YOUR
NEXT
IS NOW

TM
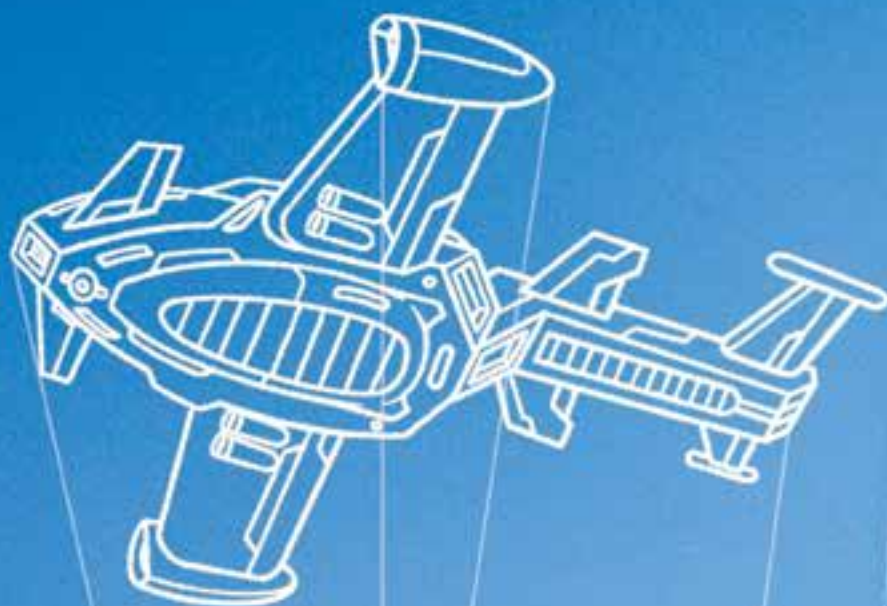
Integrated Annual Report 2022

Corporate Overview

COVER RATIONALE

YOUR NEXT IS NOW

Built on a strong foundation and heritage, TM paves its next era as a human-centred technology company. Our purpose and journey is to shape a Digital Malaysia that empowers communities, businesses and Government has come a long way, yet it is far from over; in fact, it has just begun.

We harness technology to create a better tomorrow for all. As Future Shapers, we connect our stakeholders to opportunities by enabling them with innovative solutions that help propel them closer to their next goals. Throughout this annual report, we feature imageries that reflect our commitment:

For communities, we enrich everyday moments by enabling converged lifestyle solutions.

For businesses, we enable growth by providing integrated solutions and strategic collaborations that accelerate business transformation.

For Government, we accelerate the nation's aspiration towards becoming a Digital Malaysia with holistic connectivity, platform and digital solutions.

Inspired by our vision of the future, the juxtaposition of real-life photography and illustrations are the materialisation of the NOW and the NEXT, demonstrating our suite of digital solutions that not only accelerate a Digital Malaysia but also care for the sustainability of our planet.

COMMITMENT TO SUSTAINABILITY

In upholding our responsibility to the environment, we are committed to reducing our carbon footprint in the production of our Integrated Annual Reports in printed form. We strongly advocate all stakeholders to access our downloadable reports at tm.com.my/iar2022

WHAT'S INSIDE

ABOUT US

As a leading Converged Telco progressing towards becoming a human-centred TechCo, TM has earned the title of Future Shaper for its remarkable contribution to driving a Digital Malaysia that benefits all.

By humanising technology and making it accessible to everyone, TM is fostering collective growth by putting the needs of individuals, communities and a sustainable future, at the centre of everything we do.

OUR REPORTING JOURNEY

We are pleased to present Telekom Malaysia Berhad's (TM or the Group) Integrated Annual Report (IAR) 2022. In our journey to progress into a human-centred TechCo, we strive to create sustainable value that benefits all our stakeholders. This commitment to inclusive stakeholder value forms the basis of our report, which aims to enable stakeholders to make an informed assessment of our financial and non-financial performance during the year. The report also demonstrates how every decision made has revolved around TM improving the lives of stakeholders, including the wider communities, towards creating a more sustainable and digital future for Malaysia.

Scope & Boundaries
TM's IAR is produced and published annually. This report covers the full calendar year from 1 January to 31 December 2022 for financial and where applicable, up to 15 March 2023 for non-financial updates. The report encompasses all our operations and activities across Malaysia. It includes our key strategic plans alongside the quantitative and qualitative outcomes of our activities implemented, financial and non-financial performance, material matters, risks and opportunities and stakeholder value creations.

Reporting Frameworks
This report was developed according to the following standards, guidelines and best practices:
- Integrated Reporting <IR> Framework
- Bursa Malaysia Securities Berhad's Main Market Listing Requirements (Main LR)
- Malaysian Code on Corporate Governance (MCCG)
- Companies Act 2016
- Malaysian Financial Reporting Standards (MFRS)
- Bursa Malaysia's Main LR on Sustainability Reporting
- Bursa Malaysia's Sustainability Reporting Guide
- Global Reporting Initiative (GRI) Sustainability Reporting Standards
- The Association of Certified Chartered Accountants (ACCA) Malaysia Sustainability Reporting Guidelines for Malaysian Companies
- Task Force on Climate-Related Financial Disclosures (TCFD)
- The United Nations Sustainable Development Goals (UN SDGs)
- ISO 26000:2010 Guidance on Social Responsibility

Reporting Principles
We ensure the quality of our reporting disclosures by adhering to the following principles:

Transparency: We provide clear and accurate information to stakeholders, thus enabling them to accurately assess our performance

Stakeholder Inclusiveness: We describe TM's efforts to meet the evolving needs and expectations of all our stakeholders

Materiality: We emphasise on TM's economic, environmental and social (EES) impacts that significantly affect the sustainability of our business and stakeholder value creation

Balance: We report on both positive and negative aspects of the business so that stakeholders can make fair and well-informed decisions

Comparability: We include information from previous years, where possible, to demonstrate changes in our performance over time

Potential: We indicate the current and future growth potential of the business so stakeholders can understand the reasoning behind our decisions

REPORTING ON VALUE

We adopt an integrated approach to value creation. This provides us with a comprehensive view of every aspect of our business, from monitoring changes in the external environment to staying ahead of our stakeholders' evolving needs. Our integrated-thinking approach to decision-making, management and reporting enables us to deliver long-term value as we fulfil our purpose of empowering communities, businesses and Government.

UNDERSTANDING OUR CONTEXT

Operating Landscape: What is happening outside?

Our ability to deliver value and enable a Digital Malaysia is influenced by external factors, such as emerging technologies, market trends, economic conditions and new regulatory policies. Therefore, we actively monitor this dynamic landscape and stay ahead of any developments.
↳

Stakeholder Engagement: What do our stakeholders need?

Our long-term growth and success depend on the continued trust and support of our stakeholders. Therefore, we regularly engage with them to understand how we can serve their diverse needs, covering both financial and non-financial.
↳

Risks & Opportunities: What can impact our growth and value?

Our business is exposed to a range of risks and opportunities that could materially impact long-term value. Therefore, we proactively mitigate these risks while leveraging on opportunities for growth.
↳

DEVELOPING OUR STRATEGIC PURPOSE

Material Matters: How do we prioritise?

Our ability to create sustainable EES impact focuses on prioritising the matters that materially impact both business and stakeholder value. Therefore, we apply the principle of materiality in formulating our strategies and business decisions.
↳

Strategic Direction: Where are we headed?

Our organisation is at a pivotal moment, as we gear up for the next phase of our evolution towards becoming a human-centred TechCo. Therefore, our strategy is now anchored on a refreshed purpose: to shape a Digital Malaysia through technology that empowers communities, businesses and Government.
↳

Independent Assurance

The credibility of our reporting disclosures has been verified by the following independent auditors/verification companies:

Activity	Company
Consolidated Financial Statement Audit	Ernst & Young PLT (EY)
Non-Financial Disclosures*	SIRIM QAS International Sdn Bhd

*Within our sustainability chapter from pages 84 to 145

Forward-Looking Statements

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

Reach Out to Us!

We 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:
stratcomms@tm.com.my

Leadership Role

Our integrated reporting process is governed by the Board, led by the Management team and delivered through groupwide collaboration. This enables strong governance over the report, thus ensuring its integrity and quality.

Statement from the Board of Directors

The Board acknowledges its responsibility to ensure the integrity and accuracy of TM's IAR 2022. To our knowledge, this integrated report addresses all the issues material to business and stakeholders, providing a fair assessment of TM's integrated performance during the reporting year.

Tan Sri Mohammed Azlan Hashim
Chairman

Scan the QR code for our three years Sustainability Performance Data

How to Navigate This Report

Throughout the report, we use the following icons to indicate the connectivity of different elements of our business:

Capitals
- Human
- Natural
- Financial
- Intellectual
- Social & Relationship
- Manufactured

Strategic Pillars
- Our Purpose
- Our Business
- Our Customer
- Our People

Material Matters

M1 Fair & Transparent Communication	M6 Affordability & Inclusion	M11 Training & Development
M2 Innovation & Technology	M7 Carbon Emissions	M12 Responsible Supply Chain
M3 Network Stability & Quality	M8 Environmental Quality	M13 Community Development
M4 Cyber Security	M9 Fair Employment & Engagement	M14 Good Governance
M5 Customer Experience	M10 Health, Safety & Well-Being	

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

Sustainability Impact
- Economic
- Social
- Environmental
- Governance

EXECUTING OUR STRATEGY

The Six (6) Capitals: What resources do we have?

Our business operations and growth require a strong pipeline of financial and non-financial resources. Therefore, we leverage the following six (6) capitals to effectively execute our value-creation strategy:

Financial Capital

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

Human Capital

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

Intellectual Capital

Our rich 77-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.

Natural Capital

Our operations rely on various 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.

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.

Manufactured Capital

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 an important role in our growth and operations.

DELIVERING MEANINGFUL VALUE

Value Creation

TM's purpose is to create sustainable value for our diverse of stakeholders. This includes strong financial returns for our diverse group of stakeholders, building the careers of our *Warga TM*, providing educational scholarships to future leaders, becoming a strategic partner for Malaysia's critical and sovereign communications network, delivering critical connectivity that empowers people and ensuring we leave behind a better planet and society for our future generations.

TM THE ENABLER OF DIGITAL MALAYSIA

As Malaysia's leading converged telco, Telekom Malaysia Berhad (TM) is the national connectivity and digital technology provider. TM has served the nation with its comprehensive suite of communication services and solutions for 77 years and proudly continues to play its role in ensuring inclusive connectivity for all Malaysians.

First established as the Malayan Telecommunications Department in 1946, TM has grown in leaps and bounds through various cycles of the country's telecommunications technology evolution. Leveraging its innovative culture, TM delivers smart solutions that not only make lives easier for the community and businesses but also safeguard the environment as part of its sustainability commitment. TM is ready to enable an end-to-end digital ecosystem to create a more sustainable future for all Malaysians.

TM provides a wide range of communication services and solutions in enterprise digitalisation, fixed (telephony and broadband), mobility, content, WiFi, ICT, cloud, data centre, cyber security, Internet of Things (IoT) and smart services. Anchoring on its focus growth areas, TM is driven by stakeholder value creation and emphasises delivering an enhanced customer experience via continuous customer service quality improvements and innovations while ensuring increased operational efficiency and productivity.

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 vision of becoming a human-centred TechCo. In its transformation journey, TM's business and solutions are evolving to put people at the core of everything. The Group remains steadfast to innovating and implementing technologies that have the potential to enhance the lives and experiences of Malaysians, in multiple ways.

TM is committed to enabling a sustainable future and improving social, economic and environmental well-being of the community. TM has also set ambitious sustainability targets backed by industry best practices to track its near- to long-term sustainability performance. Underpinned by strong corporate governance, TM adheres to the highest standards of ethics, integrity and transparency.

While we continue to invest in our commercial growth and sustainability as a Public Listed Company (PLC), as the nation's leading fibre provider and a Government-Linked Company (GLC), we are uniquely positioned to serve the nation's interest more directly and to bring greater impact on diverse communities. Through our strong commercial and sustainable returns, we will invest in strengthening our core business, exploring new growth areas and making a positive impact on the communities and nation at large.

Our Vision

To shape a Digital Malaysia through technology that empowers communities, businesses & Government

Our Mission

Humanising technology and making it accessible to all Malaysians in a sustainable manner

For communities, we enrich everyday moments by enabling converged lifestyle solutions

For businesses, we enable growth by providing integrated solutions & strategic collaborations that accelerate business transformation

For Government, we accelerate the nation's aspiration towards becoming a Digital Malaysia with holistic connectivity, platform and digital solutions

A SNAPSHOT OF 2022

KEY ACHIEVEMENTS

GROUP REVENUE
- **RM12,118.1** million

GROUP PATAMI
- **RM1,143.3** million

EBIT
- **RM2,090.2** million

TOTAL DIVIDEND PAYOUT
- **RM627.5** million

ESG PERFORMANCE

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

Carbon Disclosure Project (CDP)
- Improved rating to **B** in 2022 (2021: C)
- Significant improvement in scoring for governance and carbon emissions
- Improved rating to **A-** for Supplier Engagement Rating (SER) in 2022 (2021: B-)

FTSE Russell – Rated 3.6
- Improved total scoring to **3.6** in 2022 (2021: 3.1)

Environmental Footprint
- **12.45%** reduction in overall carbon emissions

OUR CUSTOMERS

TOTAL CUSTOMERS NATIONWIDE

unifi

3.5 million
- ▶ HOME **3.1 million** includes voice, broadband, Unifi Mobile and Unifi TV
- ▶ SME **0.4 million** includes voice, broadband, Unifi Mobile and solutions

TM ONE
- **6,000** Enterprises
- **2,800** Government customers
- **9** Data centres

TM GLOBAL
- **163** Malaysian service providers
- **571** International Telcos, OTT, hyperscalers

OUR NETWORK

CABLES GLOBALLY INCLUDING:

>690,000 km
- ▶ domestic cables

>340,000 km
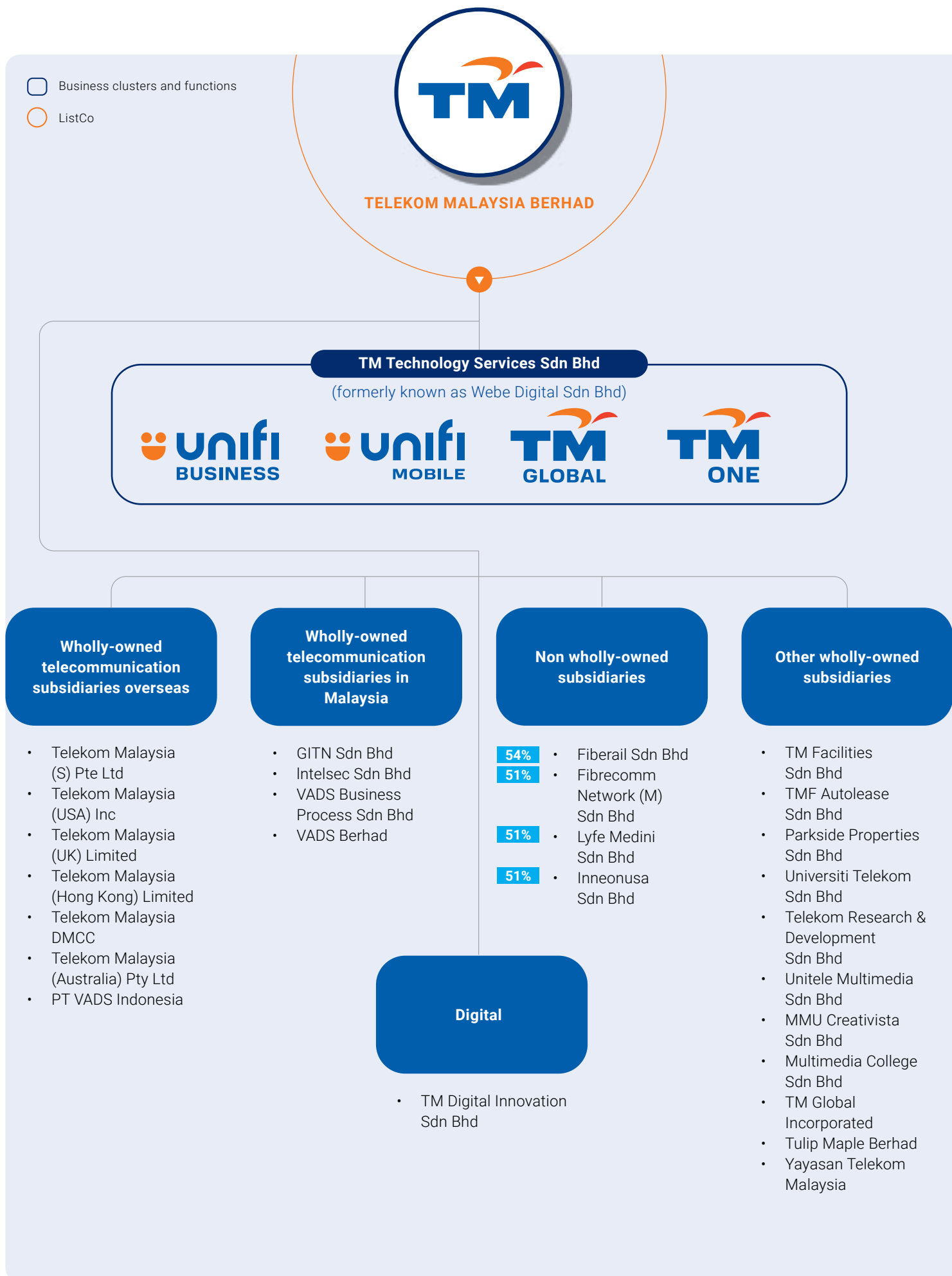- ▶ submarine cables with 32 submarine cable systems

OUR PEOPLE

WARGA TM
19,499

DIVERSITY:
36% women on the Board
31% women in Senior Management

GROUP CORPORATE STRUCTURE

☐ Business clusters and functions

○ ListCo

TELEKOM MALAYSIA BERHAD

TM Technology Services Sdn Bhd

(formerly known as Webe Digital Sdn Bhd)

UNIFI BUSINESS   **UNIFI MOBILE**   **TM GLOBAL**   **TM ONE**

Wholly-owned telecommunication subsidiaries overseas

- Telekom Malaysia (S) Pte Ltd
- Telekom Malaysia (USA) Inc
- Telekom Malaysia (UK) Limited
- Telekom Malaysia (Hong Kong) Limited
- Telekom Malaysia DMCC
- Telekom Malaysia (Australia) Pty Ltd
- PT VADS Indonesia

Wholly-owned telecommunication subsidiaries in Malaysia

- GITN Sdn Bhd
- Intelsec Sdn Bhd
- VADS Business Process Sdn Bhd
- VADS Berhad

Non wholly-owned subsidiaries

- **54%** • Fiberail Sdn Bhd
- **51%** • Fibrecomm Network (M) Sdn Bhd
- **51%** • Lyfe Medini Sdn Bhd
- **51%** • Inneonusa Sdn Bhd

Other wholly-owned subsidiaries

- TM Facilities Sdn Bhd
- TMF Autolease Sdn Bhd
- Parkside Properties Sdn Bhd
- Universiti Telekom Sdn Bhd
- Telekom Research & Development Sdn Bhd
- Unitele Multimedia Sdn Bhd
- MMU Creativista Sdn Bhd
- Multimedia College Sdn Bhd
- TM Global Incorporated
- Tulip Maple Berhad
- Yayasan Telekom Malaysia

Digital

- TM Digital Innovation Sdn Bhd

GROUP ORGANISATION STRUCTURE

BOARD OF DIRECTORS

Board Audit Committee

Group Chief Executive Officer

Chief Internal Auditor

Chief Integrity & Governance Officer

Group Company Secretary

Executive Vice President Unifi

Chief Technology & Information Officer

Chief Marketing Officer

Chief Human Capital Officer

Chief Corporate & Regulatory Officer

Executive Vice President Unifi Mobile

Chief Information Officer

Group Chief Financial Officer

Chief Strategy Officer

Group General Counsel

Executive Vice President TM One

Chief Network Officer

Chief Risk Officer

Executive Vice President TM Global

Chief Procurement Officer

Executive Vice President Digital Services/ Chief Executive Officer Credence

Chief Information & Security Officer

OUR SUSTAINABILITY JOURNEY

TM's Sustainability Purpose

As a nation building organisation, sustainability has always been integral to our business. Our business objectives have always been aligned with improving the lives of people, striking the balance between profits and purpose. Today, sustainability is integrated into every aspect of our business, from high-level boardroom discussions to the daily practices of our staff. By embracing sustainability, we are committed to driving our transformation towards becoming a human-centred TechCo, powering a Digital Malaysia and contributing to a brighter future for the *Rakyat*.

