monitor customer credit ratings</li> <li>Deploy prudent and disciplined cost management</li> </ul> <p><b>Strategic Pillars:</b>  </p>	<ul style="list-style-type: none"> <li>Collection/sales</li> <li>Debtors ageing</li> <li>Cost savings</li> <li>Revenue leakage incidents</li> </ul>








**Risk Movement**

Low to Moderate attributed to effective cost management through aggressive negotiation with service providers/suppliers, monitoring of customer credit ratings, enhancement of revenue assurance coverage and process, drive aggressive sales campaigns and programmes, effective hedging on borrowings and regular Forex monitoring.

Type of Risk	How It Impacts Value	How We Mitigate the Risks	Impact Indicators
<p><b>Technology/System Risks</b></p> <p>Failure to respond to disruptive technologies and cybersecurity breaches, as well as breakdowns and disruptions to our network infrastructure</p> <p><b>Material Topics:</b>     </p> <p><b>Capitals:</b>  </p>	<ul style="list-style-type: none"> <li>Loss of stakeholder trust from cybersecurity issues</li> <li>Slow scaling of network expansion from poor technology adoption</li> </ul> <p><b>Stakeholders Affected:</b>  </p>	<ul style="list-style-type: none"> <li>Deploy specific controls that address cybersecurity risks</li> <li>Invest in the R&amp;D of new technologies</li> </ul> <p><b>Strategic Pillars:</b>  </p>	<ul style="list-style-type: none"> <li>No. of cybersecurity incidences</li> <li>No. of trouble tickets and downtime incidences</li> <li>Hours taken for service restoration</li> </ul>

**Risk Movement**

Moderate to High attributed to the trends in cyberattacks and security breaches, affecting customers' internal processes and services. Ongoing mitigations include strengthening the information security policy/framework and improving cybersecurity hardware and software controls, uplifting technical expertise of the workforce, as well as developing a new Business Support System (BSS) to increase agility and address the dynamic business needs of the customers.

Type of Risk	How It Impacts Value	How We Mitigate the Risks	Impact Indicators
<p><b>Sustainability Risks</b></p> <p>Potential liabilities and challenges stemming from ESG issues.</p> <p><b>Material Topics:</b>     </p> <p><b>Capitals:</b>  </p>	<ul style="list-style-type: none"> <li>Fines and penalties associated with unethical social and environmental practices</li> <li>Disruption from physical damages to assets from climate change risks</li> </ul> <p><b>Stakeholders Affected:</b>  </p>	<ul style="list-style-type: none"> <li>Implement TM's ESG vision &amp; commitments to guide our sustainability efforts</li> <li>Integrate climate change into the ERM</li> </ul> <p><b>Strategic Pillars:</b>  </p>	<ul style="list-style-type: none"> <li>ESG rating</li> <li>Carbon footprint</li> <li>Breaches in Malaysian Anti-Corruption Commission Act (MACCA) 2009</li> </ul>

**Risk Movement**

Low to Significant stemming from the heightened climate change-related risks (i.e. flood and landslides) causing service interruption to customers. Robust BCM programme will continue to be improved and implemented to mitigate prolonged service outages. Transitional risks to a low-carbon economy will be addressed more holistically through TM's ESG roadmap & commitments, which also encompass initiatives that elevate the Social (i.e. deployment of fibre internet access and supplier's ESG compliance) and Governance (i.e. zero-tolerance to corruption) aspects of sustainability.

# 75

# YEARS

# SERVING OUR NATION

TM as a leader of every evolution in the history of the nation's telecommunications industry



## 1946

The Jabatan Talikom Malaysia was established to restore and improve the country's telecommunications network services



## 1987

This is where our story begins. First known as Syarikat Telekom Malaysia (STM), we were established to advance the nation's telecommunications services for better coverage and reliability.



## 1990

Following our listing on Bursa Malaysia Securities Berhad's main board, we rebranded ourselves with a new logo to reflect to customers this pivotal moment in our telco journey



## 1964

A couple decades later, The Talikom Malaysia Department was established to restore and improve the country's telecommunications network services



## 1995

This is the dawn of the technology era for Malaysians. The introduction of the mobile phone via Cellular Service technology and the Global System for Mobile Communication (GSM), which allowed people to easily connect with anyone, anywhere, anytime

## 1970

Kuantan held Malaysia's first satellite station, which significantly improved telecommunications quality and the signal for international TV channels delivering greater entertainment and connectivity to Malaysians

## 1980

Malaysia then reached another telco milestone with its first submarine cable, catering to future bandwidth growth

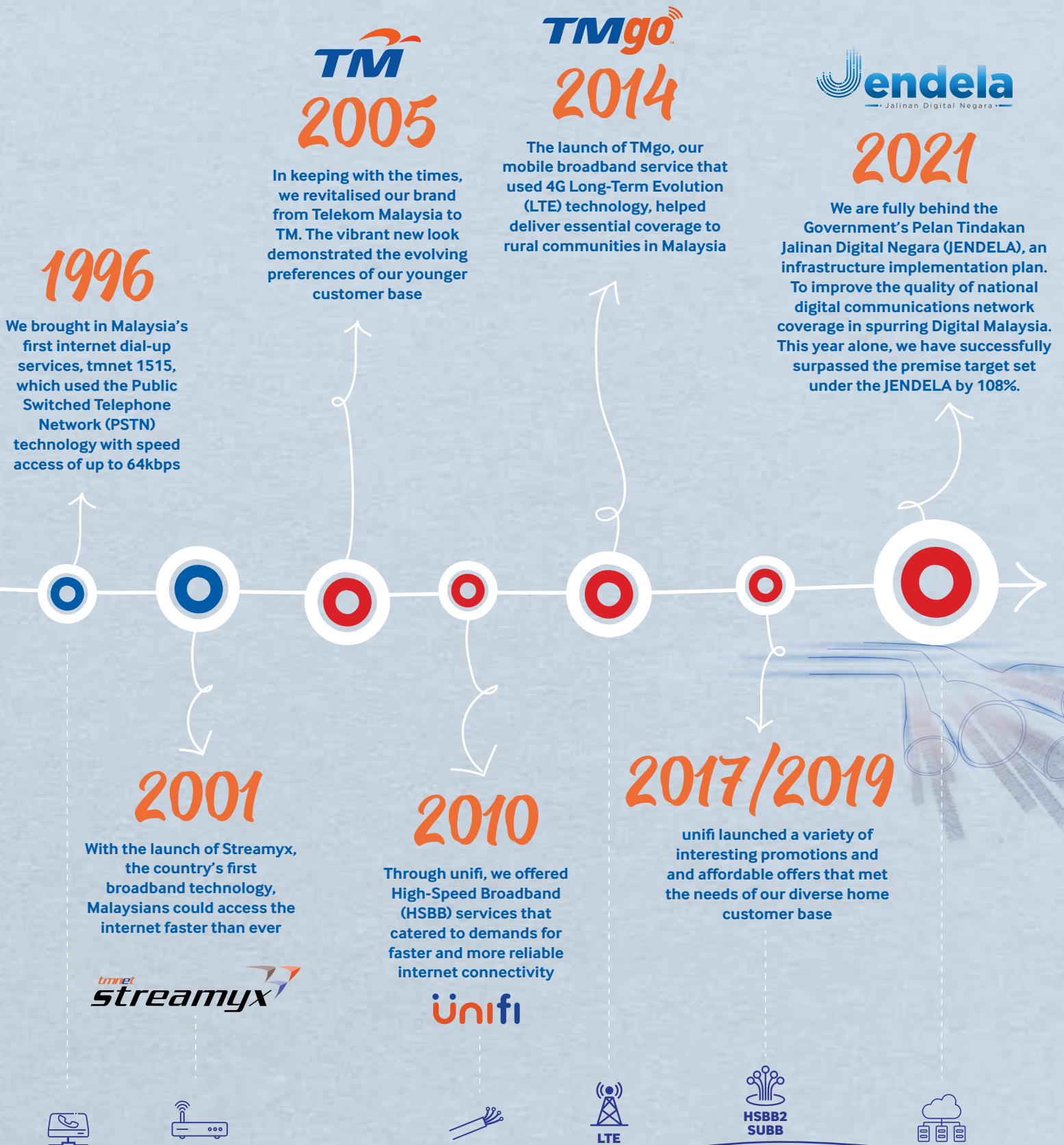
## 1993

We changed the game of communications by introducing the Integrated Services Digital Network (ISDN) service, enabling customers to send sounds, images and data online



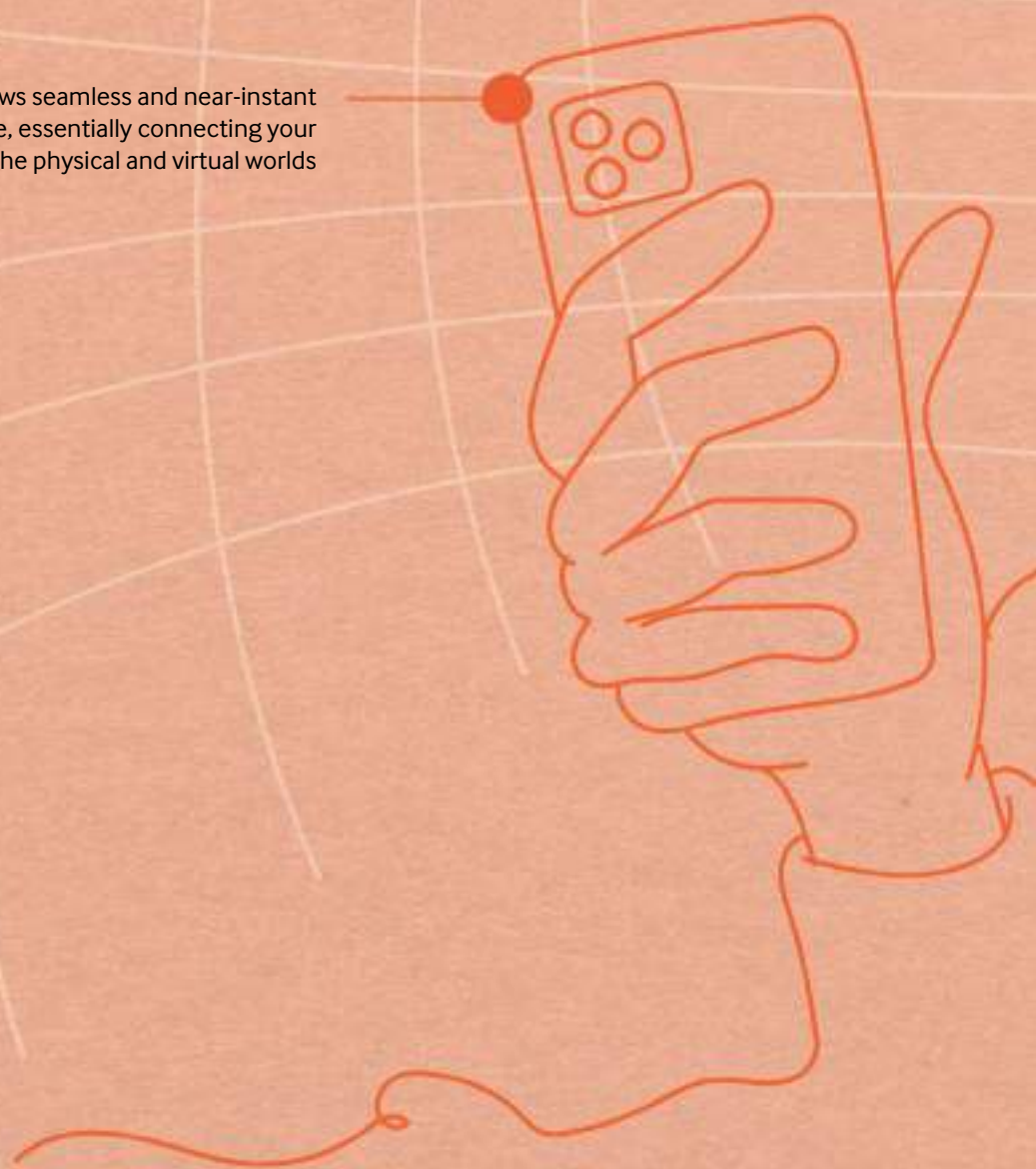
# OUR VISION

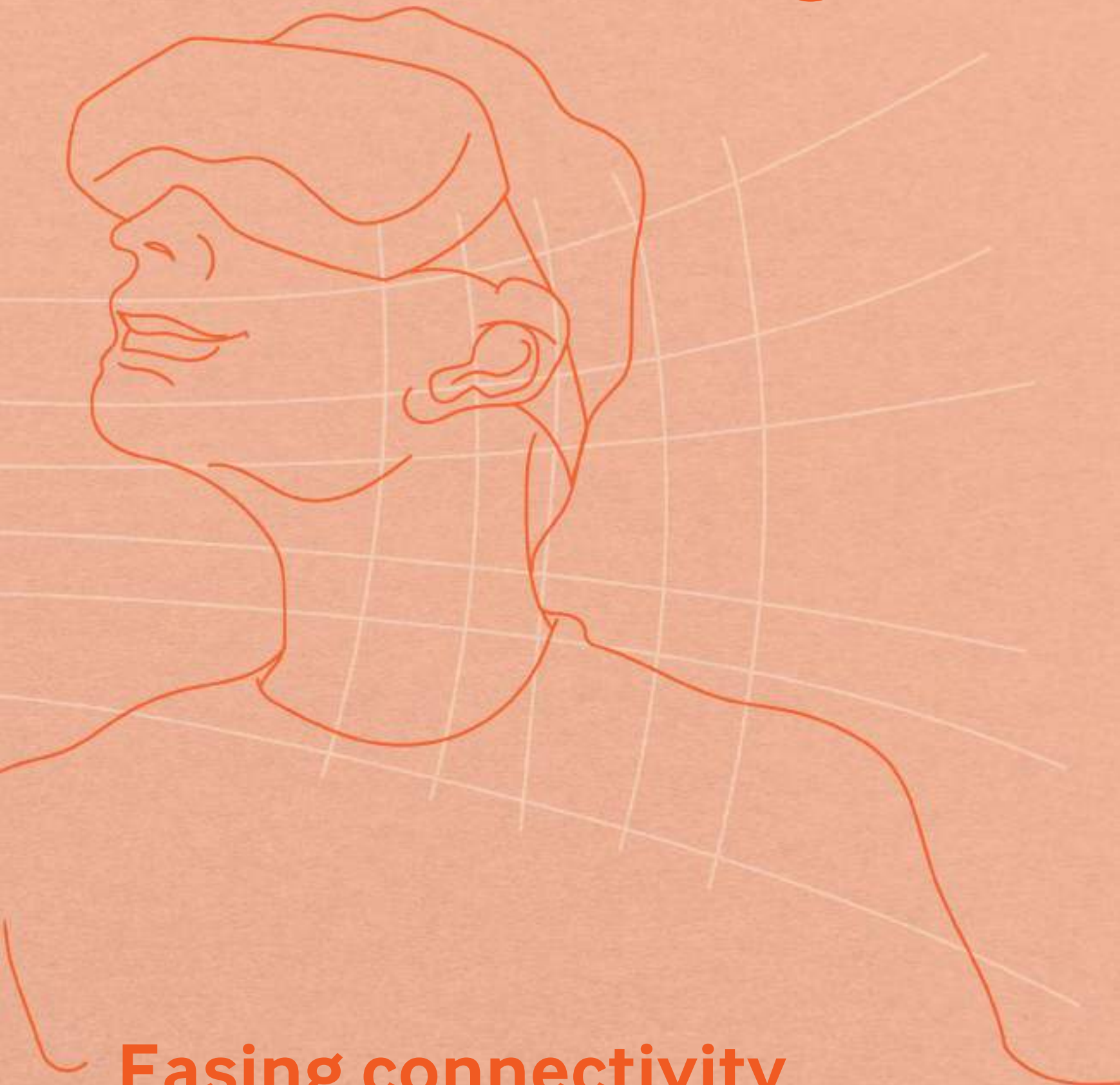
Make Life and Business Easier,  
for a Better Malaysia





5G technology allows seamless and near-instant interface and response, essentially connecting your smartphone to both the physical and virtual worlds





# Easing connectivity

A name synonymous with connectivity, unifi is now focusing its efforts on developing more features and tools that support the modern digital lifestyle. By optimising the way our electronics work, we are making it as easy as it can be to connect; either with other people, with a device, or between devices



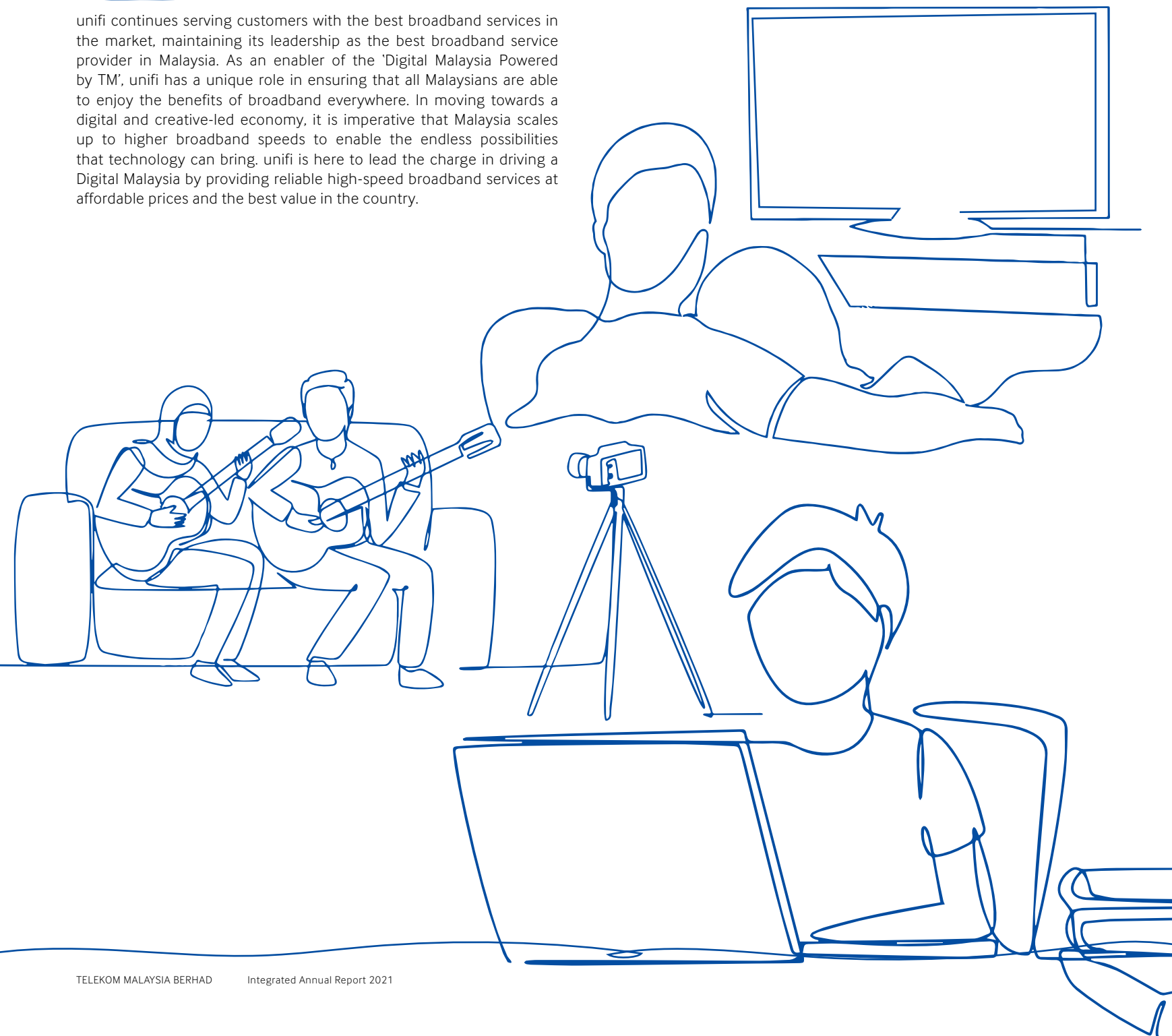
# KEEPING EVERYONE CONNECTED

During the reporting year, unifi remained dedicated to Making Life and Business Easier for both home and SME customers, particularly SOHO, micro and small businesses. unifi also made commendable progress in delivering exceptional customer experience this year. We made bold commitments to improve our customer experience, which we met through digital technologies and new solutions that make unifi customers' lives easier.

Please click [here](#) for more information on unifi

## WHAT WE DO

unifi continues serving customers with the best broadband services in the market, maintaining its leadership as the best broadband service provider in Malaysia. As an enabler of the 'Digital Malaysia Powered by TM', unifi has a unique role in ensuring that all Malaysians are able to enjoy the benefits of broadband everywhere. In moving towards a digital and creative-led economy, it is imperative that Malaysia scales up to higher broadband speeds to enable the endless possibilities that technology can bring. unifi is here to lead the charge in driving a Digital Malaysia by providing reliable high-speed broadband services at affordable prices and the best value in the country.





## OUR FOCUS IN 2021

### WHAT WE DID

#### unifi for Home

- Offered fast unlimited Home Fibre Broadband, with speeds up to 800Mbps
- Elevated customers' home entertainment experience via a brand-new Smart TV
- Improved customers' productivity through branded laptops packed with handy business features and advanced connectivity options
- Launched unifi mesh Wi-Fi to remove coverage blind spots within customers' homes
- Offered exciting prizes, including a brand new PS5, to encourage customers to subscribe to unifi online

#### unifi for Business

- Offered exciting prizes to encourage business customers to subscribe to unifi Biz packages. This included a four-wheel drive (4WD) every month as well as other exciting prizes comprising smartphones, laptops and Shopee e-Wallet reloads
- Launched SME Digitalisation Grant initiatives, offering SMEs bundle of connectivity solutions comprising Microsoft 365 Business, Digital Marketing Solutions, cari@unifi Premium Listing and matching grant

#### unifi Mobile

- Introduced unifi Mobile with Device Bundle, a subscription plan with a discounted monthly commitment fee and a free device
- Initiated the Jaringan Prihatin Programme, the Government's initiative to deliver subsidised telco packages to B40 groups. This includes bill subsidy up to RM180 annually, with extra 25GB monthly data via a postpaid unifi Mobile RM39

#### unifi TV

- Selected as Malaysia's official broadcaster for the Tokyo Olympic Games 2020
- Enhanced our content offering by providing the best entertainment pack in the market – available on all devices and HD content

### WHAT WE ACHIEVED

#### Customers

- Customers experienced better service through package upgrades
- Customers received better in-premise coverage through mesh Wi-Fi
- Customers enjoyed PS5 and other prizes through unifi's exciting contest

#### Customers

- SME customers can easily access SME Digitalisation Grant via subscription to unifi Biz

#### Government & Regulators

- Supported the Ministry of Finance's Pelan Jana Semula Ekonomi Negara (PENJANA) initiative to accelerate SMEs' digital adoption, which benefitted unifi's own SME customers as well

#### Customers

- unifi Mobile customers were able to enjoy discounted monthly commitment fees and free devices by subscribing to the device bundle

#### Government & Regulators

- Supported the Government's efforts to connect B40 communities and close the digital divide

#### Communities

- B40 Groups received subsidised telco packages to help them stay connected
- Customers enjoyed more affordable services by subscribing to unifi Mobile postpaid RM39

#### Customers

- unifi TV customers enjoyed an additional **12 new** content offerings through unifi TV
- unifi customers/viewers were able to watch Tokyo Olympic Games 2020 on dedicated channels

## OUR FOCUS IN 2021 (CONT'D)

### WHAT WE DID

#### Smart & Innovative Solutions

Worked closely with TM Research & Development (TM R&D) team to deliver the following smarter solutions that improve customer experience:

- **SPICE.ai:** An integrated AI-driven customer experience platform that includes Automatic Speech Recognition (ASR), Mesh Wi-Fi offering, single view billing information, holistic 360 views and service assurance
- **TROIKA:** An intelligent demand management system targeting 'Zero' Waiters within JENDELA requirements
- **TM Force:** An intelligent workforce management platform to help unifi improve its restoration services
- **CAMELIA:** An intelligent support system for passive network fault diagnostic and prediction. The system leverages best-in-class technologies to transition from reactive to proactive/predictive troubleshooting capabilities

**Stakeholders** Customers Employees Shareholders & Investment Communities

For more details of our innovative & smart solutions, please see page 87.

### WHAT WE ACHIEVED

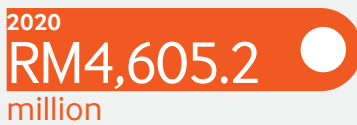
#### Customers

- **SPICE.ai:** Enhanced customer experience by reducing frontliners call handling time for each users
- **TROIKA:** Accelerated waiters clearance within 14 days, thus improving customer service
- **TM Force:** Enhanced Cycle Time to Install (CTTI) within four (4) days and optimised Meeting Customer Appointment Time (MCAT)
- **CAMELIA:** Improved customer network restoration time to within 24 hours

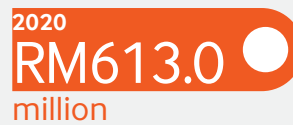
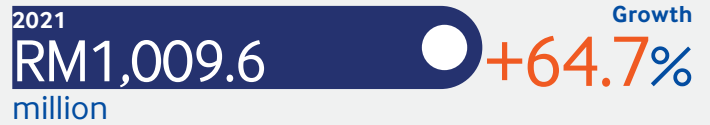
## VALUE CREATED

### Value Created For TM

Revenue (RM' million)

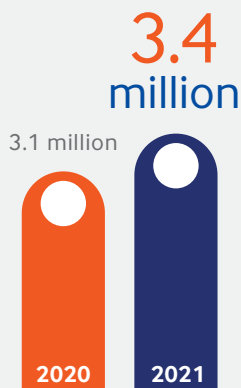


EBIT (RM' million)



### Value Created For Stakeholders

Total Customers Nationwide



HOME



2021: **3.0** million

includes voice, broadband, unifi Mobile and unifi TV  
(2020: 2.7 million)

SME



2021: **0.4** million

includes voice, broadband, unifi Mobile and solutions  
(2020: 0.4 million)

## ENHANCING CUSTOMER EXPERIENCE

Through the #unificares campaign, the Group channelled RM1.0 billion into five (5) revolutionary initiatives designed to uplift the customer experience in both customer support capabilities and network improvements. Through unifi's Care Crew, the team was able to connect with customers and show how TM will always be there for them.