↳ *For more details on our sustainability progress, please see pages 84-145*

TM's Sustainability Vision: To Make Life Easier, Towards a Sustainable Tomorrow

Sustainability Pillars

TM's Sustainability Statement of Purpose

BUILDING A DIGITAL MALAYSIA

Nation Building: Expand our network and bridge the connectivity divide to catalyse Malaysia's economic, social and environmental progress

PROTECTING THE PLANET

Environmental Footprint: Progressively manage our impact on the environment through resource optimisation and reduction in operational carbon emissions

PUTTING PEOPLE FIRST

Responsible Supply Chain: Source responsibly to manage the impact of our value chain; Respect labour standards; Grow and empower domestic suppliers

STRENGTHENING OUR INTEGRITY

Uncompromising Integrity: Zero-tolerance for unethical business conduct and corruption

2022 Sustainability Milestones

We take pride in the strides we have made in our sustainability journey thus far and remain unwavering in our commitment to doing even more. Over the past year, we have achieved several milestones in sustainability, strengthening our foundational practices as a socially responsible organisation that generates value for all stakeholders.

Integrating Sustainability Across the Company

We introduced sustainability-related KPIs across all divisions responsible for advancing our sustainability agenda.

↳ *Read more on pages 78-82*

Strong Governance Over Stakeholder Value

We conducted materiality assessment, with involvement and approval by TM's leadership and Board.

↳ *Read more on pages 30-31*

Ahead of the Curve in Climate Action

We are at an advanced stage in climate reporting, with the issuance of TM's inaugural TCFD report targeted by mid-2023.

↳ *To access our TCFD report, go to tm.com.my/sustainability*

Outperforming the Industry in ESG

We have improved our score in various ESG indices and ratings:
• FTSE4Good Bursa Malaysia: 4 out of 4 stars
• FTSE Russell Global Rating: 3.6 (2021: 3.1)
• Carbon Disclosure Project (CDP): B (2021: C)
• CDP Supplier Engagement Rating (SER): A- (2021: B-)
• Kicked-off S&P Global Corporate Sustainability Assessment

↳ *Read more on page 83*

A MESSAGE FROM OUR CHAIRMAN

Dear Stakeholders,

2022 has been a very good year for TM. We have achieved positive performance in multiple aspects of our business, with strong financial growth, infrastructure modernisation and expansion and notable progress in our journey. To ensure our future sustainability as a company, we have also made significant advancements in our transformation into a human-centred TechCo. With a clear understanding that the value of technology is only as good as the people it serves, we have dedicated ourselves to putting people at the centre of everything that we do.

I am happy to share that TM remains on track with its nation building agenda, particularly in driving our vision of Digital Malaysia, empowering communities, businesses and the Government. We believe that our success as a company is deeply intertwined with the success of our nation and remain committed to playing our part in building a stronger, inclusive and prosperous Malaysia.

OVERVIEW OF THE YEAR

Rebounding from the pandemic-induced slowdown, our economy saw a robust growth of 8.7% in 2022. As borders reopened, Malaysians witnessed a surge in economic activities, contributing to the country's strong performance. However, despite the thriving local economy, the global economy experienced a slower growth rate of only 2.8% in the same year - a stark reminder of challenges that are far from over.

Our Malaysian telecommunications industry continued to experience strong growth in both fixed and mobile broadband subscriptions. As the digital lifestyle became the new normal, society began to realise the need to stay connected, thus transforming the way we work, live and play. As a result, the telecommunications industry witnessed continued growth in 2022, driven by unprecedented demand for digital connectivity and communications.

Tan Sri Mohammed Azlan Hashim

Chairman

Our network expansion provides underserved communities with access to essential services such as banking, healthcare and education, greatly improving their quality of life

We are also helping to propel Malaysia towards a smarter and more connected future. Our focus on 5G and emerging technologies is the driving force behind the creation of smart cities that will revolutionise people and businesses. We have made significant progress in the implementation of 5G network fibre backhaul across the country. Our work in creating smart cities will not only transform the way we interact with technology but will also bring about significant growth and job opportunities created by the digital economy. Through our delivery of cost-effective connectivity and innovative digital solutions, we have empowered close to 400,000 SMEs – the backbone of our digital economy – across consumers, businesses and Government segments towards a more connected future.

In addition, connectivity and technological advancements can also be used to drive a greener, low-carbon economy. We are aligned with Malaysia's Green Technology Master Plan and are driving digital solutions that eliminate energy wastage while reducing resource consumption. Our KL, Cyberjaya and Johor Bahru data centres have successfully secured the Green Electricity Tariff (GET) from Tenaga Nasional Berhad (TNB), to provide Malaysian consumers with the option of using green electricity from renewable energy supply. This is consistent with the Government's initiatives in achieving net zero Greenhouse Gas (GHG) emissions for the country by the year 2050.

The Malaysian Government launched the Digital Economy Blueprint and JENDELA initiatives to improve connectivity, coverage and quality.

Equipped more than 500,000 households and premises with fibre Internet access, surpassed target of 355,000 set under the JENDELA initiative.

Supports Malaysia's Green Technology Master Plan and promote digital solutions that reduce resource consumption and eliminate energy wastage.

Against this backdrop, the Malaysian Government has been advocating better connectivity, coverage and quality, resulting in the launch of the Digital Economy Blueprint and JENDELA initiatives. Under the Government's plans, we saw rapid increase in the coverage of 5G across the country. To date, it has already reached 15 million Malaysians across almost 4,000 sites, paving the way for a plethora of opportunities from job creation to economic growth. Through these initiatives, Malaysia is truly on its way to become a strong digital player in the region, driving innovation and development.

BUILDING A BETTER FUTURE FOR MALAYSIA

As a GLC, we remain fully committed to nation building and creating a better future for all Malaysians. Our primary role is to drive the country's sustainable and inclusive development through connectivity and technology, benefiting all segments of society. We are a strategic enabler and main partner of the Government's digital endeavours, including the JENDELA programme that aims to bridge the digital divide in Malaysia. In 2022, we equipped more than 500,000 households and premises with fibre Internet access, against a target of about 355,000 under the JENDELA initiative. Our network expansion provides underserved communities with access to essential services such as banking, healthcare and education, greatly improving their quality of life.

The Board has declared a total dividend of **16.5 sen per share,** with a total payout amounting to **RM627.5 million**

> Our strong foundation in sustainability has enabled us to **build a sustainable business** while creating value for our stakeholders

STRONG GOVERNANCE AND LEADERSHIP

Corporate governance is the foundation of our long-term success. TM's Board of Directors are committed to upholding the highest standards of corporate governance and ensuring that decisions and actions are always in the best interest of our stakeholders. Throughout the year, the Board continued to strengthen the Management Team to address market challenges, unlock new opportunities and drive TM's transformation.

At the same time, we continued to ensure that the Board remained well-equipped to lead in the rapidly changing landscape, which is critical to the business sustainability. To future-proof the Board, we invested in the knowledge and expertise of members through Board Training Programmes. Programmes include external training by domain experts and knowledge sharing sessions on new growth areas with subject matter experts, covering topics such as Business Sustainability, Performance Management, Risk Management, Corporate Governance and ESG, among others. By equipping and enhancing the Board's knowledge, we are confident in navigating the dynamic business environment and deliver value to stakeholders.

CREATING VALUE FOR OUR STAKEHOLDERS

As both a PLC and GLC, TM plays a crucial role in serving a range of stakeholders. We understand that maximising shareholders' value is vital, but we also remain dedicated to fostering the development of Malaysia's economy and nation building initiatives. At the heart of TM's success is the commitment to making life better for our customers, employees, shareholders and the community at large. To this end, we have enhanced our digital platforms with self-serve features that enable customers to engage with us safely and seamlessly. As we serve our customers, TM continues to prioritise the well-being of our employees, implementing flexible work arrangements to optimise their productivity by intensifying the deployment of digital tools and applications to further facilitate their service delivery to the customers.

TM's value creation efforts are extended to local communities, as shown by our prolonged support for the Malaysian Emergency Response Services (MERS) 999 and active involvement in myriad disaster emergency response efforts nationwide. We have also reached out in support of the various affected communities through Yayasan Telekom

Malaysia (YTM). In our latest initiative, YTM collaborated with Istana Negara for YTM-Istana Negara Community-Based Disaster Risk Reduction and Management (CBDRRM) programme, aimed at empowering communities, especially for women and children, as well as building community resilience during disasters by equipping them with the necessary knowledge and skills for disaster preparedness. In YTM's transformation towards becoming a more social impact-based foundation, it continues to dedicate significant resources to ensure Malaysian students of all backgrounds, especially those from low-income families, have equal access to education and development programmes. Our scholarships and financial assistance have benefitted more than 1,400 upper secondary students and over 500 undergraduate students studying in higher education institutions locally and abroad throughout 2022.

To ensure growth for long-term shareholder value, TM considers various factors, including business and earnings performance, capital commitments, financial conditions, distributable reserves and other relevant aspects that influence our ability to generate sustainable value. We are committed to distributing yearly dividends of 40% - 60% of Profit After Tax and Non-Controlling Interests (PATAMI). For this financial year, the Board has declared a total dividend of 16.5 sen per share, with a total payout amounting to RM627.5 million.

INTEGRATING SUSTAINABILITY INTO TM

At TM, we believe in the power of sustainability. Our strong foundation in sustainability has enabled us to build a sustainable business while creating value for our stakeholders. Moving forward, we are committed to accelerating our sustainability journey with bold aspirations.

We firmly believe that progress should benefit all Malaysians and no one should be left behind. This tenet guides our sustainability efforts as we commit to ensuring 100% of mega suppliers comply with our ESG practices by 2024, deliver at least 70% of all premises nationwide with access to high-speed Internet by 2025 and achieve net zero emissions by 2050. As of 2022, I am proud to report that we are on track to achieving these ESG commitments as shown in the Sustainability scorecard section of this report.

We have also achieved a key milestone this year by embedding sustainability-related KPIs across various divisions responsible for achieving our ESG commitments. This highlights our commitment to strong governance and accountability in our sustainability decisions and performance.

Through our determination in driving sustainability, we have maintained our 4-star FTSE4Good Bursa Malaysia rating. We have also seen improvements in other ESG ratings, including the FTSE Russell ESG score rising from 3.1 to 3.6 in 2022 and the CDP rating upgrade to 'B' from 'C' and 'A-' from 'B-' for the CDP SER last year, both above the industry average. Furthermore, we continue our efforts to integrate sustainability into our culture, to ensure we are well-positioned to meet the evolving expectations of investors and other stakeholders, consequently strengthening our aspiration as a responsible human-centred TechCo. In the area of governance, we continue to uphold transparency, disclosure and zero-tolerance to all forms of corruption, receiving the Gold Category in the recent Integrity, Governance and Anti-Corruption Award (AIGA) 2022. This is a testament to TM's ongoing efforts towards becoming one of the most trusted companies in Malaysia.

CORPORATE TRANSFORMATION

In 2022, TM announced plans to reorganise the company as part of a three-year transformation plan (2021-2023). This move will see a consolidation of our core businesses in Malaysia into a single operating entity named TM Technology Services Sdn Bhd. It will enable us to realign and refocus the business and operations for resilience and efficiency which will help us face new challenges and stay ahead in the digital era.

As our workforce begins to integrate within this new operating entity, all our employee functions, entitlements and benefits will remain unchanged. In fact, we believe that this new setup will unlock greater potential for innovation and more agile ways of working, strengthening the workforce while building a greater competitive advantage for the Group.

This reorganisation is aimed at fortifying TM's role as we advance the country's digital transformation agenda and enable us to serve our customers in a more cohesive manner. Beyond TM's growth, this transformation marks a new milestone in our continuous journey of innovation, while remaining anchored to our purpose of enabling digital inclusion, opportunities and progress for all.

At the same time, the Board also established Credence, a cloud and digital services company whose objectives include delivering solutions and capabilities in cloud, data, Software as a Service (SaaS) and services to enterprises and the public sector. Credence is tasked to help these organisations better understand and speed up their digital transformation journey with better value and lower risk.

OUTLOOK

We anticipate a global economic slowdown in 2023, which is expected to have an impact on the telecommunications industry. Additionally, there will likely be an increase in the cost of doing business. However, we remain confident in our ability to navigate these challenges by focusing on greater efficiency and productivity.

We are cognisant of the need for continuous innovation in order to remain competitive in the face of these challenges. Our ability to evolve and adapt has been instrumental in our success thus far and we remain committed to exploring new opportunities and staying ahead of the curve.

Regulatory developments will have a significant impact on our business in the

To ensure growth for long-term shareholder value, TM considers various factors, including business and earnings performance, capital commitments, financial conditions, distributable reserves and other relevant aspects that influence our ability to **generate sustainable value**

upcoming year. We hope to see a balanced approach that avoids unnecessary consequences while continuing to deliver cheaper rates and better services to the *Rakyat*. We will continue to monitor these developments closely and adapt quickly, as needed.

In terms of competition, we anticipate a more challenging commercial landscape in 2023. We must anticipate potential changes in the 5G scenario and prepare accordingly. We also expect new challenges with regard to the 2023 Mandatory Standard on Access Pricing (MSAP). However, we see a strong growth potential in fixed-mobile convergence (FMC) arena, particularly in mobile and we believe that digitalisation will be crucial for MSMEs and businesses in 2023 and beyond. We also recognise that there are other areas that will be worth venturing and developing, such as cyber security, content delivery networks (CDN) and data centres (DCs), which we will continue to invest in as part of our growth opportunities.

We are aware that there will be more challenges ahead, but we remain very optimistic of our ability to adapt and

succeed. We will continue to innovate, evolve and stay focused on our commitment to delivering value to our stakeholders.

ACKNOWLEDGEMENTS

On behalf of the Board of Directors, I would like to take this opportunity to acknowledge and express our gratitude to all our stakeholders and in particular, our regulator, Malaysian Communications and Multimedia Commission (MCMC) for their unwavering support towards TM.

I would particularly like to extend a warm welcome to Y.B. Fahmi Fadzil, the new Minister of Communications and Digital and Tan Sri Mohamad Salim Fateh Din, the new Chairman of MCMC. We look forward to working together and providing our full support in bringing the industry to greater levels of service for the benefit of all.
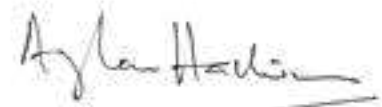
Thank you to our shareholders for their continued trust and confidence in TM. As we progress with our nation building agenda, we will stay true to our promise of delivering sustainable returns for the years to come.

I also want to express my appreciation to our business partners, vendors and suppliers for their unwavering commitment to TM despite the challenges faced. We look forward to a stronger collaboration and partnership in the future.

To our dedicated and steadfast *Warga TM*, thank you for keeping TM moving and delivering positive results, even when faced with unprecedented challenges. We recognise that change may be daunting, but it is also essential for progress. We sincerely appreciate your support for the company's reorganisation as we transform into a human-centred TechCo.

Last but not least, thank you to our loyal and faithful customers. Our success as a company is deeply rooted in our ability to consistently meet and exceed your expectations and we are committed to continuing to provide you with our best service always.

While there is still much work to be done, we are excited about the opportunities ahead. Once again, thank you for your support and dedication to our aspiration of shaping a Digital Malaysia that will empower our communities, businesses and the Government.

Tan Sri Mohammed Azlan Hashim
Chairman

TM Technology Services Sdn Bhd will enable us to realign and refocus our business and operations for resilience and efficiency which will help us face new challenges and stay ahead in the digital era

MESSAGE FROM GCEO

Dear Stakeholders,

2022 was the second year of our transformation programme that started in 2021 and we are delighted with the momentous progress we've seen for the year. We maintained a positive growth momentum in profitability for the year and accelerated our nation building efforts.

FIBRE
5G

Our performance is a testament to how businesses can be a force for good. As a PLC, we continued to record financial strength and deliver robust shareholder returns, greatly exceeding our market guidance. As a GLC, our work goes beyond commercial success. We uphold our role in contributing to nation building and we are committed to fulfilling this responsibility. Every decision we make revolves around how we create value for our stakeholders and contribute to the development of Malaysia and the *Rakyat*.

This commitment has underscored our transformation into a human-centred TechCo. As we pivot the company towards new levels of commercial success through technology, we remain committed to putting people at the core of our agenda. Our customers, employees, business partners, Government and the *Rakyat* will always be at the forefront of our decisions. Therefore, I am pleased to share my assessment of the year and how we continue to accelerate and expand our nation building efforts while delivering value for all our stakeholders.

Dato' Imri Mokhtar

Managing Director/
Group Chief Executive Officer
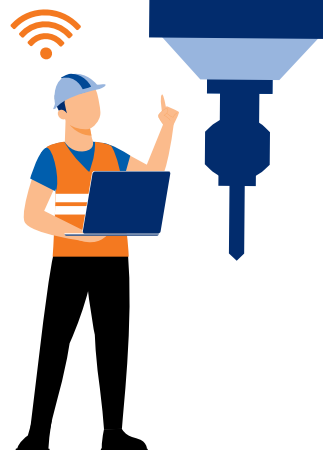
REVIEW OF THE OPERATING LANDSCAPE

The Malaysian economy recorded a growth of 8.7% in 2022, a significant increase compared to 3.1% the previous year. This growth is due to the continued surge of domestic demand, a firm recovery in the labour market, expansion across all economic sectors and ongoing policy support. However, Malaysian businesses also faced challenges due to the weakening Ringgit and the increase in inflation driven by global impact, demand conditions and elevated cost pressures. These factors pose a challenge to TM, as customers adopt more measured spending to account for inflation.

The corporate landscape has undergone a significant transformation, largely due to the evolving use of technology by Enterprises. With the advent of cloud computing, data analytics and artificial intelligence (AI), more and more businesses are turning to technology to improve their operations and gain a competitive advantage. This convergence has led to a blurring of industry lines, as companies in telecommunications and technology are now competing for the same customers. On the back of this new landscape, existing players are investing heavily in technology to remain relevant while new players are entering the stage with disruptive business models. This has resulted in a more dynamic and fast-paced environment, where companies must be agile and innovative to stay ahead.

OUR BUSINESS: DELIVERING PROFITS WITH PURPOSE

TM's topline results in 2022 are at an all-time high (since the 2008 demerger), with all lines of our business (Unifi, TM One and TM Global) improving their revenue performance compared to the previous year. With our transformation programmes continuing to remain in place, our cost efficiency has improved from 2021 and this has pushed us to register notable double-digit profitability achievements for both EBIT and PATAMI in 2022.

Our FY2022 EBIT grew 22.2% to RM2.09 billion from RM1.71 billion previously, driven by strong revenue growth and improved cost efficiency. PATAMI rose to RM1.14 billion from RM0.90 billion, up 27.7% through higher operating profit and lower financing costs.

Following the pace of our transformation and market demand, we have accelerated our CAPEX for FY2022, investing approximately RM2.4 billion or 20% of our operating revenue. This exceeded our earlier guidance, but it was a necessary investment for our future business growth. Notably, this is also our highest CAPEX investment since 2017, a testament to our commitment to digitising the nation and enabling better customer experience with attractive value propositions.

In addition, we have improved our cost efficiency in which the percentage of total cost to revenue is lower at 83.9% for the current year as compared to 86.5% in FY2021.

As a result of our strong performance, our market capitalisation stood at RM20.63 billion in 2022. We are excited to continue our growth trajectory, building on these successes to drive value for our customers, shareholders and other stakeholders.

For our shareholders, we declared a Final Interim Dividend of 7.5 sen per share amounting to RM286.6 million, with a total dividend of 16.5 sen per share amounting to RM627.5 million for the financial year 2022, which is the highest total distribution since our dividend policy revision in 2018. We remain committed to promoting excellence in all areas of our business while prioritising growth and investment in new areas of opportunity.

TM's topline results in 2022 are at an all-time high (since 2008), with all lines of our business improving their revenue performance compared to the previous year.

TM's cost efficiency has improved to register notable double-digit profitability achievements for both EBIT and PATAMI in 2022.

Our EBIT **grew 22.2% to RM2.09 billion from RM1.71 billion previously,** driven by strong revenue growth and improved cost efficiency. PATAMI rose to RM1.14 billion from RM0.90 billion, up 27.7% through higher operating profit and lower financing costs

👍 ❤️

Reinforcing Our Leadership in Convergence Services

Unifi maintained its position as a convergence leader and surpassed its three (3) million subscribers milestone for fixed broadband. The growth was driven by aggressive sales, promotions and retention programmes. Unifi TV also contributed to overall revenue growth, with enhanced channel offerings of 17 streaming apps partners and 72 premium channels – boasting the nation's largest selection of streaming content.