### HOW WE ENHANCED CUSTOMER EXPERIENCE

#### Proactive Service Alert

- Delivered upfront alerts via SMS and myunifi app notifications upon internet service failure. Customers will be prompted to submit a report and receive updates about restoration progress
- Offered a new experience to customers from reactive reporting to proactively receiving notification through three (3) simple steps - accept the notification, validate and agree for restoration



- Save customers' time and efforts by avoiding around 10,000 monthly reactive interactions at the touchpoints
- Customers receive real-time notifications to address network issues, with 19% of impacted customers proactively managed
- SME customers experienced minimal disruptions through fast network resolutions during service disruptions

#### Service Tracker/Real-Time Tracker

- Providing customers with peace of mind by enabling them to track real-time progress and restoration updates via the myunifi mobile application
- Empower customers to view information on the assigned technicians, including their whereabouts during appointments



- Customers are kept well-informed of the progress and status of their service restorations, including details of the assigned technicians and appointments

#### Service Restoration Guarantee

- Launched the industry's first 24-hour Service Restoration Guarantee with a billing compensation for premium customers



- 74% of customers' internet services were restored within 24 hours, thus reducing customers' downtime to keep them connected
- The remaining 26% of customers were compensated for restorations beyond 24 hours

#### unifi Elite

- Set up a group of experts trained to provide customers with tailor-made consultation and solutions to further enhance their connectivity experience



- Customers enjoy peace of mind with a team of Wi-Fi experts optimising coverage and maximising speed within their premises

#### Self-Diagnostics Tool

- Set up a self-troubleshooting tool on myunifi app that enables customers to self-diagnose and troubleshoot their internet connection, telephony and IPTV performances, with auto-creation of trouble tickets if unresolved



- 47% of customers completed simple self-diagnosis to troubleshoot their unifi services, thus saving time to conveniently resolve their connectivity issues

## AWARDS & RECOGNITIONS

Recognised as the best broadband service provider in the market and as an enabler of a Digital Malaysia, unifi has received various accolades for meeting various industry standards as follows:



#### Awards

- Brand of The Year 2021/2022
- Best Broadband and Internet Service Provider (ISP) Category
- Silver For Best Use of Mobile Category for myunifi App
- Best Product Award 2021 - unifi
  - Best Fixed Broadband Service Provider (unifi)
  - Best Business Fixed Broadband Service Provider (unifi Biz)

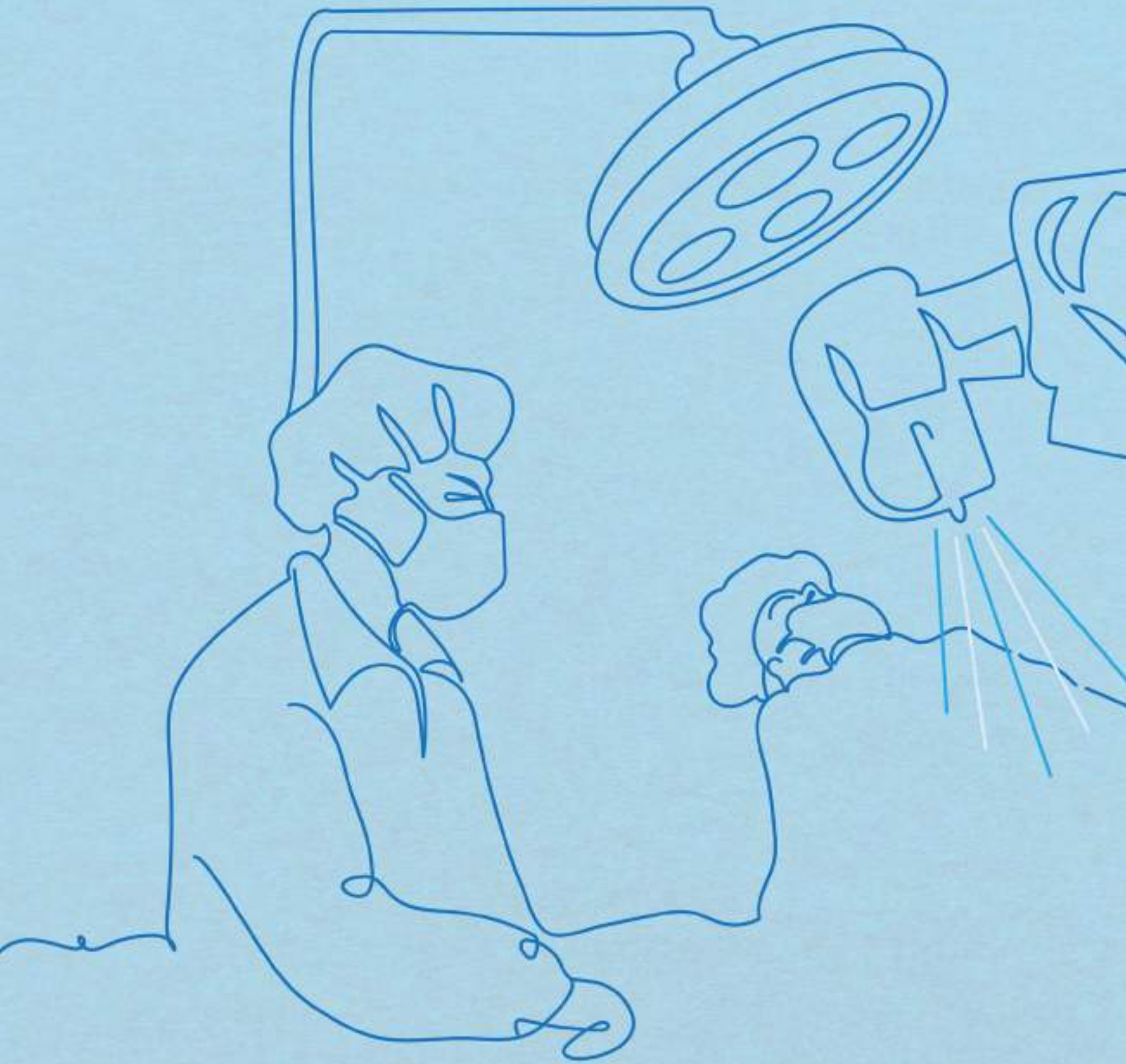
#### Awarding Body

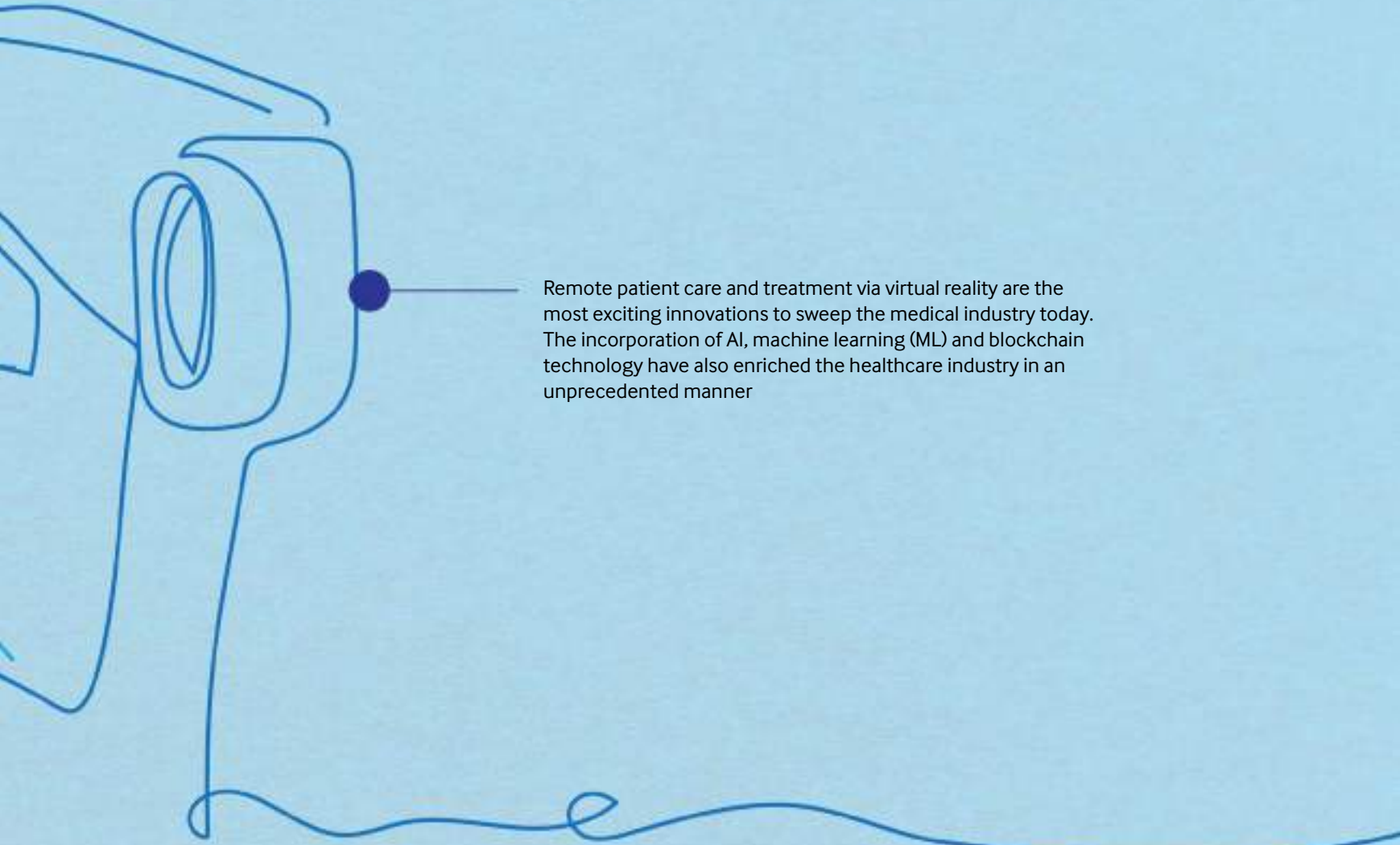
- World Branding Forum
- CX Asia Excellence Award 2021
- PC.Com

### MOVING FORWARD

In the year ahead, unifi will take the lead in catalysing the vision of a 'Digital Malaysia Powered by TM'. With online connectivity playing a central role in the new normal, unifi will continue to bridge the connectivity gap by serving customers with innovative and high-quality products at affordable prices. Despite the immense pressure and fierce competition, unifi will maintain its leadership as the top convergence provider in Malaysia with the broadest internet coverage, 'unique and differentiated experience' that best suits customer needs. Also, through partnerships with international Over-The-Top (OTT) players and collaboration with local partners, unifi will continue to provide various entertainment content to cater to different viewing preferences. This includes the continuous improvement of the end-to-end customer experience through digital interaction and simplification. Additionally, unifi will maintain its efforts to become a preferred digital partner of SMEs, serving their critical needs from connectivity to need-based digital solutions and mobility, thus helping them manage costs and achieve growth.







Remote patient care and treatment via virtual reality are the most exciting innovations to sweep the medical industry today. The incorporation of AI, machine learning (ML) and blockchain technology have also enriched the healthcare industry in an unprecedented manner

# Transforming tomorrow

Fortified with a comprehensive suite of digital solutions, TM One is strategically positioned to enhance all sectors of businesses; public or private. Its next-generation connectivity, digital products, and partnerships allow TM One to stimulate and shape Malaysia's current and future digital landscape



# TAKING TRANSFORMATION FORWARD

As the prime digital enabler of Malaysia’s large enterprises and public sector, in 2021 TM One continues to make great strides in taking transformation forward for our customers with our comprehensive suite of digital solutions and managed services across next-generation connectivity services, Cloud α (Alpha), Cyber Defence Centre (CYDEC), globally-certified Tier III data centres, and smart services. During the year, TM One has been appointed as the only local Cloud Service Provider (CSP) in the MyDIGITAL panel to accelerate the Government’s digital transformation journey. TM One also formed partnerships with leading global technology and service providers to solidify our offerings for our customers. With national and global recognition, a robust suite of vertical and horizontal solutions, wrapped with strong collaborations, TM One empowers Malaysia’s key economic and critical sectors as well as the digital economy and Government towards a Digital Nation.

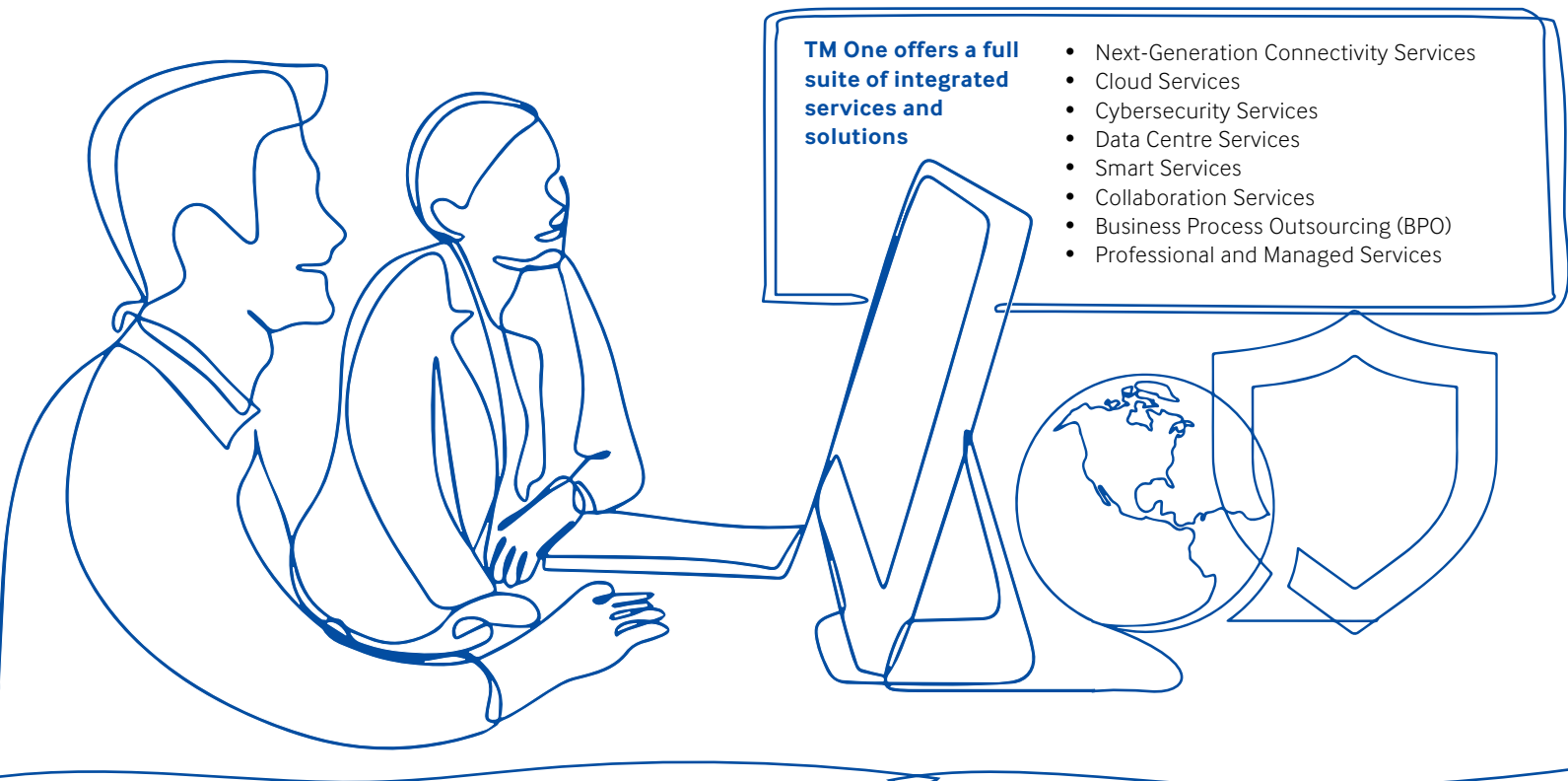
Please click [here](#) for more information on TM One

## WHAT WE DO

TM One provides end-to-end managed services and digital solutions to organisations in the enterprise and public sector segments. Our services run across our robust and secured digital connectivity and digital infrastructure that is extensive and reliable, boosted with the capacity and expertise to support and cater to all industry verticals. TM One’s own AI-powered hyperscaled cloud services, α Edge cloud, is positioned as the intelligent industry cloud platform. This is complemented by nine (9) data centres, with three (3) built to meet the rigorous requirements of the Tier III/Rated 3 standards that provide world-class data centre services. Two (2) of our data centres - the Klang Valley Data Centre (KVDC) in Cyberjaya and the Iskandar Puteri Data Centre (IPDC) in Johor,

form a twin-core data centre solution – the first of its kind in Malaysia. TM One is also committed to building digital trust and cybersecurity resiliency with its CYDEC solutions.

With these capabilities, we help our customers in taking their transformation forward. For the enterprise sector, we support and accelerate the digital journey of our customers by scaling up their digital infrastructure. While for the public sector, we empower the Government agencies and institutions in achieving the aspirations of MyDIGITAL.





# OUR FOCUS IN 2021

## WHAT WE DID

### Taking Transformation Forward

- **Cloud:** Enabled the leading global provider of smart devices HONOR's e-commerce platform to serve its customers across Asia, Africa and Latin America through our AI-powered α Edge cloud solution. Our cloud is SAP, ISMS and PCI DSS certified, and we expanded our cloud-based collaboration services with Zoom (Malaysia)
- **Smart Services:** Delivered smarter solutions that provide new value-added digital and intelligent services in workforce safety, smart factories and smart utilities
- **Digital Connectivity:** Accelerated the adoption of IR4.0 and Industry4WRD Digital Transformation through a collaboration with MIDA by delivering high-speed broadband to 33 key industrial areas nationwide
- **Banking & Healthcare:** As the Preferred Digital Partner, we forged collaborations with several key customers such as Bank Islam, Golden Touch Investment Bank and Sunway Healthcare Group to accelerate their digital transformation
- **Education:** Ensured a smooth and uninterrupted digital citizen services experience by powering key Government platforms with robust and scalable cloud services such as the SPM & STPM examination results portal for the Ministry of Education (MOE)
- **Government:** Contributed to a future-ready Government by equipping officials with digital skills and knowledge through Cloud Connect Academy in partnership with TM's MyDIGITAL Managed Services Provider, Cloud Connect Sdn Bhd

### Strengthening Malaysia's Cybersecurity

- Collaborated with CyberSecurity Malaysia to build greater cybersecurity awareness, enhance Malaysia's cybersecurity maturity level and strengthen cyberspace resilience
- Formed strategic partnerships with top global industry players i.e., Telefónica Tech, to strengthen the digital infrastructure of private/public sectors through global cybersecurity solutions
- Provided end-to-end comprehensive cybersecurity solutions delivered principally through CYDEC, a portfolio of active cyber defence capabilities, managed security solutions and services

## WHAT WE ACHIEVED

### Customers

- Provided our customers with an easy and seamless journey to scale their digital connectivity and digital infrastructure needs with TM One's professional and managed services
- Enhanced the productivity and efficiency of our customers through the adoption of smart services that are powered by AI, analytics, the Internet of Things (IoT) and a single integrated platform

### Government & Regulators Shareholders & Investors

- Accelerated the Government's journey towards digitalisation as the sole local CSP appointed in the MyDIGITAL panel
- Enabled the Government's digital aspiration and initiatives, e.g., Shared Prosperity Vision 2030, 12MP, MyDIGITAL and various State Governments' digitalisation initiatives by connecting 90% of federal and state Governments and agencies nationwide
- Managed services for thousands of large enterprises with tens to hundreds of sites and devices each from across all industry verticals, critical and key economic sectors covering logistics, transportation, retail, manufacturing, healthcare, education, banking and financial institutions, energy and others
- Deployed smart city solutions that help local authorities address various urban challenges and create a more liveable Malaysia with seven (7) smart solutions

### Customers Government & Regulators

- Enhanced the nation's cyber defence in the public and private sectors to protect citizens and business data against cyber threats
- Built a more secure and sustainable Digital Economy, Digital Government and Digital Society and Malaysians through a robust cyber ecosystem
- Developed Global Cyber Security Operations Centre (G-CSOC)



## VALUE CREATED

### Value Created For TM

Revenue (RM' million)



Growth  
**-4%**



EBIT (RM' million)



Growth  
**-10%**



### Value Created For Stakeholders

#### Enterprises and Industries Connected

Enterprises



~9,000

Government Agencies



~1,300

## ENHANCING CUSTOMER EXPERIENCE

TM One's relationship Net Promoter Score (rNPS) is strong as a "Trusted Brand" in providing best in class customer experience. Shifting towards personalised end-to-end-account experience and active engagement unique to customer needs.

TM One gives significant impact and progress in using a customer-driven approach to further enhance customer experience.

### HOW WE ENHANCED CUSTOMER EXPERIENCE

#### Customers' journey and interactions with TM One have improved as shown by the:

- Reduced the number of Detractor Customers from 10% (mid-year) to 9% (year-end)
- Zero Detractor Customers across several states
- Improved number of Promoter Customers from 54% (mid-year) to 57% (year-end)

#### Differentiated account experience

- Proactively reviewed customer issues and provided value-added service consultancy



- Customers have greater trust in TM One's services, with an increase in trust rating score from +37 (mid-year) to +45 (year-end)

#### Bandwidth Optimisation & Opportunity Spike Taskforce (BOOST)

- Deployed additional access points to increase customer utilisation for Government agencies



- Customers from the public sector are more satisfied with TM One, as shown by the eight-point improvement in the Customer Satisfaction Index for Government agencies

## AWARDS & RECOGNITIONS

Recognising our capabilities as the leading nation’s digital enabler for enterprises and the public sector and the best place to work, TM One has received various accolades from partners, environmental bodies, Financial Services authorities, research institutions, and even international media. Our infrastructure is also certified as meeting the various global industry standards.



CATEGORY	AWARDS	AWARDING BODY
Partner Recognition	Cloud & Managed Services Partner of the Year 2021	Cisco
	Transformational Deal of the Year 2021	Cisco
	Public Sector Partner of the Year 2021	Cisco
	2021 Best Partner Award – Cloud	Huawei
	2021 Capability Improvement Partner Award	Huawei
Environmental	Certified Green Building Index for IPDC	Green Building
	Certified Leadership in Energy and Environment Design for Data Centre	LEED
Security	Certified RMIT for Data Centre	Bank Negara Malaysia
	Certified TVRA for Data Centre	Monetary Authority of Singapore (MAS)
ISO	ISO 9001 for Connectivity, ISO 20000 for Service Desk, ISO 27001 for VAS and NOC, Data Centre, Cloud and Business Process Outsourcing (BPO)	ISO
Data Centre	Certified Uptime Tier III Constructed Facility for IPDC and KVDC	Uptime Institute
	Certified TIA942 Rated 3 for Brickfields DC	ANSI/TIA942
	Certified PCI DSS for KVDC, IPDC and Brickfields DC	Payment Card Industry Security Standards Council (PCI SSC)
Customer Experience	2021 Malaysia Domestic Customer Experience Outsourcing Services Customer Value Leadership Award	Frost & Sullivan
	2021 Indonesia Customer Experience Contact Centre Outsourcing Services Customer Value Leadership Award	Frost & Sullivan
Employee Engagement	2021 Best Stellar Workplace Award for Small Employer	KONTAN
	2021 Stellar Workplace Recognition in Employee Commitment & Satisfaction	KONTAN

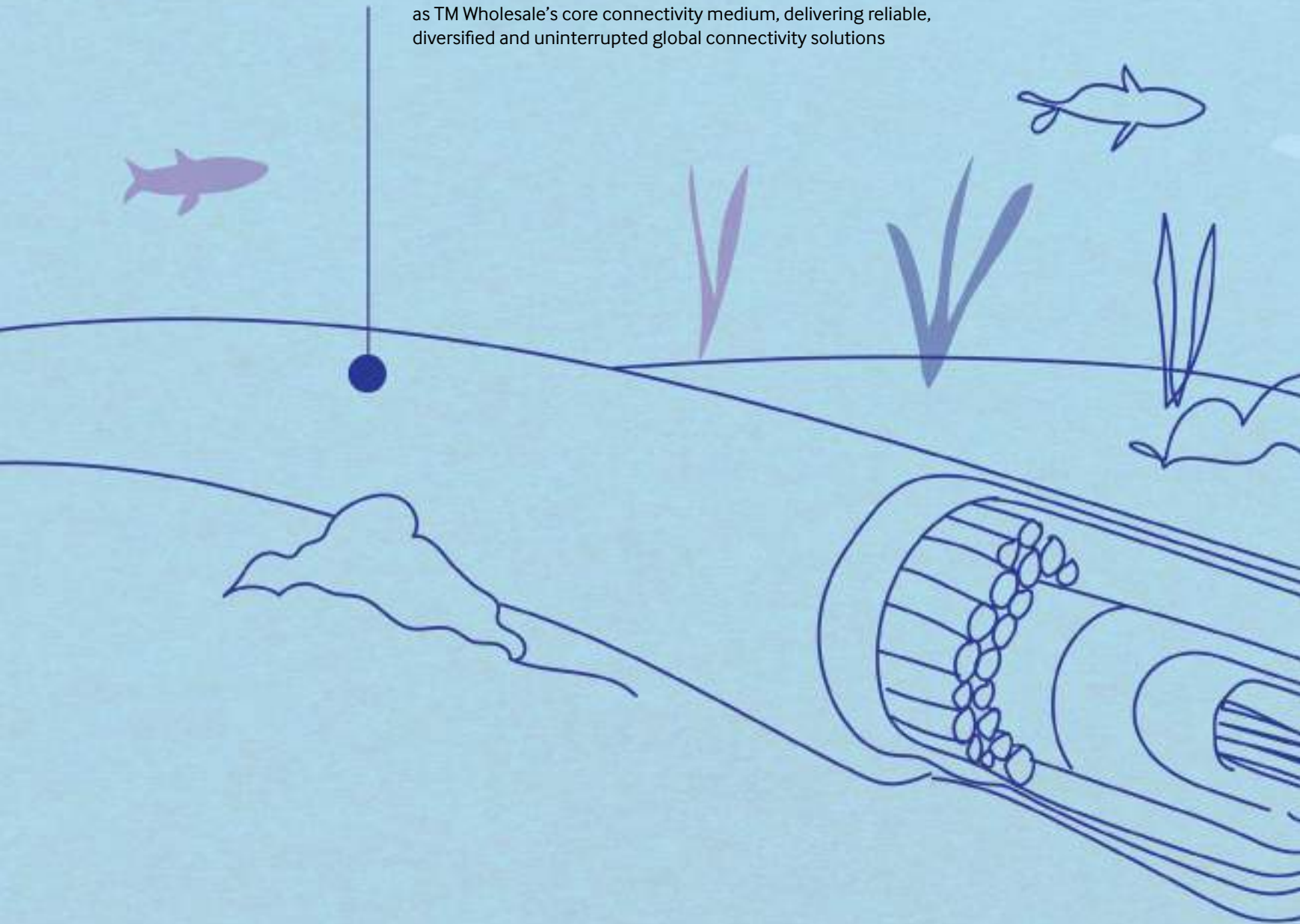
### MOVING FORWARD

We are cautiously optimistic for 2022, in which we expect economic and business recovery from the pandemic. As organisations seek to remain competitive and pursue their growth and transformation ambition, TM One’s comprehensive, robust and secured end-to-end managed services and digital solutions will enable businesses to unlock their full digital potential through agile technology, infrastructure and capabilities. TM One’s team of experts and professionals will continue to assist and advise our customers throughout their digital transformation journey towards addressing their business challenges, from strategic review and risk assessment to outlining the action plans through to implementation and operations support.