Similarly, Unifi Business maintained its growth momentum, recording a significant increase in SME digital adoption from over 30,000 customers in 2021 to more than 75,000 in 2022. This reflects Unifi's ongoing efforts in supporting SMEs' growth through digital.

Furthermore, the launch of 5G has levelled the playing field and enabled Unifi Mobile to take the lead in FMC offerings. Our mobile arm provided differentiated features beyond connectivity, including lifestyle devices and digital solutions that improved the lives of customers.

A Comprehensive Suite of Integrated Digital Services

TM One has taken a proactive approach to meet the increasing demand for digital solutions and hybrid cloud services for enterprise and public sector digital transformation. The launch of its 5G Sphere Programme is a significant step forward, as it partners with Malaysia's leading technology and smart solutions providers to create an ecosystem that supports innovation and transformation in enterprises through 5G technology.

It is an honour for TM One to be selected as the only home-based cloud operator to receive the prestigious Cloud Service Provider (CSP) award, as announced by the Government. This award reflects the trust and confidence in our ability to enable Smart Cities, Smart Communities and Smart Government solutions.

In response to the growing demand of cloud and digital adoption by companies, we established Credence, to drive greater levels of digital capabilities and solutions for our customers in the enterprise and the public sector to empower their digital transformation journey. Credence as TM's new cloud and digital services company stands out from other tech leaders by offering unique and differentiated offerings through strategic partnerships while leveraging on TM's established customer relationships.

Positioning Malaysia as ASEAN's Digital Hub

Building from its strong performance last year, TM Global posted a revenue growth from its solid partnership expansion with domestic and international customers. Domestically, almost 4,000 5G sites were deployed. TM Global also continued to advocate open access with domestic telcos, delivering the most rapid and cost-effective network deployment nationwide.

In the international market, TM Global remained focused on positioning Malaysia as the preferred digital hub for the ASEAN region by expanding its digital infrastructure solutions and establishing strategic collaborations with hyperscalers and global service providers. TM Global has more than 90 in-country cache nodes presence, which boosts content delivery into ASEAN and the rest of the world via its cloud-based content delivery platform. The collaboration with e-Sport and gaming providers further diversified our range of edge services in providing a superior gaming experience in the region.

GEARING UP TOWARDS BECOMING A HUMAN-CENTRED TECHCO.

TM's transformation from a Converged Telco to a human-centred TechCo represents an exciting shift in our business that will enable us to provide greater value to our customers, stakeholders and the nation. This transformation will also enable us to remain sustainable and competitive. Our transformation strategy is rooted in pursuing new growth opportunities and is essential to balancing our responsibilities as a PLC and GLC, generating sustainable returns to shareholders while contributing to building a Digital Malaysia.

In the second year of our transformation strategy, we have achieved remarkable progress under each of the following strategic pillars:

Our Purpose: Building a Better Malaysia

As a committed partner to the Government-led JENDELA programme, we are working tirelessly to bridge the digital divide and promote inclusivity in Malaysia through our nationwide fiberisation efforts. We aim to provide high-quality broadband coverage that contributes to social progress and empowers a Digital Malaysia. To this end, we have recently launched the Pakej Perpaduan Jalur Lebar, which offers more affordable and unlimited fixed broadband to B40, the elderly, OKU and army-police veterans.

We are excited to announce our commercial arrangement with Digital Nasional Berhad (DNB), through which we subscribed to DNB's 5G wholesale services. With 5G, we will be able to accelerate our convergence offerings to our growing home and SME customers, including micro-enterprises. Additionally, 5G will bring next-generation solutions to industry verticals such as oil & gas, manufacturing, smart cities, industries, healthcare and agriculture, benefiting our 10,000 enterprise and public sector customers. Through our connectivity and technology solutions, we are committed to meeting the dynamic and growing needs of communities, enterprises and the nation.

In addition to building a Digital Malaysia, we are committed to creating positive environmental and social outcomes through sustainable practices. We are proud to have received an outstanding ESG achievement rating of 4-stars from FTSE4Good Bursa Malaysia while seeing improvements in the FTSE Russell ESG score from 3.1 to 3.6 and the CDP rating upgrade to 'B' from 'C' and 'A-' from 'B-' for the CDP SER last year, where both are above the industry average. All these achievements reflect our commitment to sustainability and responsible business practices. As a company, we remain dedicated to contributing positively to the growth and development of Malaysia.

Our Customers: Creating Value and Seamless Experience

At the core of our business is our commitment to our customers. In 2022, we continued listening to our customer feedback and insights, improving our approach to deliver new value propositions to our customers, ensuring the best experience in areas that needed the most attention.

For our Unifi consumer and SME segments, we empowered our customers by introducing features of self-diagnostics, troubleshooting, choice of transactions and appointment setting for installations, restorations and service checks through our MyUnifi app. Now, our customers can schedule appointments at their convenience.

Using data, predictive analytics, robotic processing software applications, TM began to proactively manage service failures (in consumer, as well as enterprise segments) even before it happened and our customers were also prompted when selected proactive fixes were made and managed directly from our network.

TM continued to strengthen its Unifi mobile experience while building differentiated customer experience. We began by step-by-step elevation of our touchpoint experience across retail and contact centre. We did this through solutions that provide our customers personalised digital experiences.

Throughout 2022, we have kept a close eye on the progress of our customer experience journey using Net Promoter Score (NPS) and we were heartened by the continuous and steady growth in the level of satisfaction by our customers across all our areas of business from consumers, SMEs and corporates.

> We declared a Final Interim Dividend of **7.5 sen per share** amounting to RM286.6 million, with a total dividend of 16.5 sen per share amounting to RM627.5 million for the financial year 2022

Our People: Future-Proofing Our Workforce

We are proud of our strong team of over 19,000 *Warga TM*, who are the execution engine of our transformation. Our goal as an employer is to create a work environment that prioritises the health and well-being of our employees. Throughout the year, we introduced various measures to promote work-life balance, such as flexible working arrangements that allow our team to work from anywhere with prior arrangements by supervisors. We also have a 360°-well-being programme in place to promote mental health and improve their working experience.

To ensure that our employees are future-ready, we offer a range of development programmes that are designed to equip them with the skills and knowledge they need to succeed in an ever-changing landscape. Our leadership programmes focus on developing the next generation of leaders within the organisation, providing them with the tools and skills they need to lead and inspire others. We also offer future skills programmes that focus on emerging technologies and trends, such as AI, data analytics and cyber security.

In addition to technical skills, we also place a strong emphasis on developing the right culture and mindset within our workforce. Our culture/mindset programmes focus on areas such as teamwork, innovation and agility, helping our employees to develop the right mindset to thrive in a fast-paced and rapidly evolving environment.

Our continuous commitment to creating an inclusive and performance-driven working culture has led to TM maintaining our industry leadership as the Employer of Choice, with various awards and accolades received in 2022. These include Best Companies to Work For in Asia 2022 by HR Asia Magazine; Most Preferred Employer Award by GRADUAN Brand Awards 2022; Telecommunication Sector Winner 2022 by Malaysia's 100 Leading Graduate Employers; and Contribution to Organisation Category Winner by Asia HRD Awards 2022.

LOOKING AHEAD

The Malaysian economy is expected to have moderate growth of 4.0% amidst a challenging external environment in 2023, as exports to major markets slows. The economy is expected to face challenges from rising cost of living with inflation at elevated levels, affecting the purchasing power of consumers and businesses. Our telecommunications industry will continue to grow from innovative technologies and convergence offerings that redefine service providers' businesses and from rising adoption of smart devices, digital lifestyle as well as expansion of digital connectivity.

TM will continue to execute its plans to fiberise the nation to deliver our commitment in the Government-led JENDELA programme, as we continue to invest in commercial growth and sustainability. As one of the leading nation building partners of Malaysia, TM is uniquely positioned to bring greater impact to more diverse communities. This is aligned with our aspiration to empower an inclusive Digital Malaysia, as we continue to support the Government's aim to bring hyperconnectivity to targeted communities and elevate the digital economy.

Throughout 2023, TM will continue to invest and strengthen its core business and secure new growth areas beyond connectivity. To improve TM's competitive edge, we have embarked on an internal reorganisation involving the transfer of its telecommunication business in Malaysia to a single operating entity, TM Technology Services Sdn Bhd. The internal reorganisation which includes Unifi, TM One and TM Global, will reinforce TM's FMC position, further improve operational efficiencies and deliver a more seamless customer experience.

ACKNOWLEDGEMENTS

On behalf of TM, I would like to express my heartfelt gratitude to each and every one of you for your unwavering support, commitment and loyalty. Without your dedication and collaboration, we would not have achieved the success we have today.

Firstly, I would like to extend my sincerest thanks to our Board of Directors. Your continued guidance and support has been a source of great motivation and inspiration for all of us at TM, in shaping our organisation and helping us achieve our goals. Your unwavering commitment to TM's vision and mission has been the driving force behind our success and we are grateful for your continued trust and confidence in our team.

Secondly, I would like to express my appreciation to all *Warga TM*. Your strong commitment and hard work have been exemplary, especially in these challenging times, as we continue to adapt to new ways of working. Your dedication and resilience have helped us maintain our operations and services and we are proud of the exceptional work you have done. Your contributions are vital to our success and we recognise your efforts and achievements.

Finally, I would like to thank all our stakeholders, including our customers, shareholders, investors, suppliers, Government, regulators and the community at large. Your unwavering support and loyalty have been the cornerstone of our success. Your feedback, suggestions and trust have helped us grow and progress on our journey in shaping a Digital Malaysia.
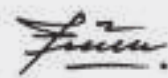
Dato' Imri Mokhtar
Managing Director/Group Chief Executive Officer

GCFO'S REVIEW

Dear Stakeholders,

2022 has been a significant financial year for the Group. We achieved our higher revised revenue guidance with strong profitability growth, driven by continuous customer growth for all business segments. Our performance is due in part to our ability in adapting to the changing business landscape and taking advantage of new opportunities. Additionally, we have continued to invest in our operations, improving efficiency and reducing costs wherever possible.

Razidan Ghazalli

Group Chief Financial Officer

These investments have helped us optimise our operations and improve our cash position from the previous year. As a result, we were able to deliver substantial returns to our shareholders, develop innovative and sustainable solutions and position ourselves for continued growth towards realising our Digital Malaysia aspirations.

FINANCIAL STRATEGY

Revenue Growth

Strengthen our core and continue to invest in growth opportunities

Cost Optimisation

Implement cost optimisation programmes across our operations to improve cost efficiency

Debt & Capital Management

Identify opportunities to improve our credit strength, liquidity and solvency

The strong revenue growth along with an improvement in our cost efficiency ratio, resulted in a 22.2% (RM380.1 million) increase in EBIT

5.1%
Growth

Revenue
FY2022 Achievement
RM12,118.1
million

FY2021 Achievement
RM11,529.0 million

22.2%
Growth

EBIT
FY2022 Achievement
RM2,090.2
million

FY2021 Achievement
RM1,710.1 million

27.7%
Growth

PATAMI
FY2022 Achievement
RM1,143.3
million

FY2021 Achievement
RM895.2 million

PERFORMANCE IN 2022

For the financial year under review, the Group is focused on defending core revenue while investing in future growth areas. During the year, the Group's operating revenue increased by 5.1% (RM589.1 million) to RM12,118.1 million from RM11,529.0 million recorded during the previous financial year. The revenue growth was primarily due to the increase in data services, voice, Internet and non-telecommunication services.

The strong revenue growth along with the continued cost optimisation efforts resulted in a 22.2% (RM380.1 million) increase in EBIT, reported at RM2,090.2 million compared to RM1,710.1 million in 2021.

Although dampened by the higher effective tax rate from Cukai Makmur in 2022, the higher EBIT and lower financing cost led to a 27.7% (RM248.1 million) increase in the Group's PATAMI for the year, which stood at RM1,143.3 million from RM895.2 million in the previous year.

Our strong financial performance was driven by revenue growth across all our Lines of Business:

- **Unifi** recorded a strong 7.5% (RM393.5 million) increase in revenue which was RM5,610.8 million during the current year ended compared to RM5,217.3 million in 2021. The increase in Internet and voice services revenues is reflective of a continuous and stable growth trajectory for Unifi fixed broadband subscriber base throughout the 12 months, landing at 3.0 million customers at the close of the year, a 9.3% (0.3 million) increase from last year. Additionally, a decrease in operating cost against the higher revenue led to a 26.9% (RM293.3 million) increase in EBIT to RM1,382.3 million compared to RM1,089.0 million in the previous year.

- **TM One** secured a full financial year revenue of RM3,335.9 million in the current year, a positive growth compared to RM3,319.5 million last year. The financial year 2022 also marks TM One's revenue improvement amidst a very competitive business landscape and after 6 years of challenging de-growth. Reported EBIT however declined by 22.2% to RM636.2 million in the current year from RM817.4 million in the previous year, mainly due to the general increase in supply costs from vendors and principals.

- **TM Global** registered a consolidated revenue of RM2,778.6 million by the end of 2022, a 7.8% (RM200.5 million) growth from RM2,578.1 million reported in the previous year, driven mainly by higher data services revenue. The increased revenue resulted in a RM18.0 million increase in EBIT from RM451.2 million in 2021 to RM469.2 million in the current year.

Another key factor in our improved bottom line has been our focus on managing costs. As part of our 3 years transformation plan, our ongoing groupwide cost optimisation initiatives continue to yield results.

For FY2022, total operating cost including depreciation and amortisation slightly increased by 1.9% to RM10.2 billion. Nevertheless, as the revenue growth for the year is at a higher rate, the cost efficiency, which was measured by the percentage of the total cost to revenue has improved from 86.5% in 2021 to 83.9% in the current year. The cost efficiency ratio has steadily declined in the last few years and is now at a record low.

Manpower and Operational costs have decreased by 1.1% and 3.4% respectively due to the effective execution of our cost optimisation initiatives. Direct cost increased as expected, in line with revenue growth during the year.

Depreciation was higher in 2022 due to the accelerated depreciation undertaken during the year-end review on the useful life of assets. We have taken the prudent approach in changing the useful life of our terrestrial fibre optic cables from 25 to 20 years, which is in line with current industry practice and we have also changed the useful life of some last mile elements from three (3) to two (2) years, which is also following the contract period our customers sign up for.

The Group wide programme on process simplification and digitalisation, along with utilising robotic process automation (RPA), also contributed to improving process agility. Together, all these efforts have resulted in a significant improvement to the cost efficiency, which has contributed to our improved profitability.
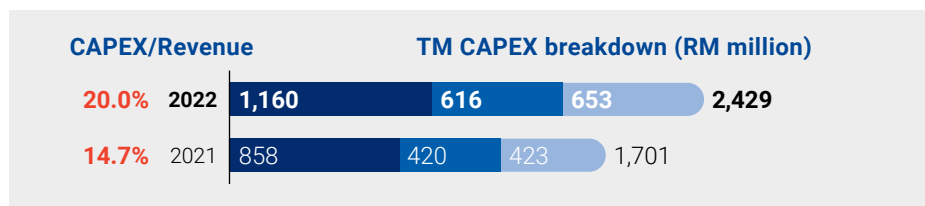
HEALTHIER FINANCIAL POSITION

I am pleased to report that our company has achieved a stronger financial footing compared to the previous year. This is evidenced by our improved financial indicators, including low gearing and favorable liquidity positions. With the improved funding headroom, the company remains poised to fund future growth or investment opportunities. The stronger position has allowed us to early redeem the USD50.0 million Sukuk in August 2022 while maintaining our dividend payout ratio from the previous year.

In 2022, we have prioritised our capital allocation for CAPEX amounting to RM2.4 billion or 20.0% of our revenue. This is an increase from the previous year and the highest CAPEX investment since 2017 echoing our intensified business expansion. Out of the amount spent, 48% was for Access, 25% was for Core Network and the balance of 27% was for Support Systems. These investments were mainly for network modernisation, network expansion and customer experience enhancement.
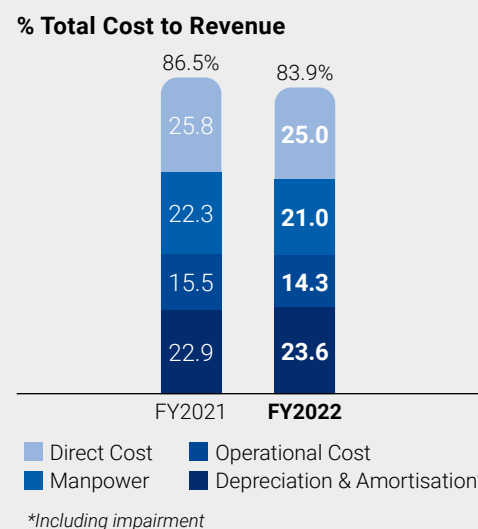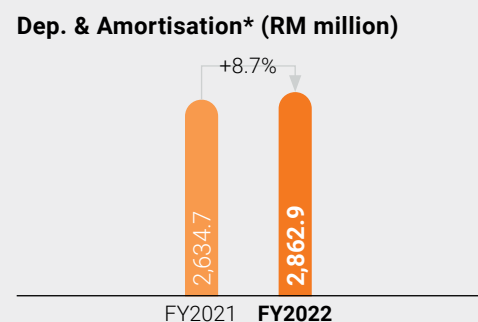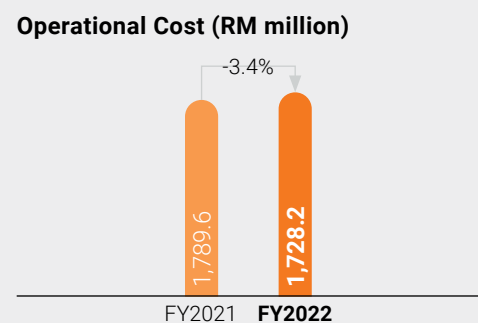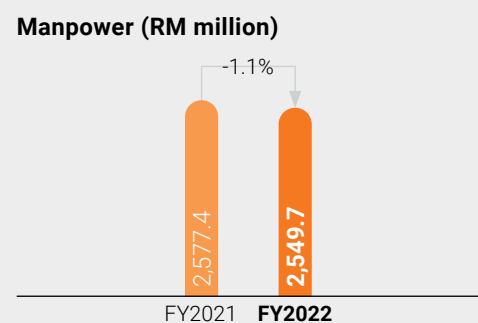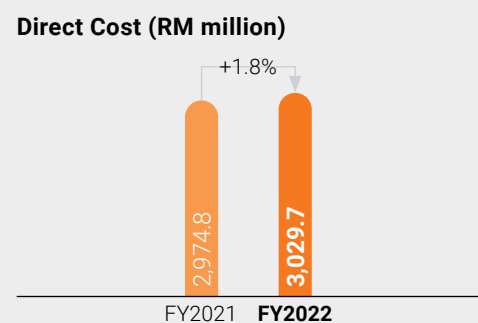
DELIVERING OUR NATION BUILDING AGENDA

For TM, investing for growth extends beyond growth for the company. Our investments focus on how we can contribute to inclusive economic growth and social development, thus aligning our financial priorities with our nation building commitments. The majority of our CAPEX was spent on fiberising homes and premises across Malaysia, with some portions related to 5G. These spendings reflect our commitment to closing the digital divide and accelerating Malaysia's transformation into a digital nation.

CAPEX/Revenue | **TM CAPEX breakdown (RM million)**

20.0%	**2022**	**1,160**	**616**	**653**	**2,429**
14.7%	2021	858	420	423	1,701

Our improved financial position is the result of a concerted effort by our entire team. We remain committed to maintaining our focus on financial discipline and operational efficiency, while also continuing to invest in growth opportunities that will drive long-term value for our company and our shareholders.