TM One’s building blocks of next-generation digital connectivity that include 5G services, cloud and data centre services, bolstered with cybersecurity solutions, empower organisations to harness the power of AI, Big Data and analytics, IR 4.0 and smart services. With the adoption of agile practice, design-thinking process and RPA, we could optimise business processes and workflows by harnessing insights from your data through our business intelligence-based solutions.



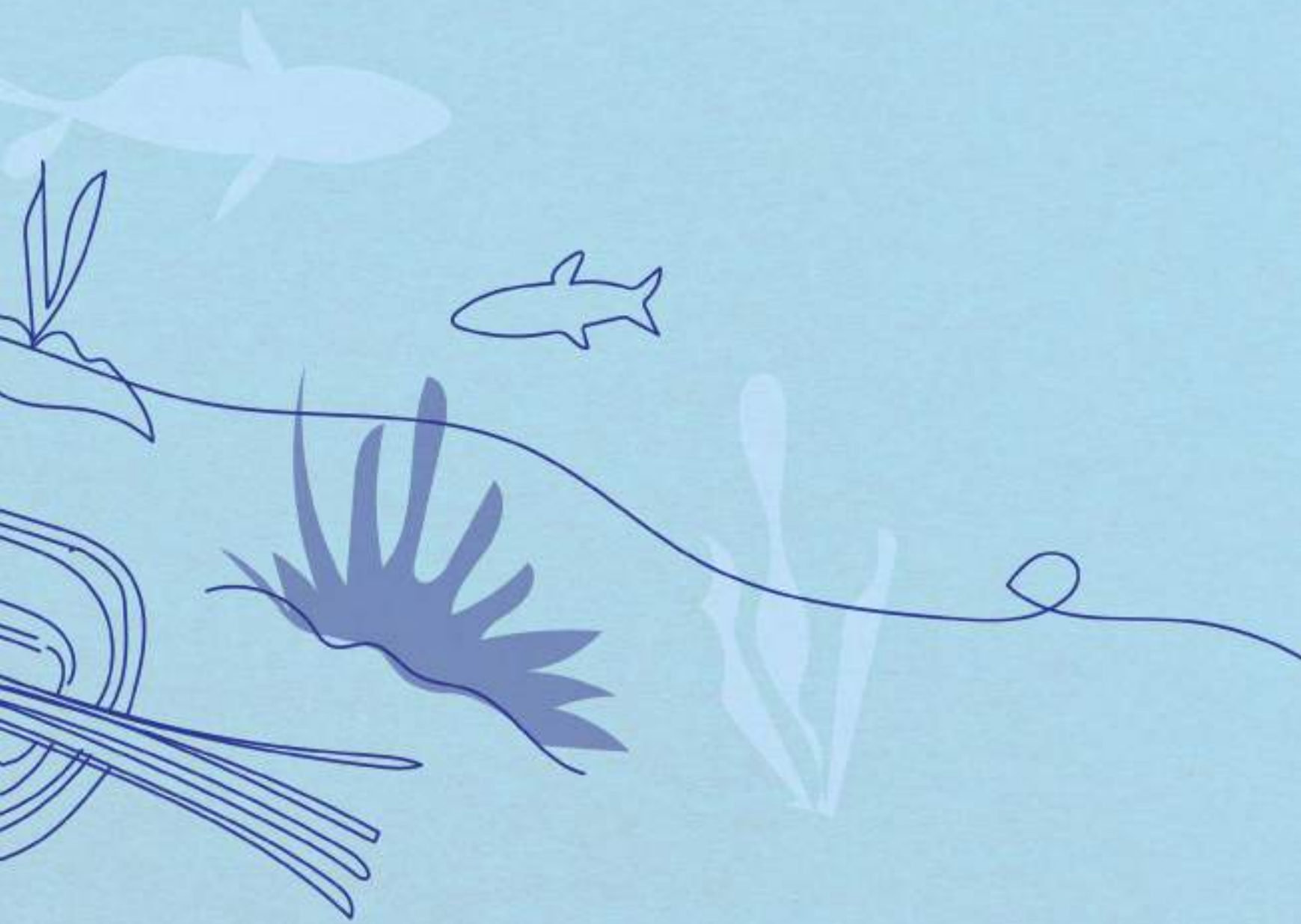
A total 320,000 kilometres of discrete submarine cables serve as TM Wholesale's core connectivity medium, delivering reliable, diversified and uninterrupted global connectivity solutions





# Bridging solutions

As the nation's primary backend connectivity solutions provider, TM Wholesale's goal is to position Malaysia as a regional hub with its bespoke digital solutions repertoire. This is achieved through its extensive partnership ecosystem and includes both high-speed broadband and mobile infrastructure





# BRINGING A DIGITAL MALAYSIA TO THE WORLD

Since the inception of the wholesale division in 2004, TM Wholesale has been relentlessly diversifying our wholesale infrastructure solutions to provide greater reachability and resilient connectivity in both domestic and international segments. In 2021, TM Wholesale continued to add value to our digital infrastructure solutions by increasing our CDN footprints worldwide and bringing them closer to the end-user. At the same time, TM Wholesale enhanced its 4G and 5G network solutions to accelerate digital inclusivity in Malaysia. TM Wholesale has also been amplifying TM’s regional coverage by expanding PoPs and submarine cable network reachability on top of the newly established TMiX nodes nationwide. This takes us one step further towards making Malaysia a digital hub for the ASEAN region.

Please click [here](#) for more information on TM Wholesale

## WHAT WE DO

TM Wholesale’s focus encompasses domestic wholesale and international business, offering an extensive range of core connectivity and digital infrastructure solutions to customers worldwide. For the Malaysian market, TM Wholesale strives to become the trusted wholesale infrastructure provider and 5G enabler through its end-to-end customised wholesale data, connectivity and platform solutions. TM Wholesale continues to enrich the digital ecosystem in complementing Malaysia’s digital blueprint aspiration with its vast and unparalleled infrastructure of over 650,000 km fibre-optic cables and more than 3.0 million broadband access ports.

In the international market, TM Wholesale aims to position Malaysia as a bespoke digital hub for the ASEAN region by expanding its digital

infrastructure and solutions through comprehensive partnership ecosystems with hyperscalers and global service providers worldwide. TM Wholesale is supported by 30 submarine cable systems spanning over 320,000 km with almost 60Tbps capacity worldwide, 28 international gateway Points of Presence (PoPs) and over 80 Content Delivery Network (CDN) nodes to deliver reliable, diversified and uninterrupted global connectivity solutions to customers. This extensive global coverage is complemented by wide-ranging wholesale data centre capabilities, including more than 10Tbps of local and international peering capacity and over 30 TM Internet Exchange (TMiX) nodes nationwide. TM Wholesale is committed to making business easier for customers by providing integrated wholesale domestic and global solutions, connecting Malaysia and the rest of the world.

## OUR FOCUS IN 2021

### WHAT WE DID

#### Connecting Malaysia to the World

- Enhanced extensive submarine cable portfolio, enabling Malaysians to experience augmented digital journey of global connectivity
- Intensified global connectivity footprints through additional PoPs in major cities worldwide for greater internet experience for Malaysians
- Improved customer experience for Malaysia’s business establishments globally via TM’s Regional Offices’ presence in six (6) strategic continents

### WHAT WE ACHIEVED

#### Customers

- Customers receive greater reachability for international data services with **30** submarine cables worldwide, connecting them to the world
- Customers gain extended coverage worldwide through over **100** global PoPs locations, including **28** international gateway PoPs for diversified core and adjacent business services
- Improved customer satisfaction and loyalty, as indicated by a **+35** score in the NPS index

#### Shareholders & Investors

- Improved financial performance, with close to **40%** revenue growth from main global data product offerings





## OUR FOCUS IN 2021 (CONT'D)

### WHAT WE DID

#### Bringing the World to Malaysia

- Brought business, media, entertainment and education contents closer to home through amplification of CDN services and nodes in Malaysia, ASEAN and the rest of the world
- Expanded wholesale data centre capabilities and internet ecosystem providing greater reachability for hyperscalers and global service providers in Malaysia
- Established TMiX over TM's wholly-owned IP backbone network as part of TM Wholesale's effort to make Malaysia a digital hub for the ASEAN region

#### Enriching Malaysia's Digital Ecosystem

- Fortified the digital experience by providing superior 4G and 5G fibre infrastructure services to all mobile service providers
- Ensured digital inclusivity among Malaysians through boundless efforts on expansion of High-Speed Broadband (Access) infrastructure covering urban and rural communities

#### Positioning Malaysia as the Region's Digital Hub

- Delivered comprehensive wholesale solutions enabling cutting-edge digital offerings for domestic and regional service providers
- Consolidated the region's digital connectivity requirements, leveraging Malaysia's strategic geo-position as a terrestrial superhighway connecting ASEAN to the world

### WHAT WE ACHIEVED

#### Customers

- Customers gain access to more than **80** CDN nodes worldwide in delivering content closer to end-users for greater customer experience and service quality
- Improved interconnection capabilities for customers, with more than **15** major hyperscalers and DSPs within TM's data centres
- Enhanced cost and operational efficiencies for customers through an open interconnection internet exchange ecosystem with more than **30** TMiX nodes nationwide

#### Government & Regulators

- Strengthen TM's position as the preferred wholesale infrastructure provider in catalysing Digital Malaysia's aspiration

#### Shareholders & Investors

#### Customers

- Increased opportunities for mobile service providers to expand service coverage and bandwidth upgrades with more than **3,000** fiberised sites nationwide, enabling a greater digital experience for Malaysians
- Resilient broadband infrastructure services even in the pandemic state of affairs with more than **3.0 million** broadband ports allowing continuous internet access for Malaysians throughout the year

#### Shareholders & Investors

- Improved financial performance, with close to **20%** revenue growth from main domestic data product offerings
- Strengthen TM's position as the preferred wholesale infrastructure provider in catalysing Digital Malaysia aspiration

#### Customers

- Provided customers with ease of mind through comprehensive domestic and international wholesale solutions from a trusted single provider, enabling improved operational excellence to domestic and regional customers

#### Government & Regulators

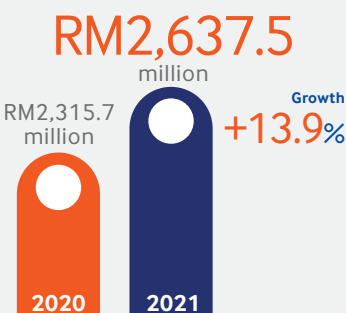
- Superior network coverage in Malaysia and the rest of the world through **>650,000 km** domestic fibre cables and **>320,000 km** submarine cables

#### Shareholders & Investors

## VALUE CREATED

### Value Created for TM

Revenue (RM' million)

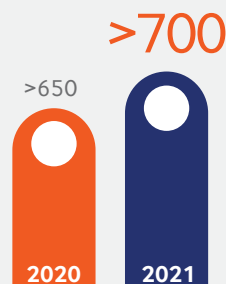


EBIT (RM' million)



### Value Created for Stakeholders

Total Customers Worldwide



Domestic



International



## ENHANCING CUSTOMER EXPERIENCE

Manifesting a world-class customer experience remained a top priority for TM Wholesale, with an increased focus on delivering convenient and personalised services throughout the customers' journey. Through various initiatives implemented this year, the team achieved greater levels of customer satisfaction, with an improved NPS of +35.

### HOW WE ENHANCED CUSTOMER EXPERIENCE

#### Focus Group for Incident Management

- Established highly skilled teams to expedite customers' incidents resolution in both domestic and international markets



- Delivered TM Wholesale's promise to customers, with a 98% achievement on Service Level Agreement (SLA)

#### Enhanced Service Quality Improvement Group (SQIG)

- Synergised TM's internal stakeholders for comprehensive service to customers



- Increased customers' operational efficiency by 3% YoY services up-time improvement

#### Fulfilment Task Force

- Enhanced the fulfilment task force, leveraging an automated partner selection mechanism based on performance and track records



- Customers served by the most capable and qualified partners, contributing to an outstanding NPS score of +35

#### Digitalised Internal Reporting Dashboard Initiative

- Introduced an automated reporting dashboard for enhanced operational efficiency



- Faster response to customers on project status with better visibility to resources and infra-availability

## AWARDS & RECOGNITIONS

TM Wholesale has been recognised as a trusted partner in delivering seamless integrated solutions and infinite possibilities to accelerate customers' connectivity and coverage to the digital world. This is reflected in the various accolades received by TM Wholesale during the reporting year.



#### AWARDS

Asia Pacific Zero Outage Supplier Award 2020

Excellent Carrier Partner Award 2021 under Regional Strategic Partner category

Network and Resources Cooperation Award 2021

#### AWARDING BODY

T-Systems International GmbH

China Telecom Global Limited

China Unicom Global Limited

### MOVING FORWARD

In the years ahead, TM Wholesale will continue to drive wholesale business growth in both domestic and international segments. Domestically, towards becoming the trusted wholesale infrastructure provider and 5G enabler, TM Wholesale will focus on propelling Malaysia's digital blueprint through continuous support for JENDELA and MyDIGITAL aspiration. The LOB will further pursue nationwide 4G and 5G fibre infrastructure deployment, expand broadband access coverage and promote comprehensive strategic collaboration with domestic service providers. Additionally, TM Wholesale will deepen TM's in-country edge network solution nationwide to make the content closer to the end-user for a better-quality service experience. Its subsidiaries, Fiberail and Fibrecomm, are joining the course to enrich core business values as well as enhance adjacent and digital services.

Globally, TM Wholesale will continue its aspiration of becoming a bespoke digital hub for the ASEAN region, mainly through strategic collaborations with hyperscalers and global service providers in Malaysia. TM Wholesale will further invigorate its core foundation by acquiring efficient submarine cable capacity, strengthening end-to-end wholesale data centre solutions and establishing strategic partnerships with digital players worldwide. Its CDN solutions are advancing towards a broader range of edge services in parallel with the region's revolution of edge computing and cloud gaming. Customer experience remains a top priority, with the diversification of offerings as well as enhancing products and services to ensure business continuity and sustainability.