Improved FY Total Cost/Revenue %
Lower Manpower & Operational Costs

Direct Cost (RM million)

+1.8%

FY2021	**FY2022**
2,974.8	**3,029.7**

Manpower (RM million)

-1.1%

FY2021	**FY2022**
2,577.4	**2,549.7**

Operational Cost (RM million)

-3.4%

FY2021	**FY2022**
1,789.6	**1,728.2**

Dep. & Amortisation* (RM million)

+8.7%

FY2021	**FY2022**
2,634.7	**2,862.9**

% Total Cost to Revenue

	FY2021 (86.5%)	FY2022 (83.9%)
Direct Cost	25.8	**25.0**
Manpower	22.3	**21.0**
Operational Cost	15.5	**14.3**
Depreciation & Amortisation*	22.9	**23.6**

■ Direct Cost ■ Operational Cost
■ Manpower ■ Depreciation & Amortisation*

*Including impairment

Key Financial Indicators Comparison

Return on Equity
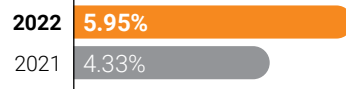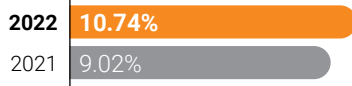
| 2022 | **17.70%** |
| 2021 | 13.94% |

Return on Assets

| 2022 | **5.95%** |
| 2021 | 4.33% |

Return on Invested Capital

| 2022 | **10.74%** |
| 2021 | 9.02% |

WACC

| 2022 | **8.16%** |
| 2021 | 7.72% |

Current Ratio

| 2022 | **1.16** |
| 2021 | 1.21 |

Gross Debt to EBITDA

| 2022 | **1.48** |
| 2021 | 1.93 |

Net Debt/EBITDA

| 2022 | **0.94** |
| 2021 | 1.14 |

Gross Debt/Equity

| 2022 | **0.95** |
| 2021 | 1.17 |

Net Debt/Equity

| 2022 | **0.60** |
| 2021 | 0.69 |

Net Assets/Share (sen)

| 2022 | **199.08** |
| 2021 | 198.81 |

One key factor in our improved financial position has been our focus on managing costs

TM Credit Rating

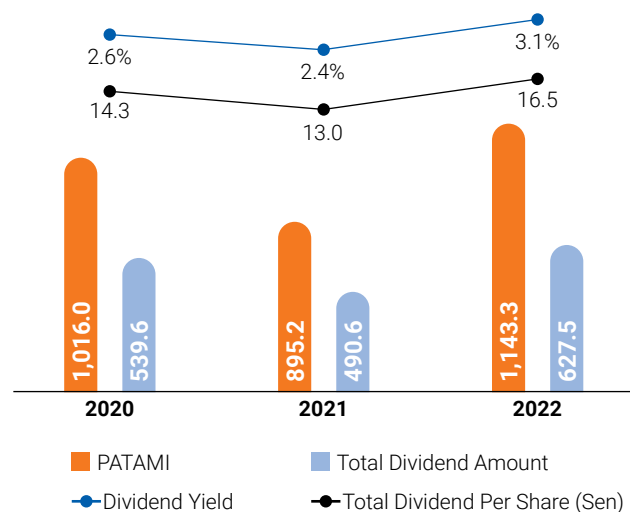| RAM Rating Services | **AAA** |
| Moody's Investors Services | **A3** (baseline credit assessment "baa1") |
| S&P Global Ratings | **A-** (standalone credit profile "a-") |
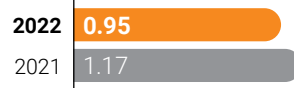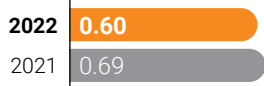
The financial indicators have shown notable improvements from 2021, especially with the enhanced economic profits or value creation, as shown by the higher Return on Invested Capital-Weighted Average Cost of Capital (ROIC-WACC) spread in 2022 compared to the previous year. Similarly, other financial ratios are also better, signalling higher returns and healthy financial standing for further business growth.

STRONG CREDIT RATING

In 2022, we continue to maintain our strong credit ratings from both domestic and international rating agencies despite the dynamic landscape. This demonstrated our financial strength and capacity to meet all our financial obligations.

RETURNS TO SHAREHOLDERS

We continued to successfully deliver on our financial commitment, demonstrating TM's ability to create value as both a PLC and GLC. All dividend payments are robustly assessed to ensure resources for business growth are uncompromised. For 2022, we declared a Final Interim Dividend of 7.5 sen per share in February 2023 with a total payout of RM286.6 million. Including the 9.0 sen Interim Dividend declared in August 2022 amounting to RM340.9 million, the Total Interim Dividend for FY2022 is 16.5 sen per share, which is the highest total distribution since our dividend policy revision in 2018. Our shareholders have continued to place their trust in TM and we are pleased to deliver.

We also recorded higher total shareholder returns (TSR) than the market, outperforming most of our peers in the past three (3) years. Our performance demonstrates that TM has the capabilities to excel in our dual role as a PLC and GLC.

FY DIVIDEND COMPARISON
RM million

	2020	2021	2022
Dividend Yield	2.6%	2.4%	3.1%
Total Dividend Per Share (Sen)	14.3	13.0	16.5
PATAMI	1,016.0	895.2	1,143.3
Total Dividend Amount	539.6	490.6	627.5

Legend:
- PATAMI
- Total Dividend Amount
- Dividend Yield
- Total Dividend Per Share (Sen)

CONCLUSION

Overall, 2022 was a momentous year with revenue growth contributed by all our Lines of Businesses (LOBs) and pushing us to record strong profitability achievements. Our financial position is also stronger with lower gearing and a manageable cost of capital, providing us with the financial flexibility for future growth opportunities. This also allows us to maintain our attractive and sustainable dividend payout to our shareholders in FY2022.

As part of our next transformation phase, we have completed our reorganisation exercise to streamline our core business and subsidiaries under TM Technology Services Sdn Bhd, which will be the main operating entity of the Group beginning March 2023. This new corporate structure will be the catalyst for the next seamless phase of TM's transformation to reinforce our FMC leadership, achieving synergistic cost optimisation, improved operational efficiencies and enabling an enhanced customer experience.

OUTLOOK

The years ahead will remain uncertain. We are operating in an environment of continued volatility, with regulatory and economic headwinds that could lead to slower market growth and measured spending by customers, businesses and the public sector. Despite these challenges, I am confident in our ability to continue to grow and achieve our financial goals.

We have made significant progress in managing costs and improving operational efficiencies, which have resulted in increased profitability. We will continue to focus on these efforts in the upcoming year, which will help to mitigate the impact of any potential challenges or uncertainties. We have also invested in several key growth areas that have the potential to drive future revenue and profitability growth, including 5G, Fixed Mobile & Lifestyle Convergence, Submarine Cables and digital businesses. These efforts will position TM for continued success in powering a Digital Malaysia in the years ahead.

1.1 Financial Performance

Financial KPI	Objective	2020 Actual	2021 Actual	2022 Actual	2022 Revised Guidance
Revenue Growth	To measure how TM product and service performance across all LOBs	-5.2%	6.4%	5.1%	Mid to high single digit growth
EBIT	To measure the profitability of the Group including cost management and efficiency	RM1,604.7 million	RM1,710.1 million	RM2,090.2 million	More than RM2.3 billion
CAPEX/ Revenue	To measure investment amount ensuring affordability, healthy rate of returns and sufficient for business growth	13.7%	14.7%	20.0%	Between 14% - 18%

1.2 Non-Financial Performance

Non-Financial KPI	Objective	2020 Actual	2021 Actual	2022 Actual	Target
Carbon Emissions (tCO$_2$e) reduction (%)	To track our progress in reducing our carbon emissions towards achieving net zero emissions by 2050	4.69	8.30	12.45	30% carbon emissions reduction by 2024
Women in Board (%)	To encourage gender diversity through having more women representation at board level	25	36	36	Minimum 30% of women representation in Board by 2022
Coverage of High-Speed Internet (%)	To ensure digital inclusivity across the nation	49	60	69	At least 70% of premises with high-speed Internet access by 2025

STAKEHOLDER PRIORITIES

People remain at the core of our value creation story. Every decision made by the Group is shaped by how we can improve the lives of our stakeholders. We regularly engage with TM stakeholders to stay attuned with their needs so that we can continue serving them for years to come. We strive to create harmonious and meaningful relationships that are mutually beneficial to both our stakeholders and ourselves.

Employees

WHY THEY ARE IMPORTANT

We rely on the skills and knowledge of *Warga TM* to drive our aspirations forward. Their hard work and dedication have made our digital and nation building objectives possible. At the same time, we are responsible for providing employees with livelihoods and fulfilling career paths.

How We Engage	Concerns & Expectations	Our Approach	How We Measure Value
[D] Email announcements [M] Employee engagement events [Q] Townhalls [B] Organisational Health Index (OHI) Surveys	• Healthy work-life balance • Safe and conducive working conditions • Clear, inclusive and fair career development	• Provide hybrid and flexible working arrangements • Strengthen employee well-being initiatives • Provide robust skill and career development programmes	• OHI Score

Customers

WHY THEY ARE IMPORTANT

The support of our customers is critical to our business sustainability. Their trust in our products and services directly contributes to our long-term performance and enables us to achieve our nation building aspirations. At the same time, we empower our customers with essential services to thrive in a Digital Malaysia.

How We Engage	Concerns & Expectations	Our Approach	How We Measure Value
[D] Voice of customers [D] Customer touchpoints [D] Social media listening [D] Market research loyalty programmes [W] Virtual/physical meetings with customers [Q]+[A] Customer engagements/ [A] Bilateral meetings [A] Sales conference/ networking [R] Proactive notifications through digital platforms	• Fast and reliable network coverage • Seamless and personalised customer experience • Value for money and competitive packages • First-time-right resolution	• Deliver value for money services fit to customers' need with competitive offerings including attractive devices to improve quality and usage experience • Enabled self-diagnostics and troubleshooting features to empower customer making decisions including performing service health check and creating tickets for faults through Easy Fix • Proactive notifications on service fault upfront and prompted with proactive fixing • Enrich MyUnifi app with new functions including making upfront appointment for installation and restoration visits, viewing usage pattern and trends enabled by analytics and attractive offers to improve quality and experience • Replacement of customer's old modem to WiFi 6 modem to boost in-premise WiFi experience	• +39 Net Promoter Score (NPS)

Frequency of Engagement   [D] Daily   [W] Weekly   [M] Monthly   [Q] Quarterly   [A] Annually   [B] Bi-Annually   [R] When Required

Shareholders & Investment Communities

WHY THEY ARE IMPORTANT
Our financial strength is entrusted by our shareholders and investors, who provide the Group with continued access to financial capital to achieve our nation building aspirations. In return, we are able to generate optimum financial returns for them.

How We Engage
- [M] One-on-one engagement sessions
- [M] Investor conferences
- [M] Queries via email/phone
- [+R]
- [Q] Quarterly analysts briefings
- [A] Annual General Meetings (AGM)
- [R] Site visits to TM One Experience Centre & TM data centres
- [R] Ad-hoc engagements on key announcements/updates

Concerns & Expectations
- Fair returns on investments
- Transparent and regular communication with Management
- Competency in financial & business management
- Receiving prompt and useful feedback on any queries relating to the company
- Understanding the drivers of the current business performance
- Understanding the prospect and future growth of the company

Our Approach
- Providing fair distributions based on business performance
- Establish clear communication plans and engagements with stakeholders
- Providing in-depth sessions for stakeholders
- Establishing groupwide base messaging to ensure consistent narrative and communications
- Providing swift response on any issues or queries by the financial community

How We Measure Value
Shareholders:
- Total Shareholders Returns (TSR)
- Value Creation (ROIC > WACC)
- Dividend payments
- Financial performance Indicators (Revenue, EBIT, PATAMI and financial ratios)

Analysts and Investment Communities
- Target price
- Valuation
- Rating
- Report narrative

Government & Regulators

WHY THEY ARE IMPORTANT
As a GLC, we need to maintain a close working relationship with the Government and Regulators, based on transparency and trust as the foundation of collaboration. We support their programmes and initiatives that propel the country forward, as well as secure commercial objectives that benefit both our business and the nation.

How We Engage
- [M] JENDELA Implementation Committee (JIC)
- [M] Smart Putrajaya Digital Infra Technical Committee
- [M] National SCAM Response Centre (NSRC)
- [Q] Public-Private Partnership Projects Management/ Working Committee
- [Q] JENDELA Steering Committee (JSC)
- [Q] Smart Putrajaya Digital Infra Steering Committee
- [Q] Mesyuarat Jawatankuasa Pengurusan Aduan Sektor Telekomunikasi (JPAST)

Concerns & Expectations
- Closing the digital divide in rural areas
- Improve quality of service and coverage
- Strong corporate governance and ethics

Our Approach
- Set targets that support JENDELA
- Continuously improve our broadband services
- Establish robust policies and frameworks

How We Measure Value
- Number of premises passed according to industry target for JENDELA by 2025
- Compliance to CMA 1998 regulations
- Compliance to Putrajaya Smart City guidelines and policies

Suppliers

WHY THEY ARE IMPORTANT
Our operational resilience, sustainability and growth depend on the products and services delivered by our network of suppliers. At the same time, we empower businesses across our value chain with financial and non-financial contributions that promote their growth and success.

How We Engage
- [D] Pre-delivery acceptance at suppliers
- [W] Operational engagement with suppliers
- [M] Email blasts
- [Q] Supplier's factory inspection
- [A] Supplier Awards Recognition Ceremony
- [A] Hari Integriti 2022 @ Ikrar Bebas Rasuah – Mega Partner
- [R] Strategic engagements with suppliers

Concerns & Expectations
- Clear communications, engagement and transparency
- Simple and efficient processes
- Empowerment of local businesses

Our Approach
- Establish clear communication plans and engagements
- Integrate digital solutions into procurement processes
- Prioritise hiring local suppliers and vendors
- Capacity building programmes for vendors under the Bumiputera Vendor Development Programme (BVDP)
- Strategic collaborations with key suppliers on technology innovation, commercialisation and creation of digital talents

How We Measure Value
- 8.2 Supplier Satisfaction Index
- 93% Supplier Performance
- 99.4% Sustainability of Supply and Service Readiness

Business Partners

WHY THEY ARE IMPORTANT
We leverage the technology and resources of our business partners to complement our products and solutions offered to our customers, while they look to TM to deliver our services and equipment on time and at optimum costs.

How We Engage
- [M] Progress reports
- [Q] Business review
- [B] Sessions with key partners
- [Q] Signing ceremonies
- [A] Integrity Pledge (IP)
- [A] Annual reports

Concerns & Expectations
- Strong sales funnel
- Delivery performance
- Cost optimisation

Our Approach
- Regular engagement with key partners to foster relationship and drive the business
- Promote ethical business practices

How We Measure Value
- Revenue growth
- Cost savings
- Supplier Performance Evaluation (SPE)

Media

WHY THEY ARE IMPORTANT
The media is an information bridge between TM and its various stakeholders, including 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
- [D] News releases
- [D] Media coverage
- [M] Press conferences
- [M] Media engagements
- [Q] Media visits

Concerns & Expectations
- Respectful and cordial media relations
- Sharing of factual and accurate information

Our Approach
- Organise media rapport-building activities
- Organise Spokesperson Media Training sessions

How We Measure Value
Media tonality score of 5.4/10, representing effective execution of media strategy and key messages delivery

Communities

WHY THEY ARE IMPORTANT
Communities and 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 and improve socio-economy standards that benefit everyone.

How We Engage
- W Social media platforms
- W Programmes & events
- M Website
- M Engagement sessions
- Q Email blasts

Concerns & Expectations
- Contribute to community development
- Strong community engagement and representation
- Enhance social and environmental well-being

Our Approach
- Invest in community development programmes
- Establish clear communication plans and engagements
- Ensure constant environmental and social compliance

How We Measure Value
- RM8.1 million channelled into community programmes
- RM15.6 million in scholarships disbursed
- Over 200,000 community members reached, including more than 90,000 visitors of Muzium Telekom and 66,000 visitors of its thematic exhibitions
- More than 340 organisations, including NGOs and Social Enterprise (SE) supported

Unions

WHY THEY ARE IMPORTANT
Unions help improve communication and promote a more engaged workforce. Unions also help address and resolve workplace conflicts before they escalate, thus improving industrial harmony.

How We Engage
- Q Joint council meetings
- A Majlis bersama wilayah
- A Negotiations on Collective Agreement
- B Majlis bersama Kebangsaan
- R Standing committee meetings
- R Roundtable discussions at HQ, states and regional level

Concerns & Expectations
- Alignment of business and workers' priorities
- Transparent and fair welfare options

Our Approach
- Conduct open and regular engagements with unions
- Discuss and agree on balanced collective agreements
- Foster a culture of mutual respect and collaboration

How We Measure Value
- 6,766 employees with union membership

OUR MATERIAL MATTERS

Our strategic decisions are based on Economic, Environmental, Social and Governance (EESG) factors that can materially impact sustainable value creation. These material matters cover issues and areas that may influence stakeholder decisions as well as affect our long-term business growth. By focusing on our material matters, we are able to create value for our stakeholders in a more inclusive, integrated and sustainable manner.

In 2022, we conducted materiality determination process to update our previous material matters. The concerns and insights of our stakeholders were analysed to determine our material matters, which are then used by the Leadership team to develop our strategies and future focus areas. This materiality process is conducted every three (3) years to ensure our material matters are timely and relevant.

MATERIALITY PROCESS:

Stakeholder Prioritisation

Identify and establish weightage to various stakeholder groups. This determines their level of impact on our business and strategic objectives.

External Engagements

Conduct a multi-stakeholder engagement to capture their feedback and concerns. The stakeholders engaged in 2022 include customers, employees, suppliers, regulators, investors & shareholders and community members.

Two (2) types of feedback were collected during the external engagements:
1. **Quantitative Feedback**: a ranking survey was shared to prioritise the material matters and develop the materiality matrix
2. **Qualitative Feedback**: in-depth focus group discussions or interviews were conducted to capture more insight so that we can develop specific programmes and policies

Internal Engagements

Compile and analyse data from internal stakeholder engagement, such as customer complaints and employee surveys. This allows us to compare the external engagement findings with internal feedback for more robust results.

Validation & Approval

Present the final findings to the Board Risk Committee (BRC) and GCEO, with final approval from the Board of Directors.

Discussion & Deliberation

Share the preliminary findings to the Management team, who then ranked the topics based on their importance to TM's business. The ranking by stakeholders and TM Management are then juxtaposed to arrive at the final material matters and materiality matrix.

MATERIALITY MATRIX

Following our 2022 assessment, we determined 14 material matters which will be used by the Group to inform sustainability direction and strategy for the next three (3) years. The prioritisation of the final list of material matters is shown in the materiality matrix below, which has been presented and endorsed by our Board of Directors:
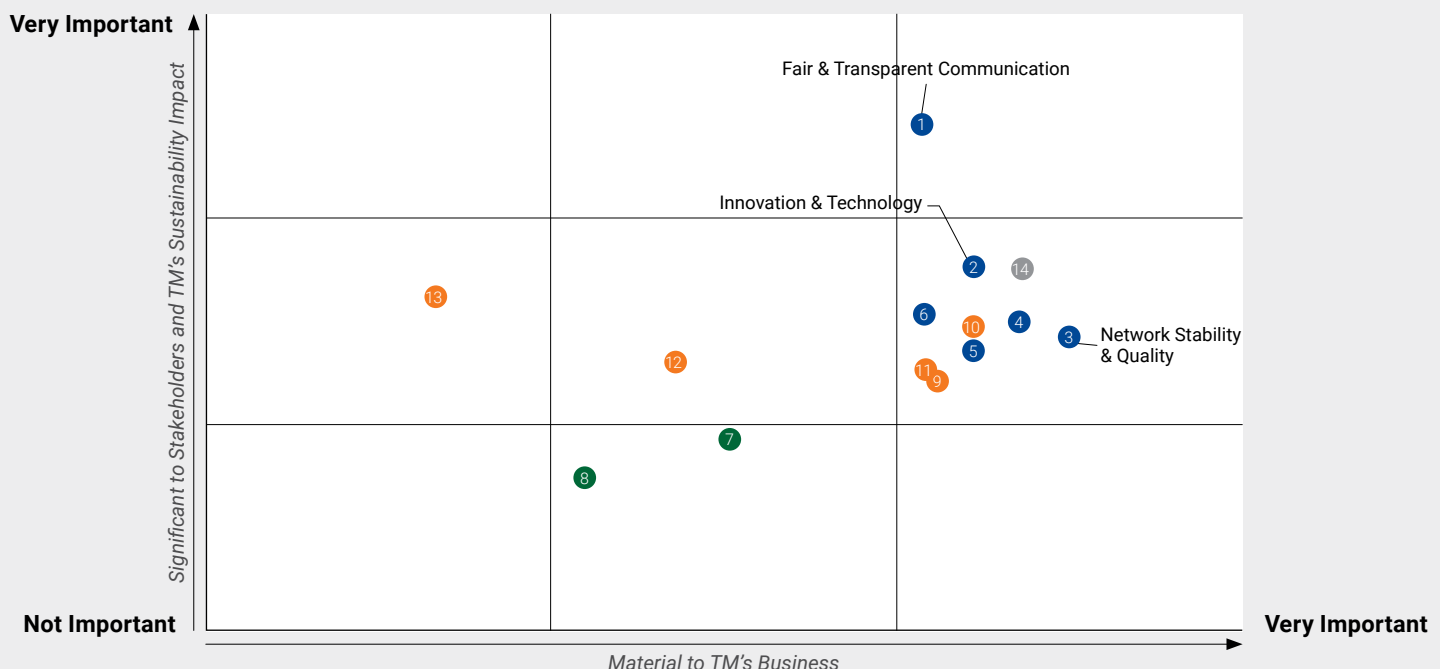
The material matters are categorised according to TM's four (4) sustainability pillars, reflecting our strategic focus on EESG contributions. The definition and scope for the material matters also cover how we can maximise stakeholder value and accelerate a Digital Malaysia.