# SHAPING A DIGITAL PERFORMANCE CULTURE

As part of the New TM transformation, Group Human Capital Management (GHCM) continues to future-proof our people with skills for new growth areas that will elevate our business to the next level. Beyond business performance and growth, GHCM also ensures that organisational health is well-taken care of, and a new culture and way of working are prioritised.

GHCM implemented various measures to keep *Warga TM* safe and engaged as they adapted to changes in their work environment. This included helping them navigate the challenges of working amidst the pandemic, and subsequently adjusting to the new hybrid working model as restrictions were being lifted.

GHCM's commitment to creating an inclusive and innovative work culture resulted in TM's reputation as 'Employer of Choice', with various awards and accolades received in 2021.

## AWARDS & ACCOLADES



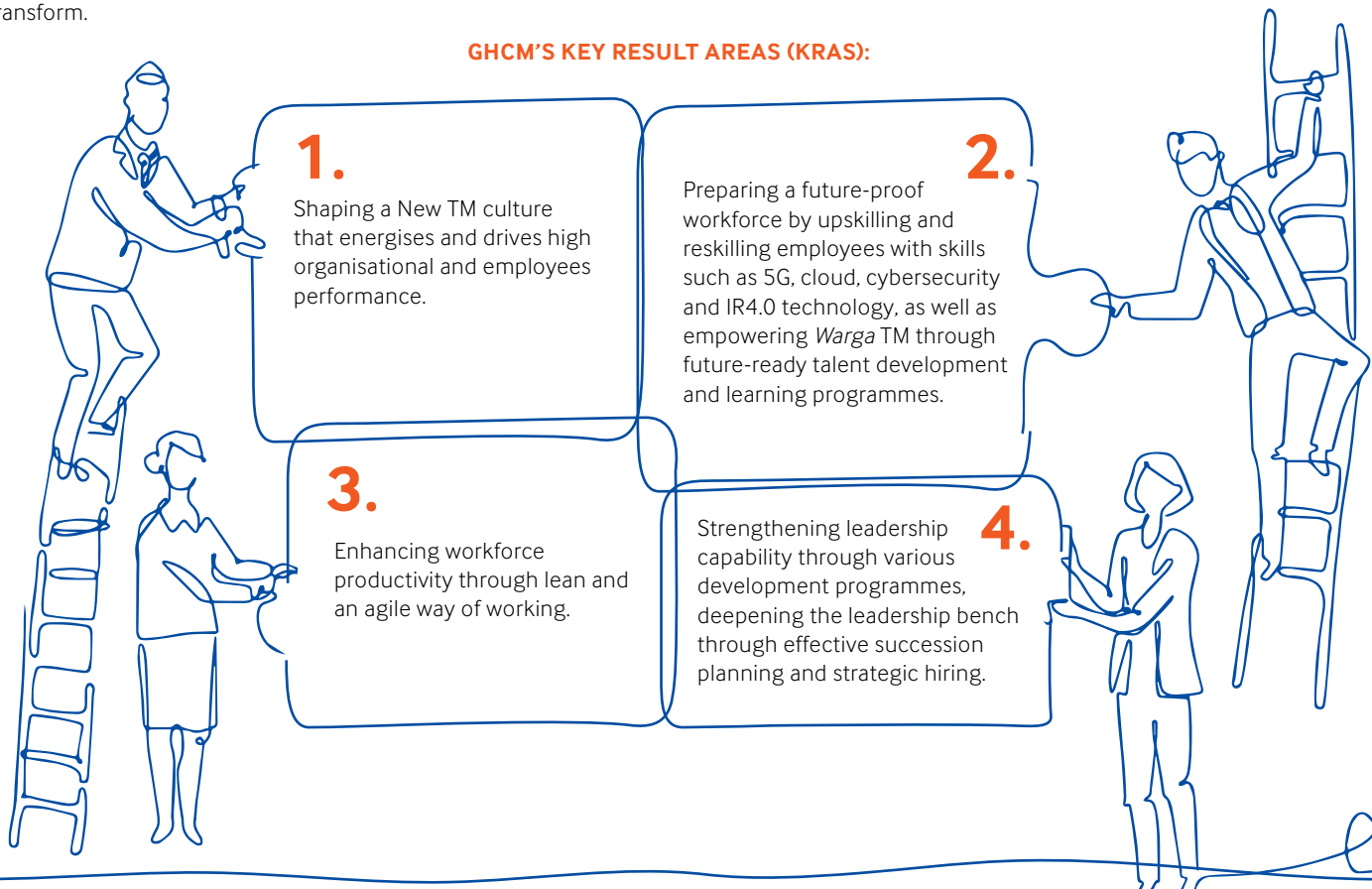
- Malaysia's 100 (M100) Leading Graduate Employers 2021
- Graduates' Choice Award 2021/2022
- GRADUAN Brand Awards 2021
- LinkedIn's 2021 Top Companies – Top 5
- HR Asia Best Companies to Work for In Asia 2021
- Asia's Best Employer Brand Award 2021

## WHAT WE DO

GHCM partners with business units and leaders to drive organisational and people transformation that creates sustainable impact and realises our Digital Malaysia aspirations. This is done through future-proofing our organisation, continually equipping our people with the right skill sets and winning behaviours, reinforcing the agile way of working and reshaping our workforce into a stronger execution engine that perform and transform.

We strive to maintain an energising working environment and work culture that keep our employees highly engaged and motivated. The goal is to bring out the best of the employees, driven by a higher sense of purpose and unified objective to deliver 'Life and Business Made Easier' for all Malaysians.

### GHCM'S KEY RESULT AREAS (KRAS):





## OUR FOCUS IN 2021

### WHAT WE DID



#### New TM Culture

- Launched the new Culture Statement called #IniCaraKita in Sept 2021 to reenergise the organisation
- Infused OHI measurement into leaders' KPIs to strike the right balance between organisational performance and organisational health
- Implemented a comprehensive culture change programme throughout all levels of the organisations to align mindsets, and ensure #IniCaraKita behaviours permeate into the day-to-day work habit of employees

Stakeholders  Employees



#### Future-Ready Employees

- Equipping *Warga TM* with the skills to drive the organisation's new growth areas such as 5G, cloud, cybersecurity and IR4.0
- Intensified the Now Everyone Can Sell (NECS) upskilling programme to rally and prepare non-sales employees to contribute to revenue growth

Stakeholders  Employees  Customers

#### COVID-19 Initiatives

- Consistently keeping abreast of and complied to the latest SOPs and guidelines set by authorities
- Supported the national vaccination effort by turning Multimedia University (MMU) Cyberjaya and Melaka campuses into vaccination centres (PPV), as well as deploying volunteers at PPVs nationwide
- Provided a holistic support system for employees affected by COVID-19
- Protected employees and customers as well as ensuring continuity of TM's operations by driving vaccination rates
- Intensified multi-faceted communication and well-being programmes to ensure employees physical and mental health are supported, and spirits are kept high

Stakeholders  Employees  Government & Regulators

### WHAT WE ACHIEVED

- Culture Statement #IniCaraKita launched with **12** winning behaviours expected of each employee
- Unified and strong public commitment by top management to embrace and role-model #IniCaraKita
- Introduced culture microsite as central point of reference, and held quarterly talks to generate interest and understanding
- Over **100** Culture Champions handpicked, trained and ready to drive #IniCaraKita at various levels
- **33** sessions of immersive and interactive culture training conducted from October to December for top management followed by next level teams



- **2,144** employees trained in 5G
- Organised trainings in data centre, cloud and cybersecurity, resulting in potential sales/deals worth **RM166.0 million** and closed deal of **RM123.6 million**
- NECS training generated close to **22,000** physical sales generated, contributing to **RM58.6 million** in revenue



- **109** COVID-19 communications sent to employees from 2020-2021
- **99.6%** of TM employees vaccinated
- **RM6.4 million** spent on COVID-19 Special Allowance for frontliners
- **176** well-being 360 programmes held virtually to support *Warga TM* including virtual fitness sessions, health talks and webinars
- **24** mental health sessions held, with more than **3,700** employees attending



## OUR FOCUS IN 2021 (CONT'D)

### WHAT WE DID

#### Driving High-Performance

- Strengthening performance management culture with goals that are aligned to the overall organisational strategies. Driving discipline to ensure performance feedback and review are conducted on timely basis
- Sharpening pay-for-performance through differentiated rewards for high performers
- Reinforcing Employee Performance Enhancement Programme (PEP) to manage and improve below-expectation performers
- Enhancing efficiency and employee experience by migrating performance management system for Non-Executive (MAPSNE) employees into a single platform

#### Stakeholders



Employees



Shareholders  
& Investment  
Communities

For more details on our Human Capital management, please see pages 107 to 112.

### WHAT WE ACHIEVED

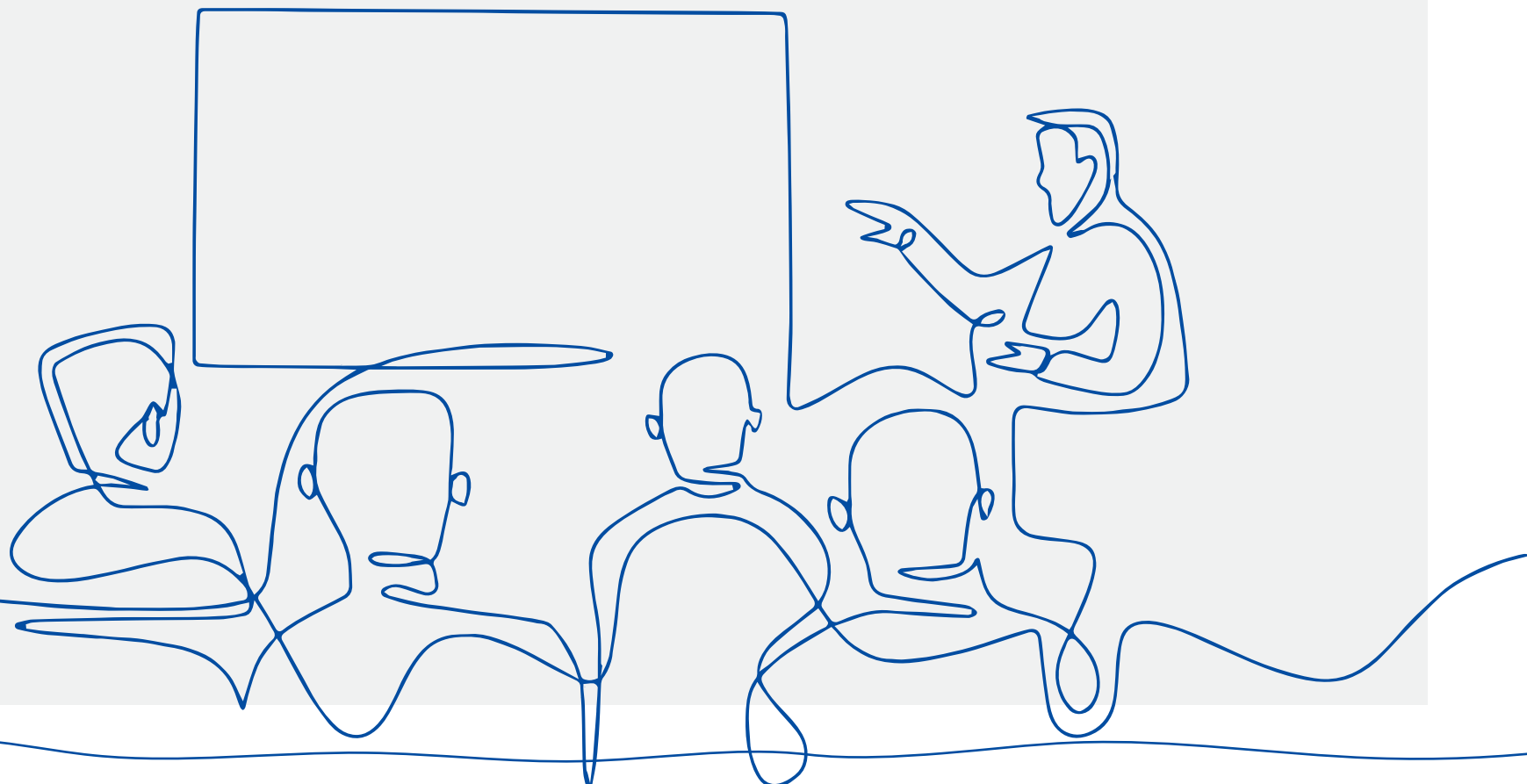
- **98%** completed mid-year and year-end performance reviews ahead of schedule
- **100%** of Non-executives in TM are onboard the new performance management system (MAPSNE)