↳ *For more information on our approach, initiatives and value created for each material matter, please see pages 84-145*

| Material Matters		Definition & Scope	More Information
OUR CONTRIBUTION TOWARDS ECONOMIC IMPACT VIA BUILDING A DIGITAL MALAYSIA			
1	**Fair & Transparent Communication**	Foster a culture of open and transparent communications across all levels and channels responsibly, ensuring stakeholders are provided with timely, accessible, appropriate and relevant information to make well-informed decisions	Pages 84-88
2	**Innovation & Technology**	Leverage technological advancements to deliver innovative products and digital solutions for customers, employees and suppliers to improve processes, productivity and quality	Pages 89-92
3	**Network Stability & Quality**	Improve TM's network resilience against disruption and outages to deliver high-quality, fast and uninterrupted service to Malaysians	Pages 93-95
4	**Cyber Security**	Protect TM's operations as well as its stakeholder against cyber security attacks, data loss, privacy issues, potential breaches and sabotage	Pages 96-99
5	**Customer Experience**	Deliver seamless customer service that combines the convenience of digital and the emotional intelligence of our frontliners	Pages 100-103
6	**Affordability & Inclusion**	Close the digital divide by expanding network coverage and accessibility, as well as offering affordable options for different customer segments	Pages 104-106
OUR CONTRIBUTION TOWARDS ENVIRONMENTAL IMPACT VIA PROTECTING THE PLANET			
7	**Carbon Emissions**	Reduce the carbon emissions of our operations for Scope 1 (direct emissions), Scope 2 (indirect emissions from energy consumption) and Scope 3 (all other indirect emissions) to support action against climate change	Pages 107-112
8	**Environmental Quality**	Monitor and track our environmental activities, including water consumption, waste management and noise pollution, to maintain high environmental quality standards for air, water and land	Pages 113-115
OUR CONTRIBUTION TOWARDS SOCIAL IMPACT VIA PUTTING PEOPLE FIRST			
9	**Fair Employment & Engagement**	Create a culture of fairness and respect built on fair compensation & benefits, Diversity, Equity & Inclusion (DEI) and employee engagement	Pages 116-120
10	**Health, Safety & Well-being**	Protect the physical and mental health of employees, suppliers and other stakeholders impacted by our operations and activities	Pages 121-123
11	**Training & Development**	Future-proof our workforce with the skills and knowledge needed to allow our people and suppliers to thrive in a Digital Malaysia	Pages 124-126
12	**Responsible Supply Chain**	Uphold high standards of environmental and social practices across our supply chain, while contributing to the development and ensuring fair treatment of our vendors and suppliers	Pages 127-131
13	**Community Development**	Allocate financial and non-financial resources, including employee volunteer hours, into programmes that contribute to social equity by educating future leaders, developing entrepreneurs and empowering underserved communities	Pages 132-140
OUR DUTY TO PROTECT CORPORATE GOVERNANCE VIA STRENGTHENING INTEGRITY			
14	**Good Governance**	Conduct ourselves with the highest standards of integrity, transparency and accountability, with zero-tolerance for corruption and unethical practices	Pages 141-145

MARKET TRENDS

Market Review & Outlook

THE ECONOMY

WHAT HAPPENED IN 2022?
- The global economy faced multiple headwinds in 2022, including supply chain disruptions from the Russia-Ukraine conflict, rising inflation and an energy crisis. Global Gross Domestic Product (GDP) growth has moderated to 3.4%, reflecting the economic slowdown in advanced economies as well as emerging markets and developing countries
- The Malaysian economy continues to recover as borders reopened, with a recorded 8.7% growth in 2022 (2021: 3.1%)
- The main growth drivers include the continued expansion in domestic demand, firm recovery in the labour market, expansion across all economic sectors and ongoing policy support
- However, the Malaysian market still faced significant challenges, including the weakening of the Ringgit, as well as rising headline inflation due to global events, demand conditions and elevated cost pressures

Real GDP Growth (Yearly)
Annual change %

Year	Value
2019	4.4
2020	-5.5
2021	3.1
2022	8.7
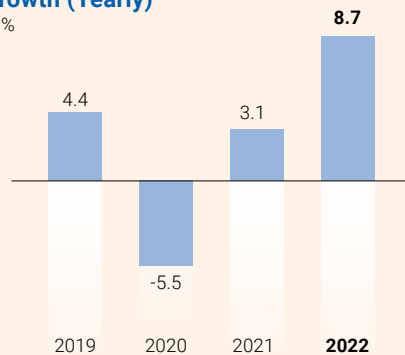
Source: BNM Quarterly Bulletin 4Q2022 , MoF Belanjawan 2023 – Malaysia Madani, World Bank – Malaysia Economic Monitor

HOW IT IMPACTED TM?
- Consumers adopted diverse spending strategies to account for inflation
- Higher cost of doing business, leading organisations became more cost-conscious and constantly sought ways to optimise their digital investment

HOW DID WE RESPOND?
- Increased our customer-centricity with smart solutions that align with customers diverse spending strategies to navigate the challenging economic conditions
- Ensured our digital infrastructure fully supports customers' need for digital transformation

Future Outlook
- While the challenges of 2022 are expected to spill over into the new year, the Malaysian economy is expected to grow by 4.5% amid an expected slowdown in external demand
- Globally, the economy will slow down and supply chains will continue to suffer. This is mainly due to ongoing geo-political tensions (e.g. Russia-Ukraine, US-China), which have increased pressure on global supply chains and worsened inflation
- A depreciating Ringgit could increase the cost of living but may also be favourable for economic growth by increasing Malaysia's international competitiveness and net exports

THE ICT SECTOR

WHAT HAPPENED IN 2022?
- The ICT industry was one of the few sectors that have recorded strong growth since the pandemic, which expanded by 5.2% in 2022
- Overall, enterprise ICT spending in Malaysia had increased between 1% to 6% for 2022, as compared to 2021. This growth is mainly due to COVID-19-induced remote working requirements and the subsequent need for enabling technologies like cloud computing, mobility solutions and cyber security
- The positive outlook for ICT spending in the country can also be attributed to the continued expansion of the country's digital economy stimulated by the Government's MyDigital initiative

HOW IT IMPACTED TM?
- Strong IT industry growth and increased ICT spending trends enabled TM to explore and expand its list of connectivity and digital product/service offerings
- Aggressive growth caused fierce competition within the telecommunications industry, including leading System Integrator (SI) players, to increase their market share

HOW DID WE RESPOND?
- Formed strategic partnerships with businesses to build the digital ecosystem of enterprises and the public sector, e.g. collaboration on the hybrid cloud with UMW IT Services Sdn Bhd

Future Outlook
- The total market of IT services in Malaysia is projected to grow at a compounded annual growth rate (CAGR) of 5.4% reaching US$3.5 billion by 2026
- By 2024, digital-first enterprises will enable empathetic customer experiences and resilient operating models by shifting 50% of all tech and services spending to as-a-service and outcomes-centric models
- By 2025, we expect an explosion in high-dependency workloads that will lead to 65% of ASEAN's top 500 companies to use consistent architectural governance frameworks to ensure compliance reporting and audit of their infrastructure
- The three (3) primary markets (i.e. Managed Services, Project Oriented and Support Services) are expected to grow relatively steadily over the next five (5) years
- The SI market makes up 39% of the primary market and is expected to grow at a CAGR of 5.9% in five (5) years, making it the largest contributor to the project-oriented market segment
- Network consulting and integration services (NCIS) take second place with a CAGR of 5.2% which consist of 29% from the primary market in the next five (5) years

CONNECTIVITY

WHAT HAPPENED IN 2022?

- Consumer fixed broadband grew strongly in 2022, driven by fibre and fixed wireless access (FWA) expansion
- Meanwhile, the total sum of digital subscriber lines (xDSL) continued to decline sharply at -28% CAGR due to continuous transformation and migration of technology, moving to fibre
- Expansion of 4G coverage seen across emerging markets in ASEAN, including Malaysia, has accelerated the transition from older technologies (e.g. 2G and 3G) to 4G
- 5G also started to gain traction as service providers finalised their arrangements with DNB and consequently transitioned from pilot to commercial roll-out
- For enterprises, the fixed market grew by 1.5%, while enterprise mobile Internet/data grew by 4.3%
- Enterprise corporate Wide Area Network (WAN) traffic is shifting again as the country is transitions from the pandemic to the endemic phase and businesses are returning to the office
- Malaysian Government, via its 100%-owned company DNB maintained the single wholesale network (SWN) model in the country's planned rollout of the 5G mobile telecommunication network. DNB has reaffirmed that an SWN mechanism will accelerate the national 5G network deployment and enhance Malaysia's position in offering commercial 5G services in ASEAN
- Market challengers continued to expand their initiatives to capture the market opportunity and differentiate with fixed-mobile integrated offerings
- By the end of 2022, over 50% of organisations have prioritised connectivity resilience to ensure business continuity, resulting in uninterrupted digital engagement with customers, employees and partners
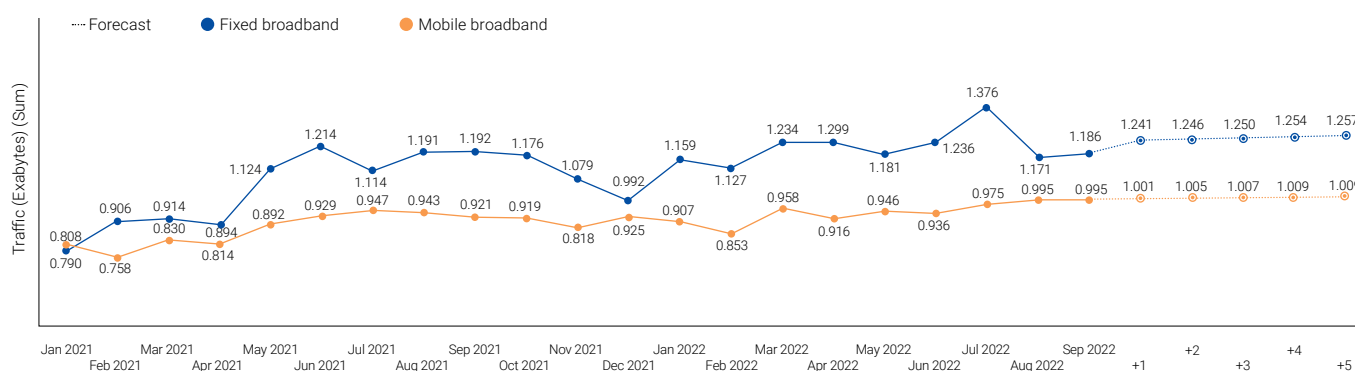
Source: MCMC Statistic of data usage trend, C&M as of 3Q 2022

HOW IT IMPACTED TM?

- Consumer interest in broadband bundling beyond connectivity and entertainment is growing, but flexibility is key to capturing this growth
- Enterprise networks are increasingly complicated, while network performance remains a top challenge
- There are growing concerns from enterprises on network management and security

HOW DID WE RESPOND?

- Continuous improvement and prioritisation of customer experience to maintain focus on delivering the most reliable connectivity
- Focus on providing solutions to help organisations rapidly adapt to business disruptions via digital technology, with emphasis on infrastructure, connectivity and operational digital capabilities

Future Outlook

- Adoption will grow especially in suburban and rural areas, driven by fibre expansion plus the mobile coverage expansion and enhancement under JENDELA Plan
- The convergence across mobile, fixed and content will further drive the competition. This will also push service providers to differentiate beyond pricing, e.g. innovative devices and user experience
- Fixed broadband is expected to increase at 4.9% CAGR in the next five (5) years, with household penetration projected to increase to 47% by 2027
- With a CAGR of 14%, Malaysia's Internet economy is expected to reach US$35 billion in 2025, underpinned by growth in e-commerce, transport and food
- Enterprises will have multiple WAN access (e.g. leased lines, broadband, wireless). This drives the need for efficient network solutions such as managed SD-WAN and SD-interconnect services

Sources: GD 2022 Mid-Year Market Review for TM; IDC Connectivity Report Consumer and Enterprise for TM, Sep 2022

DIGITALISATION

WHAT HAPPENED IN 2022?

- MSC Malaysia helped to drive the growth of the country's digital economy, which currently accounts for 22.6% of the national GDP
- The growth of data usage has slowed down in 2022 due to the lower use of conferencing tools as businesses returned to pre-pandemic operations
- Major telcos utilised the SME Digitalisation Initiative Grant under PENJANA to attract MSMEs interested in digitally transforming their business. The initiative is expected to boost Malaysia's digital economy, especially for the SME market segment
- According to a survey done in 2022, Malaysian MSMEs focus on improving their customer experience and market growth, with cloud-based solutions as their go-to choices. However, they will require guidance on their digitalisation strategy

Findings of the survey are as follows:

56.8% — Do not have a fixed ICT budget and initiatives to invest in ICT

46.9% — Do not have a plan on digital strategy

42.0% — Running business without a long-term recovery plan

Sources:
1) MCMC 3Q 2022 C&M Facts and Figures for the data usage trending
2) IDC Vertical MSME report for TM, Oct 2022 based on IDC Digital SMB Pulse Survey 2020-2021 and IDC MSME Survey 2022

HOW IT IMPACTED TM?

- Data growth is expected to remain stable as more employees return to the office and less conferencing traffic occurs
- Increasing digital adoption by MSMEs will require overcoming a short-term opportunistic IT approach and investing to be their trusted digital transformation partner

HOW DID WE RESPOND?

- Progressively transformed the end-to-end customer digital experience
- Leveraged existing network strength to support MSMEs to remain connected with their workforce, customers and suppliers
- Continued to assist MSMEs embark in their digitalisation journey through training programmes, tips, case studies and networking opportunities to scale up their business

Future Outlook

- According to the 12th Malaysia Plan, the digital economy will contribute 25.5% to Malaysia's GDP by 2025
- With the challenging and dynamic market landscape, 30% of the lagging MSMEs surveyed will have to broaden their partnerships to stay afloat. In comparison, 20% of leaders will participate in the industry ecosystem to grow and expand
- It is also projected that 33% of MSMEs will experience security breaches every quarter, causing business disruptions of at least one (1) week per quarter
- On a positive note, 30% of MSMEs will increase investment in analytics and Supply Chain Management solution to optimise their inventory management and business planning
- Similarly, 60% of MSMEs will invest in enhanced connectivity and communications services, moving from on-premises to managed services to drive competitiveness, resilience and customer experience

Sources: IDC Vertical MSME report for TM, Oct 2022 based on IDC FutureScape Worldwide Small and Medium-Sized Business 2022 Predictions — Asia/Pacific (Excluding Japan) Implications

CLOUD

WHAT HAPPENED IN 2022?

- Enterprises continued to accelerate their digital transformation, with more enterprises migrating their mission-critical workloads such as Enterprise Resource Planning (ERP) workloads to cloud environments
- Google Cloud introduced Zero Trust architecture which provides Bring Your Own Device (BYOD) Protection, mitigates data exfiltration risk and prevents malware upload to a corporate data access point, Extended Workforce Access; security controls to 3rd parties even if they're not utilising corporate-managed devices and SaaS Application Protection; provides zero trust access to SaaS applications without the use of SSL decrypting proxies and with in-browser Cloud Access Security Broker (CASB) functionality
- Cloud adoption continued to increase, with about 50% of the total ICT budget allocated for the service
- Multi-cloud strategy gained traction among customers as it provides cost-efficient solutions available from different providers with applications that can be quickly ported across to new platforms

Source: IDC, Unlocking Cloud Opportunities in Southeast Asia, Aug 2022

HOW IT IMPACTED TM?

- Cloud is shifting the focus from product sales to outcome-based solutions, increasing the complexity of cloud deployment. Hence, enterprises looked for providers with certified cloud expertise
- There will be wider development of edge computing use cases in Malaysia driven by service providers, hyperscalers and IT vendors, as well as 5G (Multi-Access Edge Computing – MEC)

HOW DID WE RESPOND?

- Continued serving as the sole local provider for the Government's MyGovCloud initiative and the only hyperscaler cloud provider to offer data residency, data locality and data sovereignty for the Malaysian Government and its citizens
- Launched Credence, TM's new digital arm that delivers transformational solutions by bringing together strategic partnerships with the world's leading cloud and cloud-native application providers

Future Outlook

- As most enterprises have more than two (2) cloud providers, multicloud will become crucial in driving operational efficiency through workload integration and orchestration. There will be wider demand for advanced capabilities such as microservices, containers, CI/CD automation and cost management
- Global investments in cloud applications are expected to rise by 11.3% in 2023, totalling approximately $879.62 billion. This growth is expected to be driven primarily by the adoption of technologies that utilise AI and Machine Learning (ML) in cloud computing
- The Government's initiative to migrate data to the cloud will attract wider players into the country, enhance cloud regulations and hence drive the country's adoption and maturity
- Google and Microsoft have also announced new regions, while hyperscalers are expanding their partner ecosystem with local players

Sources: IDC report for TM, May 2022 - Emerging Trends in Managed Edge and CDN Services; Gartner Report on Outlook of Global IT Market, Oct 2022

16% expected growth

in the cloud service market to

RM19.4 billion

in 2026

SMART SERVICES

WHAT HAPPENED IN 2022?
- IR4.0 gained momentum in Malaysia as the federal and state Governments, economic corridors and tech providers intensified its promotion to local business
- The push for IR4.0 was driven by a collective commitment to advancing in the digital ecosystem and facilitating them in this journey with the right technology, skills and talent
- Against this backdrop, Malaysia is quickly evolving its IoT market as more tech providers are partnering to build end-to-end solutions for enterprises to embark on their digital transformation journey
- For instance, the National Academy for Drone Sports Excellence (AKSADRON) was launched in Kuantan, Pahang, as the country's first drone sports zone and is set to be a hub for drone racing and high-performance drone activities
- As part of an overall technology improvement, KLIA has installed over 100 biometric-enabled self-service touchpoints from air transport industry IT provider SITA. This instalment is intended to improve the passengers' experience and increase safety against pandemics

HOW IT IMPACTED TM?
- There were more initiatives and partnerships between TM, service providers and leading industry players to co-develop enterprise IoT solutions

HOW DID WE RESPOND?
- Established a Memorandum of Understanding (MoU) between Ipoh City Council and TM One to transform Ipoh into a smart city through several smart initiatives e.g. Smart Traffic Management with Analytics Services (STARS)
- Signed an MoU with Ramsay Sime Darby Health Care (RSDH) to collaborate on Smart Healthcare and other business solutions for the RSDH group of hospitals
- Established TM One 5G Sphere to collaborate and co-create the next 5G use cases, from ideation to realisation

Future Outlook
- Malaysia's IoT market is expected to grow from RM11.4 billion in 2021 to RM17.5 billion in 2025, with a CAGR (2021-2025) of 11.3%
- Software will contribute to the highest growth, while services are the largest contributor to the IoT market
- The IoT market size to enable consumer use cases in Malaysia is expected to reach US$419 million by 2025 with a CAGR of 9.3% in 2021-2025

Source: IDC Connectivity Report Consumer and Enterprise for TM, Sep 2022

DATA ANALYTICS

WHAT HAPPENED IN 2022?
- Despite Malaysia's transition into the endemic phase, companies continued investing in data and analytics technologies at similar levels to the onset of the pandemic
- To that end, companies continued to target specific customer-facing use cases (e.g. sales pipeline automation) while simultaneously modernising backend infrastructure to lower costs, increase operational efficiency and generate new revenue streams

HOW IT IMPACTED TM?
- Increasing digitalisation is causing enterprises to create data at an unprecedented level, creating a challenge for them to store, manage and protect their large volumes of data
- Enterprises are becoming increasingly aware of the benefits that data analytics can provide to their business

HOW DID WE RESPOND?
- Leveraged analytics to drive digital and enhance customer experience
- Utilised big data and analytics in our digital solution strategy to maximise impact on customers

Future Outlook
- Applications and services that effectively manage, analyse and utilise data captured by enterprises will become a crucial investment area
- An increasing number of devices is expected to create a surge in data traffic across the network. The processing requirements are expected to vary based on the criticality of the application/use case requirements
- Enterprise buyers are expected to rapidly adopt cloud-native and multi-cloud architectures, moving closer to the edge to reduce latency and deployment opportunities as a means of reducing data storage, migration, integration and management costs
- This will drive nearly $14.8 billion in data integration, management and processing by 2026

Sources: GD Global Outlook Report – Data & Analytics, Dec 2022; IDC Report – Emerging Trends in Managed Edge and CDN Services, May 2022

SUSTAINABILITY

WHAT HAPPENED IN 2022?