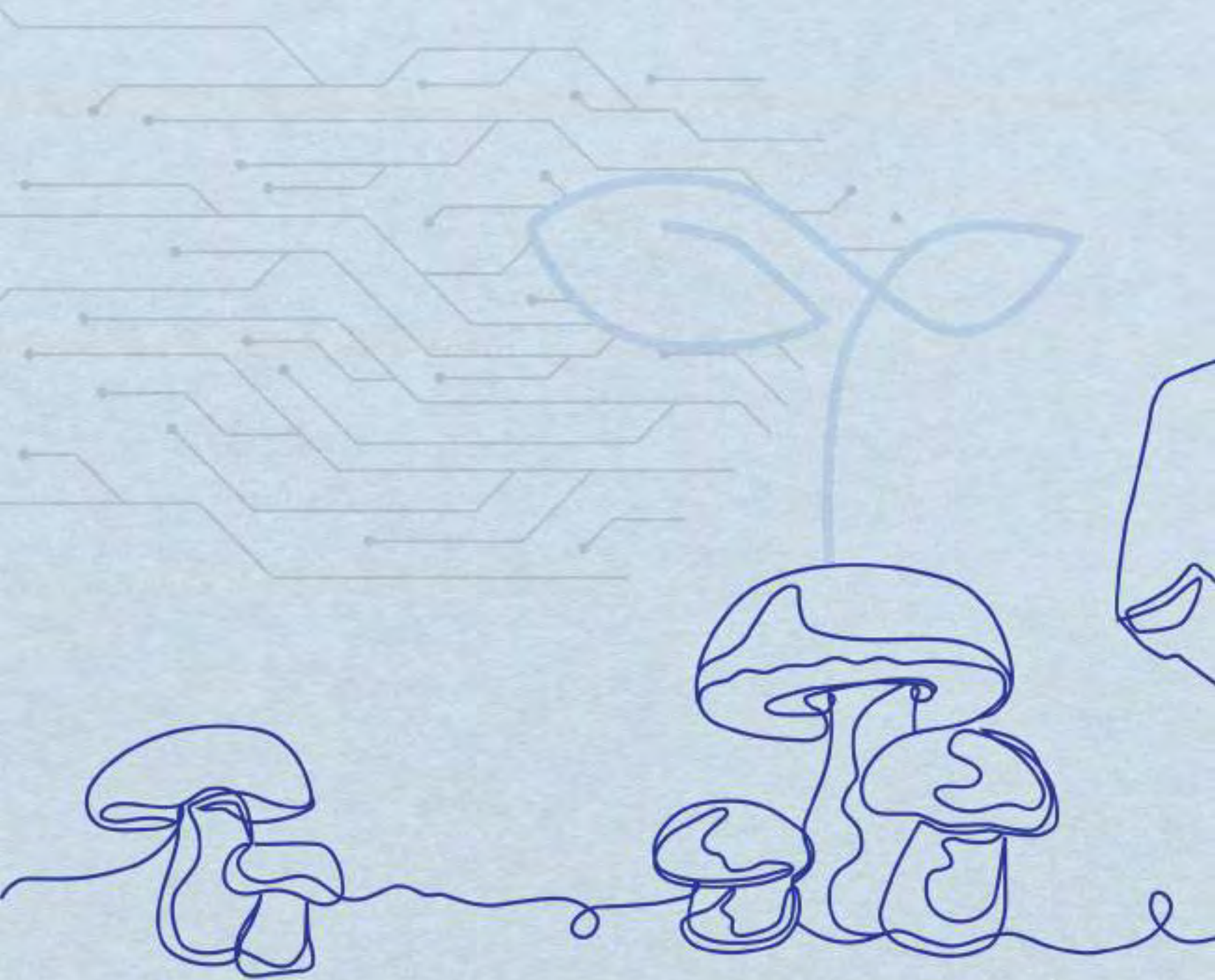


### MOVING FORWARD

In 2022, GHCM will continue to drive business strategies through timely and effective HR initiatives, in support of the New TM transformation. GHCM will build on the foundation laid in 2021 to future-proof our workforce, inculcate a high-performance culture, strengthen talents and capabilities, turbo charge our way of working through agile practices, redesign our operating model and optimise our organisation.

Through its efforts, GHCM strives to strengthen TM's reputation as the 'Employer of Choice' and to realise its aspiration to become a human-centred technology company.





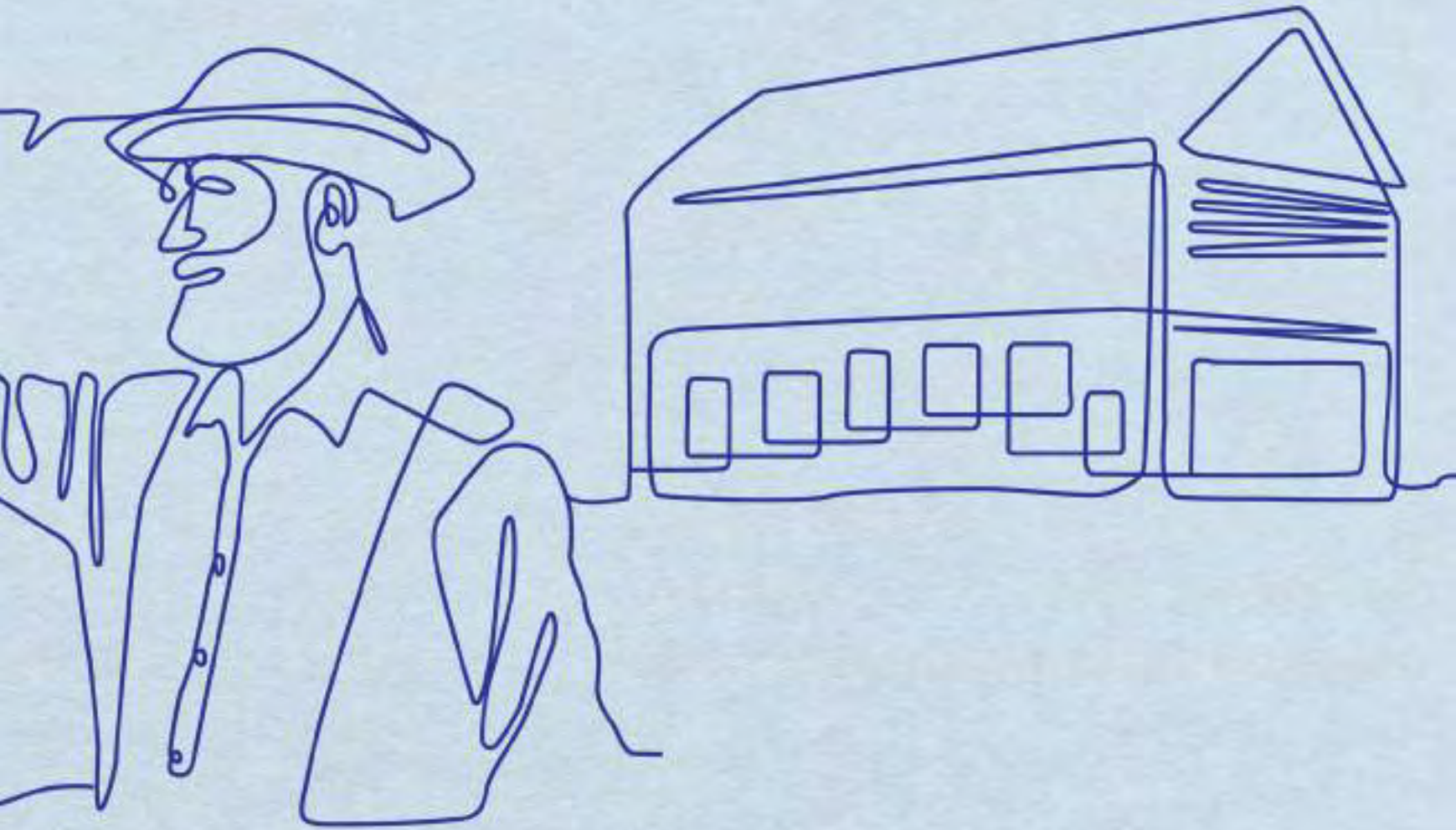
# Business made easier

To facilitate the nation's transition to digital business, inclusive ecosystems are put in place to ensure that businesses, regardless of scale, are able to compete on an even footing. Priority concerns relevant to this segment are ease of use and accessibility, to better accommodate the digital fluency of potential users





Mushroom farmers in Pahang have leveraged their newfound digital solutions by unifi business to complement their existing repertoire, to great success



# THE BACKBONE OF OUR NETWORK

Group Network & Technology (GNT) continues to play a central role in supporting JENDELA and closing the digital divide, which has been particularly crucial with the ongoing COVID-19 challenges. As the nation faced repeated MCOs, we witnessed increased consumer bandwidth consumption, changes in customer behaviour and higher expectations for stable connectivity. Through a proactive network management approach, GNT stepped up to meet the surge in internet traffic, while expanding our infrastructure network to deliver connectivity to rural communities.

## WHAT WE DO

As the backbone of the Group, GNT is responsible for the planning, building, operating and maintenance of the TM network infrastructure, delivering critical connectivity to customers. GNT's core focus is Connectivity Excellence. This means continuously improving operational efficiency for better service quality, as well as modernising the network infrastructure to meet future demands. GNT aligns the overall network





modernisation strategy with the New TM Compass, which contributes to growth for all business units. It also continues to optimise costs for network/technology investment and network operations and maintenance. By taking care of our critical network, GNT plays a central role in our ability to create stakeholder value.

## OUR FOCUS IN 2021

### WHAT WE DID

#### Network Expansion & Optimisation

- Accelerated fibre rollout to increase network coverage to more households and businesses
- Decommissioned legacy copper network into fibre network for faster internet speeds
- Implemented Mobile Network Smart Rollout to optimise our Long-Term Evolution (LTE) rollout plan focusing on profitable and strategic driven sites
- Optimised network capacity and simplified processes through automation to improve customer experience
- Leveraged our partners for targeted Multi-Operator Core Node (MOCN) sites activation to mitigate the 3G sunset impact
- Deployed intelligent technologies, SDN and NFV to improve network efficiency and productivity

**Stakeholders**  Customers  Government & Regulators  Communities  Shareholders & Investment Communities

For more details of our network infrastructure, please see pages 86 to 90.

### WHAT WE ACHIEVED

- **5.77 million** fiberised households in 2021\*
- **800Mbps** internet speed delivered
- **RM67.5 million** in cost savings through network optimisation
- **1,183,890** new service installations and **1,058,235** network ports deployed in 2021 (**record-breaking**)

\* As declared to MCMC

## MOVING FORWARD

GNT will continue to drive the Group's network excellence in the years to come as we continue to enable a Digital Malaysia. This includes Network Modernisation in areas such as Next-Generation Transport Network, Telco cloud, Edge cloud facility, IPTV, Broadcast and Next Generation Voice Platform, which allows us to explore creative solutions for autonomous operations to elevate the customer experience. On the submarine cable system, GNT is developing an international cable (SMW6) and a few domestic cables for increased capacity and coverage.

As the leading service provider in Malaysia, GNT will continue venturing into predictive and proactive service capabilities; leveraging solutions developed in-house by TM R&D. GNT's National Network Operation Centre (NNOC) will utilise the award-winning intelligent analytical platform (CAMELIA) to manage our network. At the same time, GNT continues to develop 5G backhaul for DNB, with services offered to unifi Mobile customers within coverage areas. Lastly, GNT will continue to future-proof our access infrastructure by expanding fibre coverage whilst decommissioning the legacy copper network.

# PAVING THE WAY TOWARDS DIGITAL

Group IT & Digital (GITD) continued to propel the Group’s digital development forward in 2021. Guided by the New TM Compass, GITD remained focused on strengthening its position as a technology enabler and data-driven in-house organisation. Throughout the year, GITD greatly exceeded multiple of its organisational optimisation targets. This includes TM’s RPA robot taking over annual human work hours by almost 150% more than the initial and the Value Programme’s headcount optimisation of over 200% of the year’s target. By championing digital and technological solutions, GITD contributed RM14.7 million in EBIT for the Group, making us on track to achieving our target of RM65.0 million by 2023.



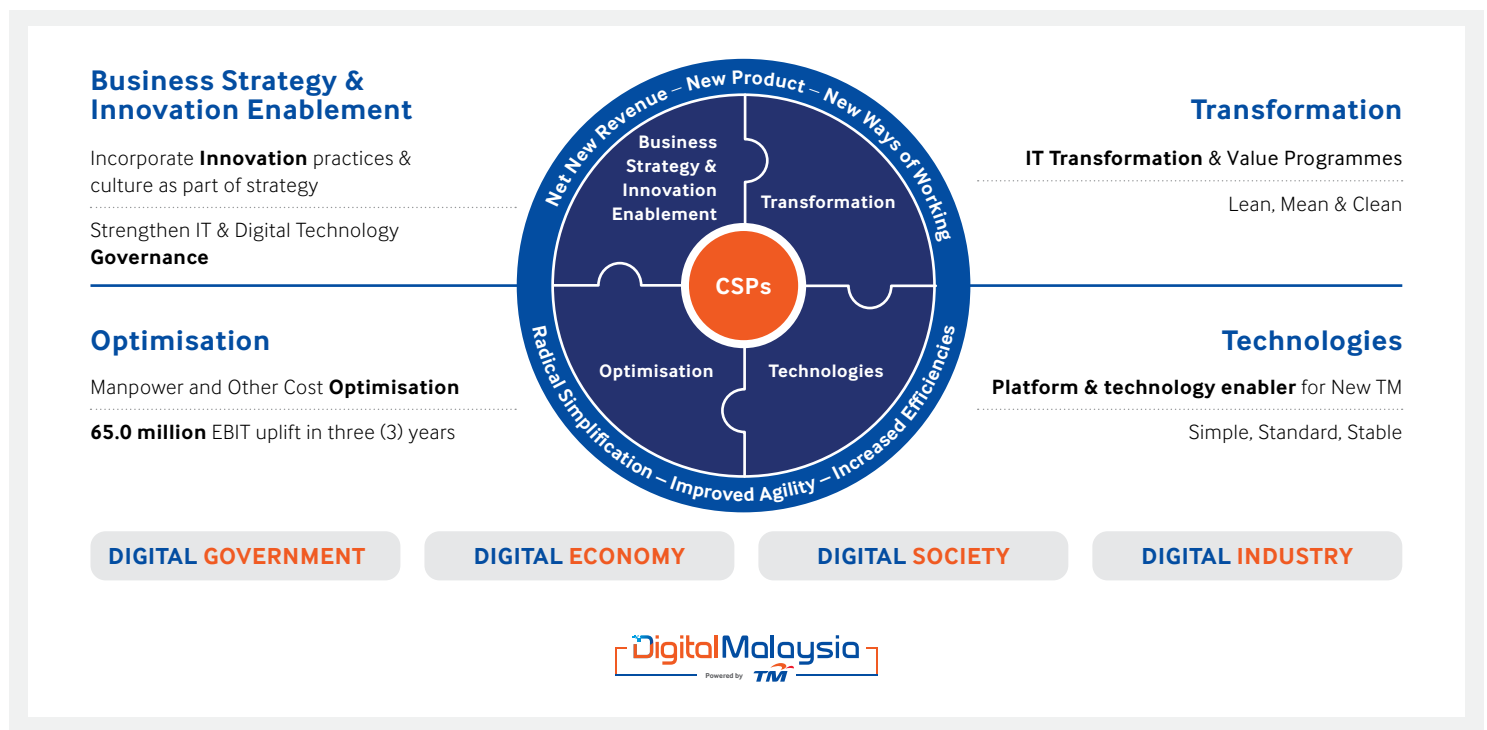
## AWARDS & ACCOLADES

- “Best Use of AI/Automation to Increase Productivity” from INSPIRE Tech Awards 2021
- “Digital Transformation Award” from Asia Pacific Cloud & Data Centre Awards 2021

## WHAT WE DO

The industry is undergoing fundamental and disruptive transformation, underpinned by the emergence of new smart technology ecosystems and digital players driving a radical shift in value enablement. As a response, we established GITD two (2) years ago to transform TM accordingly, into a “Lean, Mean and Clean” organisation via “Simple, Standard and Stable” principles. GITD catalyses the Group’s digitalisation agenda and creates greater stakeholder value. GITD focuses on creating a future-proof organisation through two (2) methods—Automation & Digitalisation and Digital Hybrid Workplace.