- With rising pressure from stakeholders, sustainability has become a business mainstream. An organisation's long-term performance and resilience depend on how effectively it can manage its ESG risks
- Governments continued introducing new regulations and policies to achieve the UN SDGs in their transition towards a low-carbon economy
- Locally, Bursa Malaysia launched enhanced sustainability reporting requirements for PLCs, with more transparency on climate change risks and transition plans
- Within the global telco sector, major players have already set sustainability targets, specifically climate-related targets

Service Provider	Sustainability Target
AT&T	Net zero by 2035
BT	Net zero by 2030
Colt	Net zero by 2030
Comcast/Masergy	Carbon neutral by 2035
Lumen	Net zero by 2030
NTT	Carbon neutral by 2030
Orange Business Services	Net zero by 2040
Singtel	Net zero by 2050
Telefonica	Net zero by 2040
Telstra	Carbon neutral since 2020
T-Systems	Net zero by 2025
Verizon	Net zero by 2035
Vodafone	Net zero by 2040
Zayo	Net zero by 2030

Source: GD Report – The Sustainable Telco: Approaches, Innovation and Lessons Learned, Sep 2022

HOW IT IMPACTED TM?

- More energy-efficient networks to deliver connectivity while transitioning to net zero
- Telco investors, customers, employees and governing bodies are placing higher importance on how vendors are tackling ESG concerns

HOW DID WE RESPOND?

- Successfully secured GET from TNB for our data centres in Kuala Lumpur, Cyberjaya and Johor Bahru, contributing to a lower carbon footprint as the demand for cloud storage inevitably increases
- Maintained existing Green Building Index (GBI) certification for our core data centres
- Aligned our broader ESG commitment with the national target of achieving net zero emissions by 2050
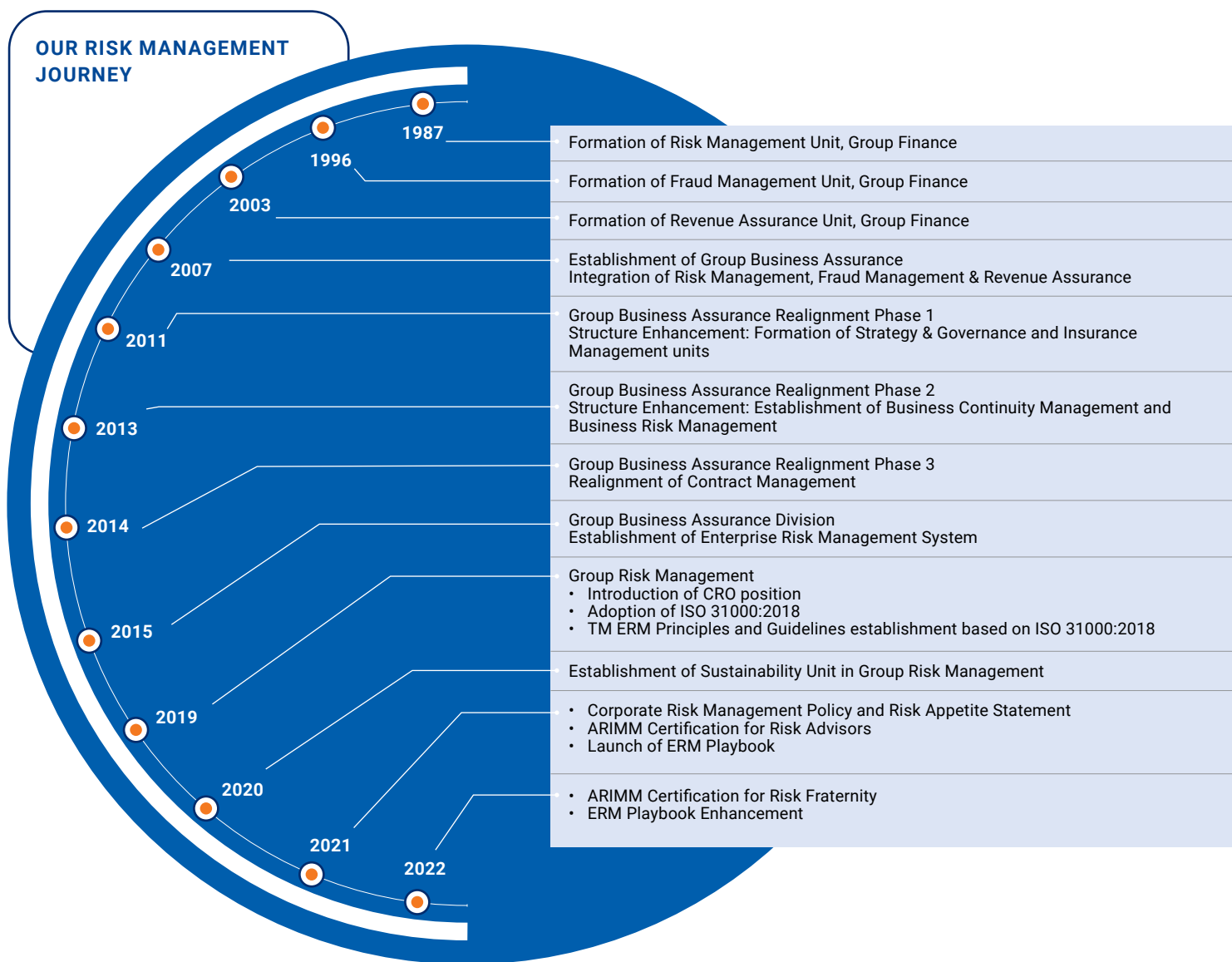
Future Outlook

- To remain competitive, telco leaders will utilise technologies to support ESG data management and collection, such as AI, ML and federated learning (FL) to enable trusted and standardised ESG-related data management, as well as Block Chain for tracing and prediction
- Across sectors, businesses will be forced to set robust ESG KPIs and standardisation, which will require widespread coordination and collaboration. Achieving ESG will drive more creativity in global, industry-hybrid partnerships

Source: GD Report – The Sustainable Telco: Approaches, Innovation and Lessons Learned, Sep 2022

Emerging Key Market Trends

Key Market Trends	What Is Happening?	Our Approach
Environmental, Social and Governance (ESG) Factors	• Stakeholders are increasingly scrutinising businesses' ESG efforts • Effective ESG integration brings new opportunities and improves competitiveness	• Incorporate ESG risks into our Enterprise Risk Management (ERM) • Included ESG Risks in Board deliberations
Political Changes	• Following the administration change, Malaysia is looking at assessing the current 5G deployment through an SWN model • The new Government is focusing on reducing the cost of living for the *Rakyat* through targeted assistance and incentives/discounts	• Enhance our support in delivering 5G services to customers • Continue to support Government policies and approaches for the benefit of the *Rakyat*
Policy & Regulatory Developments	• Potential business impact from the MSAP pricing review • Regulators are shifting their focus from broadband coverage to affordability	• Address MSAP through commercial tactics, better cost efficiency and stakeholder management • Continue to support Government policies and initiatives with a targeted approach for impacted segments
Changing Customer Needs & Expectations	• Customers are adopting diverse spending strategies to account for inflation • The pandemic has hastened the importance of connectivity, with a greater need to close the digital divide • eCommerce is evolving from goods and products to experiences, following the trend of video consumption	• Provide new solutions to address customers emerging problems that accelerate digital adoption • Offer affordable, agile and flexible broadband bundle offerings beyond connectivity and entertainment • Deliver customised online solutions that are shaped by personal experiences and unique content
Intensifying competition	• Malaysian fixed broadband landscape is shifting towards a converged market • Decline in Business-to-Business (B2B) connectivity while industry borders are blurring	• Pursue growth beyond connectivity, moving from FMC to lifestyle convergence • Accelerate the evolution of our B2B business e.g. smart services, cyber security and cloud

MITIGATING RISKS TO VALUE CREATION

OUR RISK MANAGEMENT JOURNEY

Year	Description
1987	Formation of Risk Management Unit, Group Finance
1996	Formation of Fraud Management Unit, Group Finance
2003	Formation of Revenue Assurance Unit, Group Finance
2007	Establishment of Group Business Assurance Integration of Risk Management, Fraud Management & Revenue Assurance
2011	Group Business Assurance Realignment Phase 1 Structure Enhancement: Formation of Strategy & Governance and Insurance Management units
2013	Group Business Assurance Realignment Phase 2 Structure Enhancement: Establishment of Business Continuity Management and Business Risk Management
2014	Group Business Assurance Realignment Phase 3 Realignment of Contract Management
2015	Group Business Assurance Division Establishment of Enterprise Risk Management System
2019	Group Risk Management • Introduction of CRO position • Adoption of ISO 31000:2018 • TM ERM Principles and Guidelines establishment based on ISO 31000:2018
2020	Establishment of Sustainability Unit in Group Risk Management
2021	• Corporate Risk Management Policy and Risk Appetite Statement • ARIMM Certification for Risk Advisors • Launch of ERM Playbook
2022	• ARIMM Certification for Risk Fraternity • ERM Playbook Enhancement

At TM, we recognise the importance of risk management as an integral aspect of our business. Our ERM practices extend beyond identifying potential risks to encompass the ability to analyse and predict the impact of uncertainties on our organisational goals. The result of these practices leads to making an informed choice of either accepting the risks or rejecting them in accordance with the organisation's risk appetite.
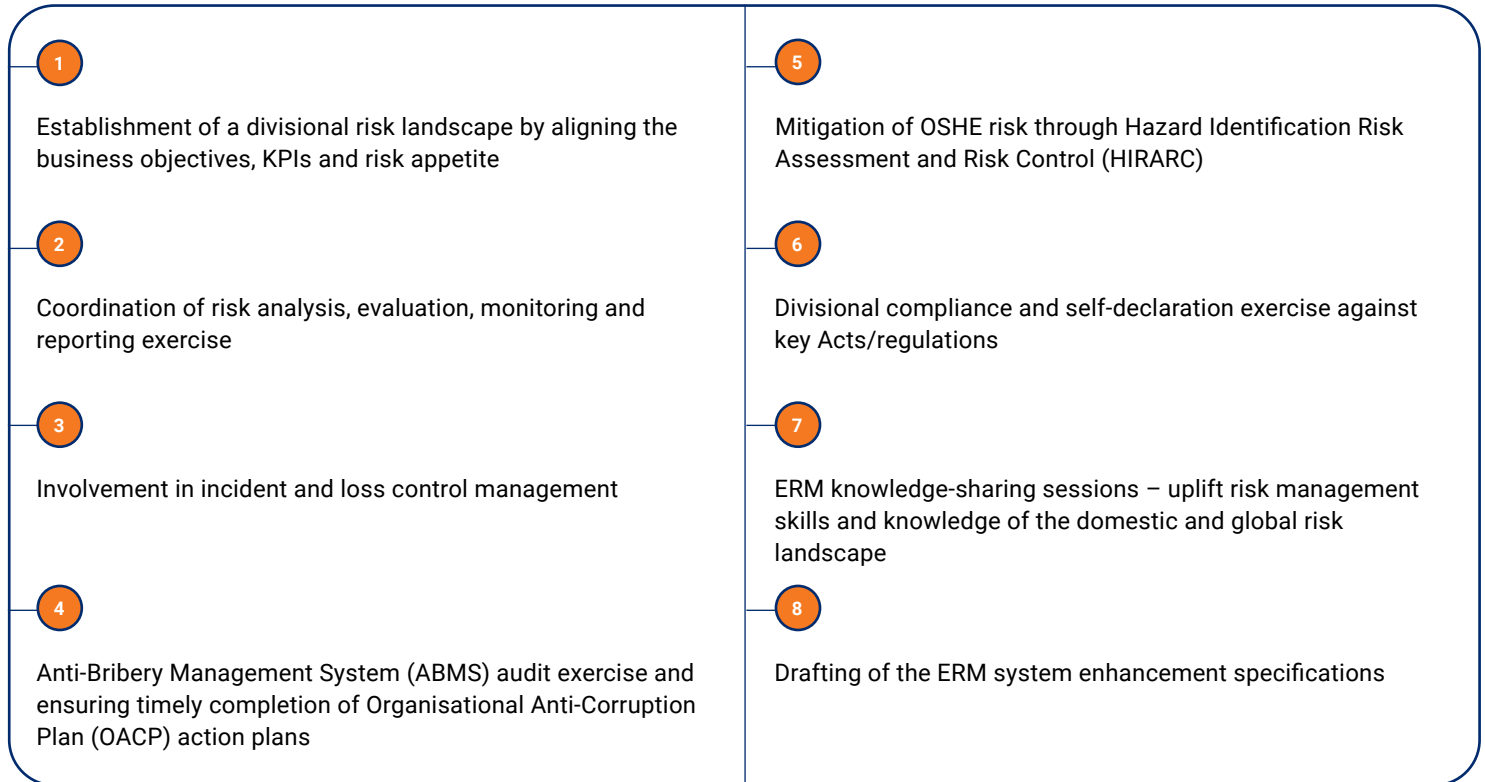
TM has a long-standing commitment to risk management, which began in 1987. Over the years, we have made great strides in advancing our approach, evolving from the management of corporate insurance programmes to establishing a comprehensive ERM practice. The establishment of TM's Group Business Assurance (GBA) in 2007 was a pivotal moment in this journey, as it integrated ERM with fraud management and revenue assurance. GBA played a critical role in driving the groupwide execution of ERM until 2019, when TM's Group Risk Management was formed, along with the position of Chief Risk Officer (CRO). This move reflects TM's recognition of the growing importance of effective ERM practices and sustainability management in providing the necessary assurance to meet our overarching business objectives.

Collectively, we are committed to cultivating a risk-based mindset that significantly influences decision-making processes throughout TM's operations. Fast-forwarding to the present, TM's risk management processes are developed from a well-founded baseline and framework.

CULTIVATING A RISK MANAGEMENT CULTURE

In these challenging times of constant change and uncertainty, a strong risk culture is more important than ever. TM is committed to building trust through the continuous cultivation of a solid risk culture. Rather than relying on reflexive instincts to navigate risks, we are committed to embedding risk management within our divisional functions. All of our employees must understand the importance of risk management and are equipped with the tools to meet our risk management expectations. By understanding risk, we can work towards delivering TM's strategic goals and business objectives. To further drive the execution of our risk management approach, we have established the Risk Fraternity to oversee our operational risk management efforts.

Our Risk Fraternity is embodied by Risk Coordinators (RC), who carry the fundamental role of coordinating TM's ERM activities led by the Chief Risk Coordinator, with support from the respective divisional leaders. The foremost task of the Risk Fraternity is to ensure the risk management process and risk scanning exercise are carried out ahead of operations. Some of the key activities led by the Risk Fraternity throughout the year are:

1 Establishment of a divisional risk landscape by aligning the business objectives, KPIs and risk appetite

2 Coordination of risk analysis, evaluation, monitoring and reporting exercise

3 Involvement in incident and loss control management

4 Anti-Bribery Management System (ABMS) audit exercise and ensuring timely completion of Organisational Anti-Corruption Plan (OACP) action plans

5 Mitigation of OSHE risk through Hazard Identification Risk Assessment and Risk Control (HIRARC)

6 Divisional compliance and self-declaration exercise against key Acts/regulations

7 ERM knowledge-sharing sessions – uplift risk management skills and knowledge of the domestic and global risk landscape

8 Drafting of the ERM system enhancement specifications

Through the Risk Fraternity, Group Risk Management actively engages with leaders and risk owners to render advisory on the risk management process.

We also keep tabs on capability building across TM through the coordination of risk management certification programmes. In 2022, we enlisted 15 Risk Fraternity members to receive the Advance Risk Management Certification from the Academy of Risk Management Malaysia (ARiMM). Additionally, regular in-house ERM training sessions were organised to empower the Risk Fraternity to manage risks within their respective areas with greater clarity and confidence.

DRIVING RISK INNOVATION

To facilitate a better understanding of ERM processes and disciplines across TM, we have produced an in-house "ERM Playbook for *Warga TM*". The main objective of the playbook is to be a one-stop, user-friendly risk management guide for our people through concise illustrations of the step-by-step journey for risk management in accordance with the ISO 31000:2018 Risk Management Framework.

The ERM Playbook is intended for users to learn about the Risk Management Framework, followed by the Risk Management Process topics. Risk assessment tools and templates are also available for download through the ERM Playbook.

In the long run, we aim to expand the ERM Playbook's contents to become a practical guide through self-learning. Moving towards that, we are constantly identifying gaps and improving the content presentation from time to time. In 2022, we launched a series of risk management communications highlighting ERM topics extracted from the ERM Playbook. A quiz contest section also served to promote readership and understanding.

In recognition of our Risk Fraternity's efforts and commitments, TM was awarded by the Malaysian Association of Risk and Insurance Management (MARIM), acknowledging our efforts in instituting effective risk management during the COVID-19 period. This achievement signifies the continuous growth of our risk culture journey in TM.

As we progress towards becoming a human-centred TechCo, we will continue to face various risks and challenges that may impede our transformation. However, we view these as tactical opportunities to build our resilience, strength and endurance. The execution of appropriate key controls through our ERM Framework helps mitigate these risks, while seizing potential opportunities in creating new value for our business and stakeholders.

Type of Risk

Strategic
Risks affecting the achievement of the Group's overall objectives and long-term direction as set out by the Management and the Board, arising from both external and internal factors

How It Impacts Value

- Revenue erosion
- Deterioration of market share and investor's confidence
- Non-sustainable business growth

Impact on Capitals

Financial Capital: Internal and external factors undermine our capacity to realise strong returns and impact our pool of funds

Social & Relationship Capital: Challenges to our strategic plans may impact our nation building agenda and erode stakeholder trust

How We Mitigate Risks

- Proactive engagement with regulators to align service providers and customer interests
- Advocate our strategic position in supporting the national digital agenda
- Develop strategic partnerships with mobile operators to improve mobile quality and coverage
- Expand into new growth areas beyond connectivity i.e. mobile and digital
- Increase promotional campaigns
- Effective management of negative sentiments on mainstream and social media

What We Have Achieved

- 5.1% growth in Revenue
- 22.2% growth in EBIT
- 27.7% growth in PATAMI
- RAM Rating Services: AAA
- NPS: +39

Tactical Opportunities

- Increase innovation by offering products and services tailored to customers' needs
- Improve engagement and relationship with regulators
- Maintain good reputation and increase company's credibility
- Creating a level playing field in the mobile space to increase our competitiveness

Risk Movements
Risk remained between Significant to High. This was due to the intense competition in the telco industry to gain market share through competitive products and services, as well as the challenging regulatory landscape which requires continuous engagement with regulators.

Strategic Pillars:

Stakeholders Affected:

Material Topics:
M1 M2 M6 M8 M13 M14

Type of Risk

Operational
Risks involved in the day-to-day activities of TM. This covers threats that may jeopardise the Group's ability to serve its customers, or to meet its obligations to its stakeholders

How It Impacts Value

- Shortage of supply affecting customer delivery
- Unfavourable NPS score
- Imposition of penalty/legal consequences
- Project timeline and cost overrun

Impact on Capitals

Financial Capital: Cost escalation due to operational disruption and non-compliance incidences/breach of Acts

Social & Relationship Capital: Disruption to our service and operations may lead to a loss of trust from customers and stakeholders

Intellectual Capital: Operational challenges and business discontinuity may impact our competitiveness

Manufactured Capital: Issues with our network infrastructure e.g. fibre cuts

How We Mitigate Risks

- Proactive engagement with suppliers to improve supply chain resilience
- Improvement to the service installation and restoration plan
- Deliver structured training programmes via physical and digital platforms
- Divisional compliance self-declaration exercise to identify and ensure compliance with various regulations, standards and frameworks
- Audit Loss Control
- Adopting a 'customer first' management approach through elevating customer experience (CX) at every touchpoint of a customer's journey

What We Have Achieved

- 5.2% reduction in health and safety incidents in TM
- 23% decrease in OSH-related incidents related to network operations
- Zero (0) cases of data loss in 2022
- Three (3) out of four (4) customers who registered for new subscriptions within Unifi's coverage areas were serviced within 14 days
- 57% reduction on complaints received through Malaysian Communications and Multimedia Commission (MCMC) on Unifi services

Tactical Opportunities

- Rollout of new operating model to improve end-to-end material supply management
- Strengthen operational processes for improved service and infra delivery and restoration
- Strive towards self-regulated health and safety at divisional levels
- Maintain and elevate customer experience, corporate reputation and stature
- Early realisation of revenue through timely project delivery

Risk Movements
Risk has reduced from between Low to High (2021) to Low to Significant (2022) with key controls in place to mitigate supply chain risk exposure. This was achieved through diversity in the supply chain, improvements to the end-to-end supply sustainability management, improvements to the service delivery and restoration. Additionally, we have ensured compliance to external acts/guidelines and made improvements across TM's customer experience journey to ensure the highest network quality and best-in-class customer experience.

Strategic Pillars:

Stakeholders Affected:

Material Topics:
M2 · M3 · M4 · M5 · M10 · M11 · M12 · M14

Type of Risk

Financial
Risks directly impacting our financial performance or liquidity

How It Impacts Value

- Increase in bad debt and reduced collection
- Deterioration in credit rating
- High OPEX/CAPEX
- Not meeting revenue targets
- Profitability shortfall
- Additional cost due to Forex loss

Impact on Capitals

Financial Capital: Loss of revenue and financial capital impacts our growth objectives and returns generated for shareholders

How We Mitigate Risks

- Monitor customer credit ratings
- Cost management through aggressive negotiation with service providers/ suppliers
- Enhancement of revenue assurance coverage and process
- Drive aggressive sales campaigns
- Hedge additional borrowings and regular Forex monitoring

What We Have Achieved

- 5.1% growth in Revenue
- 22.2% growth in EBIT
- 27.7% growth in PATAMI

Tactical Opportunities

- Improve collection, with Account Receivables (AR) Days for effective credit assessment controls
- Better economies of scale with improved ability to sell products/services at competitive prices
- Improve revenue position
- Avoid unnecessary costs due to Forex

Risk Movements
Risk remained manageable between 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 processes, aggressive sales campaigns and programmes, effective hedging on borrowings and regular Forex monitoring.

Strategic Pillars:

Stakeholders Affected:

Material Topics:
M2 M5

Type of Risk

Technology/Systems
Potential failures or breakdowns in our network infrastructure and information systems or processes as well as any external disruptions or attacks

How It Impacts Value

- Business operations and service disruptions
- Data leakages
- Unfavourable customer experience
- Unrealised revenue opportunities

Impact on Capitals

Financial Capital: Financial implications related to network downtime/outages

Social & Relationship Capital: Loss of stakeholder trust from disruptions and cyber security issues

Intellectual Capital: Cyber security attacks and network issues impacts our competitive edge

How We Mitigate Risks

- Governance, process, control improvements & certifications through Cyber Security Programme Maturity Assessment
- Strengthening of information security policy and updating of cyber security hardware and software
- Uplift the technical and cyber security expertise of our workforce
- Specific security controls addressing endpoint access and identification authentication management platform
- Development of new Business Support Systems and geo-redundant disaster recovery systems
- Better network infrastructure design and diversity
- Business Continuity and Disaster Recovery plans

What We Have Achieved

- Zero (0) cases of data loss in 2022
- 88% of Unifi's network-related faults restored within 24 hours

Tactical Opportunities

- Building resilience against technology and cyber threat disruptions
- Standardisation of security policy, requirements and controls across the organisation
- Reinforce endpoint security and identity authentication management
- Enhance robustness of network, systems and operations
- Building continuous confidence and trust with customers and market

Risk Movements
Risk has elevated between Moderate to High (2021) to Significant to High (2022) attributed to the trends in cyber attacks and security breaches, affecting customers' internal processes and services. Ongoing mitigations include strengthening the information security policy/framework and improving cyber security hardware and software controls, as well as uplifting the technical expertise of our workforce. Besides cyber security, emerging risk in terms of readiness of robust and flexible Business Support Systems (BSS) to increase agility and address the dynamic business needs of customers is also crucial.

Strategic Pillars:

Stakeholders Affected:

Material Topics:
M2 M3 M4 M5 M7 M8 M11 M14

Type of Risk	How It Impacts Value	Impact on Capitals
Sustainability ESG risks that negatively impact sustainable value and growth	• Unfavourable ESG rating leading to negative reputation • Disruptions to operations, services and worker safety due to natural disasters • Unskilled or non-future-ready employees • Manpower productivity and turnover • Reputational damage due to unethical conduct	**Financial Capital:** Financial implications related to ESG issues i.e. climate change **Social & Relationship Capital:** Loss of stakeholder trust from corruption and environmental and social breaches **Natural Capital:** Scarcity of natural resources or pollution of the natural environment **Human Capital:** Poor employee morale and engagement, resulting in lower productivity **Manufactured Capital:** Damages to infrastructure network and physical assets from natural disasters

How We Mitigate Risks

- Establishment and disclosure of ESG Vision & Commitment
- Implementation and testing of TM's BCM and Disaster Recovery Plan (DRP)
- Incorporate climate change risk as part of Corporate Risk line-up
- Established TCFD reporting
- Future-skilling of subject matter experts
- Deliver reward, recognition and comprehensive staff benefits
- Strengthen ABMS certification and implementation of OACP

What We Have Achieved

- Carbon emissions reduction by 12.45%
- More than 10,000 trees planted via Sustainability Programme 'Penghijauan' (Carbon Offset)
- CDP rating: B (2021: C)
- CDP SER: A- (2021: B-)
- FTSE Russell Score: 3.6 (FTSE Russell Score 2021: 3.1)
- FTSE4Good rating: 4 out of 4 Stars
- 100% TM employees signed TM IP
- ABMS Certification Scope expansion: from four (4) divisions in 2021 to six (6) divisions in 2022
- Maintained MS ISO 37001:2016 ABMS Certification by SIRIM for the second year in a row through 100% compliance to ABMS standards
- TM employees' ethics and integrity practice effectiveness measure (Business Integrity Survey Score): 8.01 of 10.00
- Reporting of TM Organisational OACP progress with continuous tracking and monitoring

Tactical Opportunities

- Elevate our corporate reputation and stature with improved ESG rating
- Support global and national climate commitments
- Increase TM's visibility in the ESG space and fraternity
- Develop human capital with future skills
- Spearhead innovation for IR 4.0
- Highly productive and motivated workforce

Risk Movements

Risk has elevated from Low to Significant (2021) to Moderate to Significant (2022), stemming from the heightened climate change-related risks (i.e. flood and landslides) that cause service interruption to customers. Robust BCM programmes will continue to be implemented and improved to mitigate prolonged service outages. Transitional risks to a low-carbon economy will be addressed through TM's ESG roadmap and commitments, which also encompass initiatives that elevate the Social (i.e. deployment of fibre Internet access to more communities and suppliers' ESG compliance) and Governance (i.e. zero-tolerance to corruption) aspects of sustainability.

Strategic Pillars:

Stakeholders Affected:

Material Topics:

M2 M5 M7 M8 M9 M10 M12 M13 M14

VALUE CREATION BUSINESS MODEL

VISION:
To shape a Digital Malaysia through technology that empowers communities, businesses & Government

OUR CAPITALS ▶ DELIVER CUSTOMER OUTCOMES

INPUTS

FINANCIAL
- **RM20.63 billion** market capitalisation
- **RM23.13 billion** total assets
- **RM2.02 billion** Free Cash Flow
- **RM2.43 billion** CAPEX

MANUFACTURED
- **>690,000 km** cables nationwide
- **>340,000 km** international submarine cables

NATURAL
- **441.2 million kWh** of electricity consumption
- **179,400 m³** water withdrawal from municipal water suppliers

SOCIAL & RELATIONSHIP
- **1,551** active local suppliers
- **RM8.1 million** contributed to community initiatives

INTELLECTUAL
- **RM62.3 million** invested in R&D
- **77 years** of experience as a leading telco provider
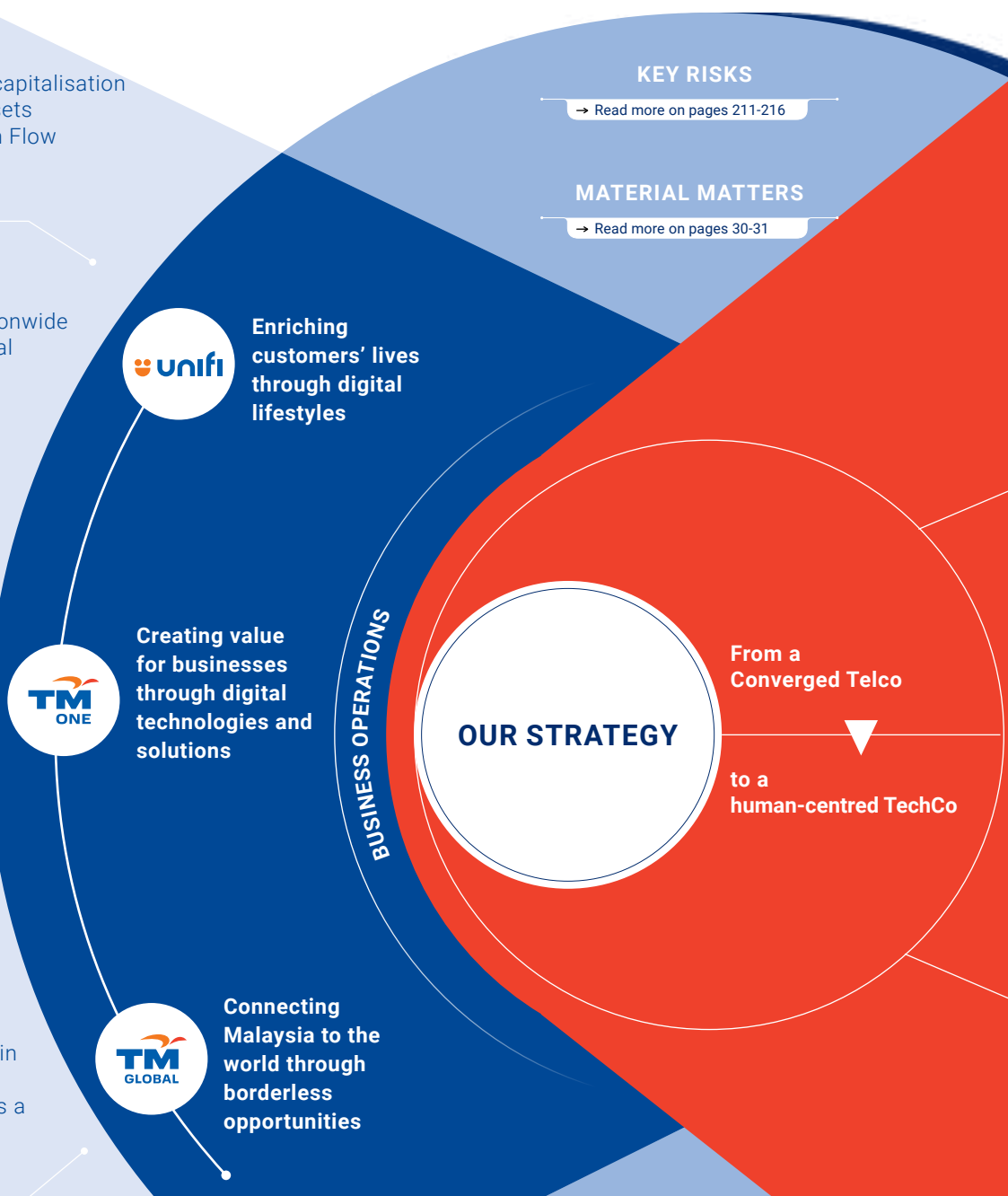
HUMAN
- **19,499** *Warga TM*
- **RM24.3 million** invested in employees training & development

KEY RISKS
→ Read more on pages 211-216

MATERIAL MATTERS
→ Read more on pages 30-31

unifi
Enriching customers' lives through digital lifestyles

TM ONE
Creating value for businesses through digital technologies and solutions

BUSINESS OPERATIONS

OUR STRATEGY

From a Converged Telco
▼
to a human-centred TechCo

TM GLOBAL
Connecting Malaysia to the world through borderless opportunities

→ Read more on pages 56-73

MARKET TRENDS
- The Economy
- Connectivity
- Regulatory Developments
- Digitalisation
- IoT
- Cloud
- Big Data
- Sustainability

→ Read more on pages 32-37

VALUE CREATION BUSINESS MODEL

MISION:
Humanising technology and making it accessible to all Malaysians in a sustainable manner

- For communities, we enrich everyday moments by enabling converged lifestyle solutions

- For businesses, we enable growth by providing integrated solutions and strategic collaborations that accelerate business transformation

- For Government, we accelerate the nation's aspiration towards becoming a Digital Malaysia with holistic connectivity, platform and digital solutions

► THROUGH BUSINESS ACTIVITIES THAT CREATE

► VALUE FOR OUR STAKEHOLDERS.

OUTCOMES **STAKEHOLDERS**

OUR BUSINESS
Stronger Financial Position
- **KPI:** Revenue, EBIT, CAPEX
- **Key Risks:** Operational, Technology
- **Material Matters:**

M1	Fair & Transparent Communication	M4	Cyber Security
M2	Innovation & Technology	M12	Responsible Supply Chain
M3	Network Stability & Quality		

FINANCIAL
- RM627.5 million dividend payout
- 17.7% return of equity
- RM542.3 million tax contribution

Shareholders & Investment

Government & Regulator

OUR PURPOSE
Enable Digital Malaysia
- **KPI:** Total Dividend Payout to Shareholders
- **Key Risks:** Sustainability, Regulatory
- **Material Matters:**

| M7 | Carbon Emissions | M13 | Community Development |
| M8 | Environmental Quality | M14 | Good Governance |

MANUFACTURED
- 3.5 million home and SME customers served
- 69% of premises passed with high-speed Internet access nationwide

Shareholders & Investment

Customers

NATURAL
- 12.45% reduction in carbon emissions since 2019

Shareholders & Investment

Communities

Media

OUR CUSTOMERS
Ensure Customer Happiness
- **KPI:** Net Promoter Score (NPS)
- **Key Risks:** Strategic, Operational, Sustainability
- **Material Matters:**

| M5 | Customer Experience | M6 | Affordability & Inclusion |

SOCIAL & RELATIONSHIP
- RM3.53 billion contributed to local suppliers
- >47,000 beneficiaries reached

Suppliers

Communities

Media

OUR PEOPLE:
WARGA TM
Execution Engine to Perform & Transform
- **KPI:** Organisational Health Index (OHI)
- **Key Risks:** Operational
- **Material Matters:**

| M9 | Fair Employment & Engagement | M11 | Training & Development |
| M10 | Health, Safety & Well-being | | |

INTELLECTUAL
- 3 international awards acquired
- 4 smart solutions developed

Shareholders & Investment

Government & Regulator

Customers

HUMAN
- 3,984 employees trained with future-ready skills
- with 5.2% drop in health and safety incidents
- 36% women on the Board

Employees

OUR CAPITALS

We adopt a comprehensive approach to creating sustainable value for our stakeholders. We utilise six (6) types of capitals, each interrelated and with a complex interplay between them. As part of our sustainability approach, we understand that sometimes we need to make short-term financial trade-offs to achieve meaningful, long-term gains. This guides our strategic decisions as we strive to create sustainable value that benefits all our stakeholders.

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

	2021	2022
Total number of *Warga TM*	>20, 000	**>19,400**
Total Investment in Employees Training & Development (RM million)	20.2	**24.3**
Gender Diversity on Workforce (women)	40%	**40%**
Gender Diversity on Board (women)	36%	**36%**

OUTPUTS/OUTCOMES

	2021	2022
Average total hours of training per year per employee	41	**32**
Employees with Collective Bargaining Agreements (%)	37%	**35%**
Loss Time Injury Frequency (LTIF)	0.85	**0.83**
Incident Rate (IR)	2.75	**2.76**
Fatality Rate (FTR)	6.17	**6.35**
Employee Engagement Score	82	**80**

ACTIONS TO ENHANCE OUTCOMES

- Introduced online on-demand training to complement traditional learning and strengthening the talent ecosystem with the right training and development to support TM's new growth areas
- Further enhance the communications between employee representatives and the management team to negotiate and establish mutually beneficial collective bargaining agreements
- Improve awareness on safety protocols, audits and corrective actions to reduce incidents, fatality and LTI frequencies
- Integrated communications to reduce message fatigue, recognise employees' ideas and award employees for their achievements

TRADE-OFFS

We invested in right skilling programmes to create a future-proof workforce while implementing well-being programmes to ensure employees physical and mental health. This has some implications to our Financial Capital, but the improved productivity and new skills acquired by our talents will result in greater profitability in the long run.

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

	2021	2022
Free Cash Flow (RM billion)	2.21	**2.02**
CAPEX (RM billion)	1.70	**2.43**
Total Assets (RM billion)	22.83	**23.13**
Market Capitalisation (RM billion)	20.76	**20.63**

OUTPUTS/OUTCOMES

	2021	2022
Group Revenue (RM billion)	11.5	**12.12**
PATAMI (RM million)	895.2	**1,143.3**
EBIT (RM billion)	1.71	**2.09**
Total Dividend Payout (RM million)	490.6	**627.5**

ACTIONS TO ENHANCE OUTCOMES

- Continuous revenue growth momentum from all LOBs across all product lines
- Improving cost efficiency ensuring higher profitability
- Optimising cost of capital to maximise value and returns to shareholders
- Providing healthy distributions for shareholders

TRADE-OFFS

We channel our Financial Capital into growing other capitals, such as investing in employee training and rewards (Human Capital), research and development (Intellectual Capital), resource efficiencies (Natural Capital) and expanding our network and support system infrastructure (Manufactured Capital). While this has temporarily lowered our Financial Capital, we believe that it will contribute to our long-term success and the betterment of our nation.

INTELLECTUAL CAPITAL

We have remained at the forefront of every technological advancement in the country. We embrace new technologies and digital solutions that strengthen our value proposition and competitive edge.

INPUTS

	2021	2022
Total Investment in R&D (RM million)	61.4	**62.3**
Years of experience in telco industry	75	**76**

OUTPUTS/OUTCOMES

	2021	2022
No. of acquired International Awards	3	**3**
No. of smart solutions developed	9	**4**
No. of new products launched	2	**3**
No. of digital platforms established	5	**2**

ACTIONS TO ENHANCE OUTCOMES
- Continue to support TM's 10 growth areas and help to improve internal business operations for the Group
- Increase process efficiency and staff productivity, leading to lower operational costs and improved CX
- Intensify commercialisation efforts by collaborating with LOBs to bring our smart solutions to the market thus increasing revenue

TRADE-OFFS

In response to changing customer demands, we have channeled our financial resources into R&D, as well as smart technologies. Although this has reduced our immediate Financial Capital, we believe that it will improve our competitive edge and contribute to better overall performance in the long-term. Additionally, being recognised as a digital leader has helped us gain the trust of our customers, which in turn enhances our Social and Relationship Capital.

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

	2021	2022
Total of Water Withdrawal from Municipal Water Suppliers (m³)	221,590	**179,400**
Total energy consumed (kWh million)	434.24	**441.2**

OUTPUTS/OUTCOMES

	2021	2022
Carbon emissions reduction (%)	8.3	**12.45**
Total GHG Emissions (tCO$_2$e)	349,710.84	**333,895.31**
Total Solid Waste Generated (kg)	467,125.10	**1,013,888.81**

ACTIONS TO ENHANCE OUTCOMES
- Further reduce energy consumption from several initiatives in collaboration with several departments across TM
- Offset brown energy via implementation of green energy for selected buildings
- Physical and Transition risk assessment in accordance to TCFD framework
- Protect natural resources through carbon sequestration projects involving tree planting at reserved forests

TRADE-OFFS

We are committed to sustainability and have continued to invest in green technologies and low-carbon solutions, despite the initial outflow of Financial Capital. However, we believe that resource-efficient operations help to conserve both Natural and Financial Capital in the long term. This not only benefits our business but also strengthens stakeholder trust, thereby enhancing our Social and Relationship Capital.