Through innovative technological solutions, GITD helps the Group improve process efficiencies, generate higher revenue, optimise cost savings and, more importantly, make life easier for our customers and people. Additionally, GITD’s IT Transformation Plan has enabled TM to be among the 25% of communication service providers in Malaysia developing programmes to participate in digital ecosystems, thus giving us a head start on the competition. Despite its relatively ‘young’ age, GITD continues to make commendable progress in cost optimisation, future-proofing the business and charting the path for TM to transform into a human-centred technology company.







## OUR FOCUS IN 2021

### WHAT WE DID



#### Value Programme (VP)

- **Stellar Project:** Championed the BSS transformation by migrating unifi Mobile customers onto a new platform
- **CX Transformation:** Implemented interactive bill management system (iBill), Campaign Management System (CMS) and SPICE.ai to improve customer processes
- **Cloud Infrastructure:** Implemented iGrid as a micro-services and multi-cloud ready platform together with an advanced implementation of security protection against threats

**Stakeholders**  Customers  Shareholders & Investment Communities



#### Productivity

- **ROBIN:** Expanded TM's RPA to take over annual work hours throughout the organisation
- **Digital Tools:** Developed in-house digital solutions to improve productivity i.e., 'Trust' (Productivity App) and 'Tribe' (agile resource management and tracking system)
- **Project Hijrah:** Consolidated multiple tools/applications into a single platform to create a Digital Hybrid Workplace

**Stakeholders**  Employees  Shareholders & Investment Communities

#### People Optimisation

- **ISO Certifications:** Obtained certifications to improve the digital and IT of our people. These certifications include:
  - Information Security Management System (ISMS)
  - Test Maturity Model Integration (TMMI) Level 3
  - Software Asset Management (SAM) Maturity Level 1

**Stakeholders**  Employees  Shareholders & Investment Communities

### WHAT WE ACHIEVED

- **RM14.7 million** in operational savings, exceeding the target by **245%**
- **195** headcounts optimised, exceeding the target by **214%**
- **20** applications decommissioned due to application standardisation



- **41** RPAs deployed in 2021, with **132,000** annual work hours off-loaded
- **104%** workforce productivity enabled via in-house digital tools.
- **RM1.2 million** costs saved annually through the Hijrah project



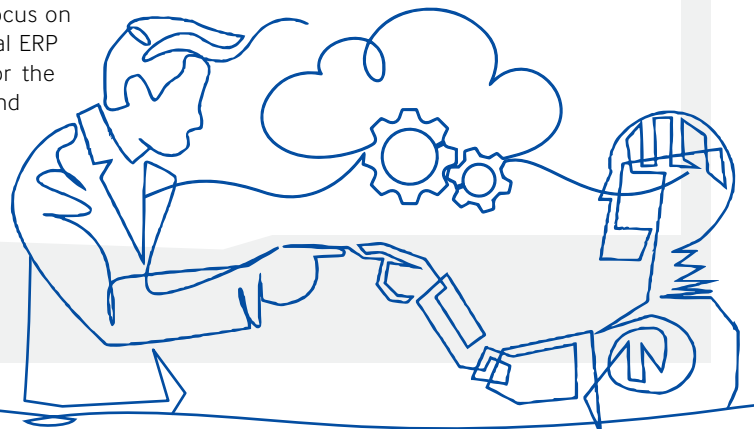
- **109** certifications obtained in strategic knowledge areas

### MOVING FORWARD

In 2022, GITD will continue to build its momentum in the value programmes, driving cost and productivity optimisations while future-proofing the organisation. Following the favourable outcome of GITD value programmes in 2021, new value programmes will be introduced, focusing on strengthening IT Operations and delivery.

The STELLAR ecosystem will progress towards becoming 'a matured and robust BSS platform' capable of serving unifi, TM One and TM Wholesale customers for many years to come. To ensure this, GITD will continue with a subsequent migration plan of unifi Broadband and other fixed services upon completion of unifi Mobile migration activities to ensure continuous improvement of TM FMC offerings.

Additionally, Enterprise Resource Planning (ERP) Transformation will focus on more efficient and sustainable business operation with the new Digital ERP implementation and Legacy ERP ecosystem decommissioning. As for the cloud, GITD will help TM transition into a hybrid/multi-cloud model and modern application development.



# STRENGTHENING CYBERSECURITY FOR BETTER PROTECTION

Throughout 2021, Group Information Security (GIS) has been planning, executing and measuring the effectiveness of cybersecurity programmes to improve governance, compliance, risk and operations management for TM Group. The programmes have strengthened TM’s infrastructure protection against cyber threats, protected stakeholders’ data and ensured the high availability of TM services at all times. Through GIS, we enable the Group’s business resiliency as we progress with our digital aspirations.

## WHAT WE DO

GIS is responsible for protecting TM information security assets against cybersecurity threats and vulnerabilities, to which the organisation’s attack surface may be exposed and constitute information risk. GIS ensures that the Group’s security objectives are consistently met and cyber risks are effectively mitigated, thus contributing to the business

continuity, operational efficiency and cost-effectiveness. GIS is always proactive and aligns with high cybersecurity standards in protecting data privacy and security. Through GIS, we are able to provide a more secure customer and stakeholder experience.

## OUR FOCUS IN 2021

### WHAT WE DID

#### Security Policies & Standards

- Periodically reviewed and enhanced TM’s Information Security Policy according to business needs and emerging risks to business assets
- Complied with various international security standards:
  - Information Security Management System (ISO/IEC27001, ISO/IEC27017, ISO/IEC27018)
  - Payment Card Industry Data Security Standards (PCI DSS)
  - Business Continuity Management System (BCMS)

Stakeholders Customers Employees Suppliers Business Partners Shareholders & Investment Communities

#### Enhance Cybersecurity Culture

- Organised TM’s Cybersecurity Response Drill to increase awareness and preparedness against cyberattacks
- Launched six (6) TM Information Security Policy e-learning modules and cybersecurity webinars for employees
- Distributed information security awareness packs for employees and business partners
- Held continuous fortnightly security awareness and advisory for all employees, subsidiaries, business partners and network administrators

Stakeholders Employees Suppliers Business Partners

### WHAT WE ACHIEVED

- Received **ISO/IEC 27001** certifications for the following areas within TM:
  - National Network Operations Centre (NNOC)
  - GITD
  - TM One MERS 999
  - TM R&D
  - GIS Security Operation Centre (SOC)
- Received **PCI DSS** certifications for TM Payment Gateway (PG) System, with ongoing assessment for TM One Cloud Alpha Edge (CAE)



- 80** employees across 13 LOBs participated in the TM Cyber Drill exercise
- 15,905** employees completed the e-learning modules within three (3) months
- 302** employees reached through cybersecurity webinars, targeted at Senior Management and Secretaries



## OUR FOCUS IN 2021 (CONT'D)

### WHAT WE DID

#### Strengthen Security Measures

- Expanded our Centralised Vulnerability Assessment System (CVAS) to continuously scan and identify security issues
- Conducted regular security assessments and penetration testing by internal and external teams
- Assessed TM applications to identify weaknesses and vulnerabilities within our infrastructure
- Fortified Identity and Access Control Management as well as enhancing Endpoint Security Management to protect against security incidents
- Adopted Security by Design to ensure security control standardisation across assets and effectiveness is measurable

#### Stakeholders



For more details on our cybersecurity, please see pages 92 to 93.

### WHAT WE ACHIEVED

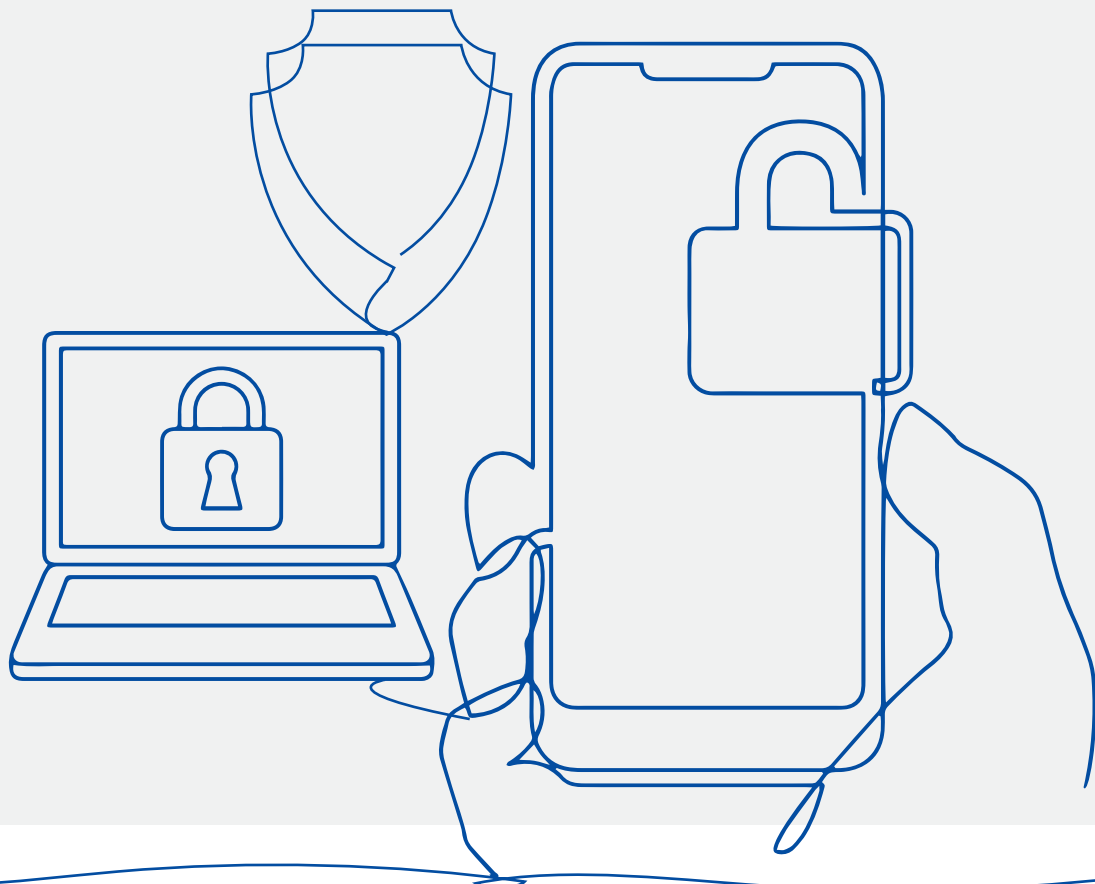
- **165** systems/applications with 4,451 assets have been onboarded in CVAS
- Over **1,000** IP addresses underwent security assessments and penetration testing
- **127** applications assessed
- **18,500** corporate devices installed with Endpoint Protections
- Enhanced security of core authentication system involving architecture enhancement, perimeter controls as well as system and application security policies



### MOVING FORWARD

In the coming years, GIS will strengthen cyber resilience to improve the Group's ability to prepare, respond and recover from cyberattacks. This is in line with the Group's objectives toward resiliency in digitalisation. GIS will focus on a top-down approach to security baseline for Access Control, Endpoint Controls, Secure Application Development and Network Security, and solution lifecycle in terms of design, development, implementation and maintenance.

Additionally, GIS is establishing a security champion for each LOB with competence in cybersecurity, thus ensuring the adoption of cybersecurity requirements when implementing digitalisation initiatives/operations. The security champion shall become a force multiplier who can address questions, ensure security awareness, and help enforce cybersecurity best practices across the organisation. GIS will also emphasise periodic engagement and assessment of compliance with cybersecurity standards, best practices and industry requirements, thus protecting our business performance and stakeholder value.





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**300,000km of submarine cables**  
 worldwide, enough to circle the globe 8 times,  
 so the first review of your frozen otak-otak can read

**정말 맛있어요**

*(It's really delicious)*



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