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

	2021	2022
No. of local suppliers	1,827	**1,551**
Investments in community/nation building initiatives (RM million)	14.9	**8.1**
TM Future Skills Investment (RM)	300,000	**935,900**
Total value of scholarships disbursed (RM million)	582.3	**597.9**

OUTPUTS/OUTCOMES

	2021	2022
Total contribution to suppliers (RM billion)	3.84	**4.98**
Total contribution to local suppliers (RM billion)	2.97	**3.53**
No. of students sponsored via YTM scholarships	200	**1,568**
No. of beneficiaries reached	>92,443	**>47,000**

ACTIONS TO ENHANCE OUTCOMES

- Reposition YTM Scholarship as a premium scholarship
- Provide hybrid scholarships with MARA and other potential partners in order to nurture more Future Leader scholars
- Create impactful programmes through strategic collaborations; expanding impact via SREs and leveraging on GDRN network

TRADE-OFFS

Throughout the year, we invested in community and stakeholder engagement programme that required a short-term outflow of Financial Capital. However, we believe that the trust created through these initiatives will provide opportunities to grow our Human and Intellectual Capital. In turn, this will contribute to better Financial Capital performance in the long term.

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 important roles in our growth and operations.

INPUTS

	2021	2022
CAPEX (RM billion)	1.70	**2.43**
Fibre cables nationwide (km)	>650,000	**>690,000**
International submarine cables (km)	>320,000	**>340,000**

OUTPUTS/OUTCOMES

	2021	2022
Total home and SME customers served (million)	3.4	**3.5**
Total no. of enterprises and public agencies served	10,300	**8,800**
Total no. of domestic and international wholesale customers served	>695	**734**
Coverage of High-Speed Internet (%)	60%	**69%**

ACTIONS TO ENHANCE OUTCOMES

- Expanded our network through targeted investments
- Accelerated fibre rollout and copper decommissioning

TRADE-OFFS

We have invested RM2.43 billion into expanding our network infrastructure (Manufactured Capital) as part of our commitment to reducing the digital divide. While this has temporarily lowered our Financial Capital, we believe that the improvements in other capitals will ultimately replenish and grow our long-term finances. By expanding connectivity across Malaysia, we also build more trust and support, which increases our Social and Relationship Capital.
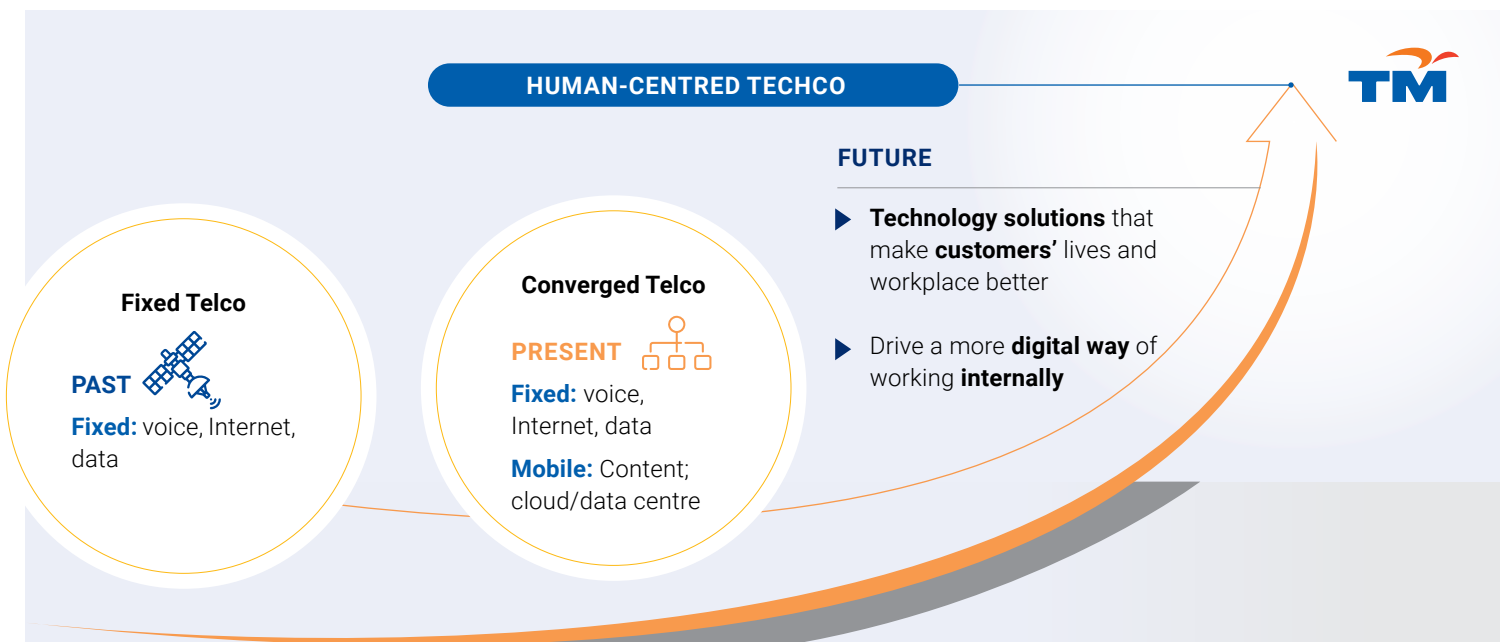
VALUE CREATION STRATEGY

Strategic Roadmap

Our journey to transform from a converged telco into a human-centred TechCo is aligned with our vision, to shape a Digital Malaysia through technology that empowers communities, businesses and Government. As the Future Shapers of a Digital Malaysia, we have a mission of humanising technology and making it accessible to all Malaysians in a sustainable manner.

We are now in our final year of TM's Transformation Programme (2021 - 2023) which has proven success with good results. We will continue to strengthen our core businesses, while ensuring connectivity and customer experience. This includes changes in our business profile, CX transformation, modernising our network and IT and future-proofing the organisation for a more sustainable future. We need to be commercially sustainable for us to play our role as a GLC and fulfill our nation building aspirations, with all TM stakeholders remaining at the heart of the transformation.

HUMAN-CENTRED TECHCO

Fixed Telco

PAST

Fixed: voice, Internet, data

Converged Telco

PRESENT

Fixed: voice, Internet, data

Mobile: Content; cloud/data centre

FUTURE

▶ **Technology solutions** that make **customers'** lives and workplace better

▶ Drive a more **digital way** of working **internally**

Our strategic approach focuses on two (2) key areas:

Strengthen Our Core

We will continue to protect, defend and drive growth in our core connectivity. As the connectivity needs of customers rapidly evolve in today's digital landscape, our core business is evolving as well. By ensuring strong and resilient fundamentals, we will maintain our position as the national connectivity and digital infrastructure provider and Malaysia's leading converged Telco.

Invest for Growth

We will unlock growth beyond connectivity. The future of socio-economic progress lies in digital solutions and technologies and as a human-centred TechCo, we know technology must work to create a better tomorrow for all. Therefore, we are investing in new growth opportunities that will help us pivot towards becoming a human-centred TechCo.

We remain true to our commitment to strengthening our Core Business, whilst pursuing ten (10) growth areas for our diverse customer segments below.

Consumers and SMEs
[Business-to-Consumer (B2C) segment]

Enterprise and Public Sector
[Business-to-Business (B2B) segment]

Global
[Carrier-to-Carrier (C2C) segment]

Convergence champion with increased FMC, content, lifestyle convergence and SME digital solutions

Grow customers' value through integrated connectivity+ and digital solutions i.e. smart services, cyber security and cloud

Bespoke ASEAN Digital Hub via submarine cable expansion, CDN and Mega DC for hyperscalers

Unifi — Consumer & SMEs (B2C)

1 FMC/Mobile
Enhanced FMC strategy and 4G/5G mobile network coverage

2 Content acceleration and monetisation
Higher content spend to scale. Advertising monetisation with sufficient scale

3 Lifestyle Convergence
New lifestyle convergence offerings (e.g. Cloud gaming, Smart Home/Security)

4 SME Digital Ecosystem
Enhanced channels via Value Added Resellers (VAR) and SME product proposition e.g. mobile, solutions

TM ONE / Credence — Enterprise & Public Sector (B2B)

5 Smart services
IoT sandbox approach with partners to co-create smart service use cases in targetted verticals

6 Cyber Security
Expand cyber security solutions (e.g. endpoint, managed services) for targetted verticals

7 Cloud
New market offerings to serve B2B digital transformation needs

TM GLOBAL — Global (C2C)

8 Submarine cables
Expand submarine cable capacity in partnership with hyperscales, maintain market position

9 CDN
Build regional scale in CDN, selectively expand gaming platforms

10 Data Centres (DC)
Turnaround underperforming DC assets; build for leadership post turnaround

STRATEGIC MILESTONES IN OUR TRANSFORMATION JOURNEY TO BECOME A TECHCO

1 TM

In 2022, we started our transformation by consolidating our suite of connectivity and digital offerings to meet the unique needs of individual lifestyles and businesses. This transformation, which involves an internal reorganisation and the transfer of TM's LOBs – including Unifi, TM One and TM Global – into a single operating entity named TM Technology Services Sdn Bhd, will simplify customer touchpoints and provide a more seamless customer experience, while improving TM's operational efficiencies and processes. It will reinforce TM's FMC leadership, offering integrated fixed broadband, mobile services, data services, digital content and innovative solutions. The reorganisation aligns TM to industry best practices and will improve TM's competitive edge among Malaysians, international telcos and digital players.

2 Credence

Recognising that the future of business is digital, we established Credence, a new B2B arm that is focusing on expanding the capabilities of enterprises in their digital transformation journey. Credence serves TM customers as an end-to-end cloud and services solution partner, offering services from tech infrastructure to business insights, IT landscape migration, SaaS, managed services, as well as analytics.

LEADERSHIP'S ROLE IN STRATEGY DEVELOPMENT

The new TM strategy was deliberated by the Board and leadership team during a mid-year strategic retreat. Facilitated by external advisors, the retreat included deep dive sessions for all areas of business – consumers, SME, enterprise, public sector and global markets. Leaders from all divisions and business units were involved and subject matter experts were brought into the discussions to come up with the strategic plans. The strategy plan went through another round of deliberation and then finalised at the year-end Board retreat.

Strategic Progress

We execute our strategy according to the following four (4) strategic pillars:

PILLAR 1 — OUR PURPOSE

As both a PLC and GLC, we are in a unique position of creating commercial value that contributes to the Government's nation building agenda. At the core of TM's strategy lies our purpose to ensure we can continue playing this dual role as a PLC and GLC, to create a better tomorrow for all Malaysians.

Our Role as a PLC

- Provide returns to TM shareholders
- Contribute to the Government via taxes
- Provide the capital expenditure needed for nation building
- Create jobs and sources of income for Malaysians

Our Role as a GLC

- Deliver critical connectivity to the *Rakyat* in support of JENDELA
- Accelerate digital adoption and bridge the gaps in the digital divide
- Empower all segments of the community through social programmes
- Promote a more sustainable and capable Malaysia through ESG and sustainability programmes

Strategic Performance

4 out of 4 stars on **FTSE4Good Bursa Malaysia**

ESG Index Rated by **FTSE Russell** score improved from 3.1 to 3.6 in 2022

CDP rating upgraded from 'C' to 'B' and rating from 'B-' to 'A-' for the CDP SER

Total Dividend Payout to Shareholders
(RM million)

Year	Amount
2020	539.6
2021	490.6
2022	**627.5**
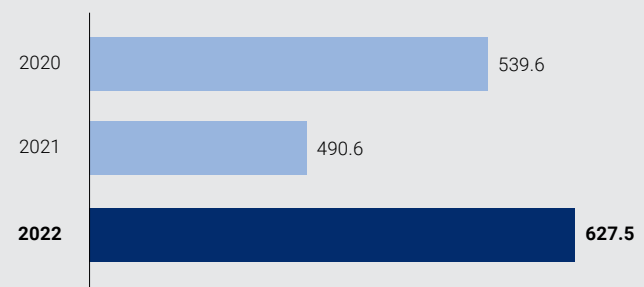
PILLAR 2 — OUR CUSTOMERS

Our transformation towards becoming a human-centred TechCo centres around how we can build innovative digital solutions and technologies that enhance the lifestyles and workstyles of current and future generations of customers.

Wave 1 — **2021-2022**

- Addressed key experience gaps in our core offerings and Customer Promise for Unifi
- Instilled a culture of 'NPS as a system' using customer feedback for continuous improvement
- To prioritise the convergence experience by focusing on the mobile customer journey and introduce special benefits for convergence customers

Wave 2

- To enhance touchpoint experience with consultative expert front liners while delivering a new brand experience in Unifi stores and our field force

2023 and beyond

- To build capabilities for analytics driven digital and omnichannel experiences for the best-in-class digital experience that is personalised and seamless

↳ *For more information on our Customer Experience, please see pages 100-103*

Net Promoter Score (NPS)

| Year	Score
2020	11
2021	23
2022	**39**
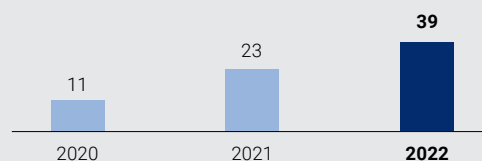
PILLAR 3 — OUR BUSINESS

Amidst the challenging Malaysian telco industry landscape, there are positive opportunities for us to pursue growth in strengthening our core as well as beyond connectivity. With this in mind, we remain true to our commitment to strengthening our Core Business, whilst pursuing ten (10) new growth opportunities for our diverse customer segments below. Our business goal is to drive revenue growth and EBIT and continue enhancing value creation by delivering sustainable financial returns to our shareholders.

Strategic Performance

Revenue (RM million)

Target: Mid to high single digit growth

2020	2021	2022
10,840	11,529	**12,118**
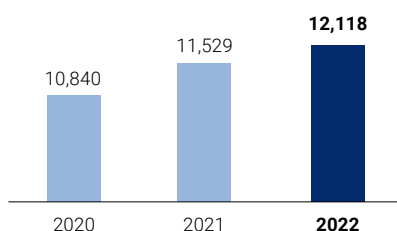
EBIT (RM million)

Target: More than RM2.3 billion

2020	2021	2022
1,604	1,710	**2,090**
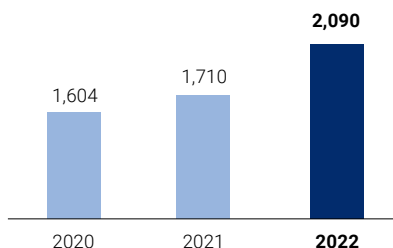
CAPEX (%)

Target: Between 14% - 18%

2020	2021	2022
13.7%	14.7%	**20.0%**
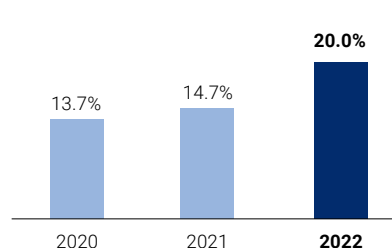
PILLAR 4 — OUR PEOPLE

Warga TM is the execution engine of the Group, thus playing a critical role in our successful transformation into a human-centred TechCo. As such, we are committed to accelerating a future-proof workforce that can drive our strategy forward and enable us to achieve our nation building aspirations for a more sustainable future.

Four (4) Strategic Priorities to developing a human-centred TechCo Workforce	
Implement a talent ecosystem that fuels the ten (10) growth opportunities	• Reskilling/upskilling staff to bridge gaps for priority skills, new talent acquisition from industry experts • Intensifying Talent Assessment and Development by introducing TM Digital Academy, with a new facelift and new location in Cyberjaya for physical training, together with quality online learning via LinkedIn, Coursera and TM Learn
Optimise and refresh the organisation	• Optimising the organisation through automation and digitisation • Refreshing the organisation's overall Job and Career Architecture • Implement manpower planning and optimisation to get right size and right place in enabling growth
Accelerate Agile@ Scale adoption	• Scaling up Agile implementation to cover more business units and divisions • Establishing 100 more squads, involving 1,560 squad members
Energise the transformation with performance and growth culture	• Infusing, measuring and rewarding TM's Culture Statement #IniCaraKita • Strengthening leadership Culture alignment and Role-modelling • Deepening internalisation of TM's Culture across the organisation • Projecting TM's Culture outwards as a compelling TechCo Employer Brand

Strategic Performance

Organisational Health Index (OHI)

Targets 84

2021	82
2022	**80**

This year, we experienced a slight decrease in our OHI. As we implemented changes necessary for our long-term sustainability and success, some employees may have perceived them differently, felt less engaged and may have had concerns about job security or changes to their roles. However, we have observed a turnaround in our OHI towards the end of 2022. As we continue to introduce further changes, we are committed to providing additional support and communication to our employees to ensure their engagement remains high.
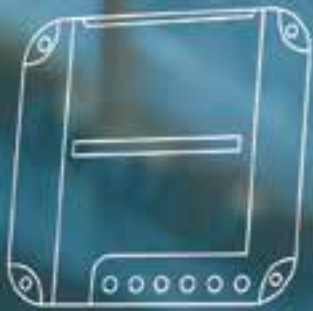
TM
GLOBAL

TM Edge Gaming: Superfast, Ultra-immersive, Game Changing

Provide a high quality, ultra-low latency, and powerful gaming experience to your customers like never before — with TM Edge Gaming.
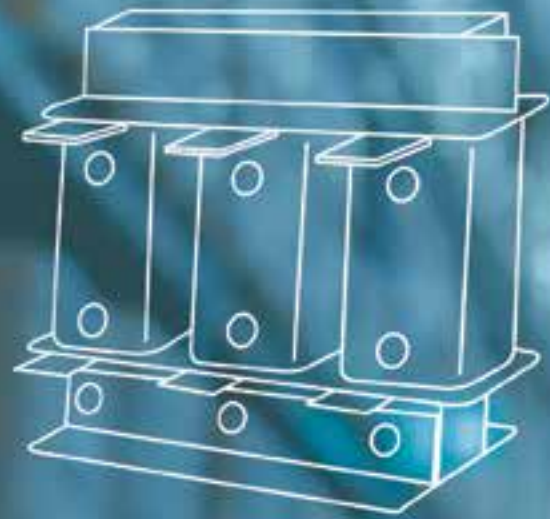
OUR BUSINESS
TODAY

With a comprehensive suite of tech-driven solutions, TM serves as an enabler for all consumers, enterprises and stakeholders, connecting them to opportunities that propel them closer to their goals. By providing innovative solutions and technologies, we empower the nation to achieve its full potential and thrive in today's digital landscape.

At TM, we believe in enriching long-term growth and are committed to making this vision a reality through accessible digital tools and resources.

KEEPING EVERYONE CONNECTED

Unifi

We are pleased with the significant progress Unifi has made in enriching the lives of Malaysians. Throughout the year, we remained steadfast in our commitment to empowering businesses, particularly micro, small and medium enterprises. Our objective was to position Unifi as a one-stop centre for SMEs in Malaysia that serves their critical business needs. From ensuring affordable connectivity to delivering needs-based digital solutions and mobility, we continue to help our business customers save costs, scale and grow. On the home front, we reinforced our position as Malaysia's convergence leader by elevating our fixed broadband and mobile services, as well as delivering exciting entertainment content. At the same time, the team has started putting the necessary measures in place as we pivot towards becoming a human-centred TechCo, ensuring that we approach the needs of customers across all segments of society with empathy and understanding. By balancing our digital technologies and new solutions with the human perspective, we are living up to our brand purpose of making life easier for our customers.

WHAT WE DO

As a leader in FMC, Unifi delivers value for both home and business customers with a range of services: telephony, broadband connectivity, mobile and value-added services such as entertainment content via Unifi TV and digital solutions. Throughout the years, we have built a strong track record of delivering the best broadband services in Malaysia. We ensure that all Malaysians reap the benefits of broadband everywhere, aligning with TM Group's aspirations of enabling a digital and innovative economy. We are here to lead the vision for a Digital Malaysia by providing the most reliable, affordable and high-speed broadband services in the country.

Q **Unifi**

CREATING STAKEHOLDER VALUE

Stakeholder Expectations ⟩ **How We Deliver Value**

Customers

Stakeholder Expectations	How We Deliver Value
High-quality services through enhanced product offerings	Attractive flexible bundled offerings with exclusive benefits that best suit customers as well as business needs and lifestyles for convergence

KEY FOCUS AREAS

Unifi for Home: Being a True Convergence Provider

What We Did in 2022	Achievements
Continue to offer super-fast unlimited Home Fibre Broadband with speeds up to 800Mbps	Reached three (3) million Unifi subscribers
Launched the Unifi Home All-In-One convergence plan with lifestyle devices add-on, six (6) months' free upgrade and a 30-day free trial	

Unifi for Business: Enhancing Digital Solutions for SMEs

What We Did in 2022	Achievements
Launched SME Digitalisation Grant initiatives and SME Digital Solutions Package that offered SMEs bundled connectivity solutions, which include Digital Marketing Solutions, cari@unifi Premium Listing and matching grants	• SME customers easily acquired the SME Digitalisation Grant via subscription to Unifi Biz
Enriched bundle for connectivity with digital solutions for our Unifi Business convergence	• Delivered six (6) SME Digital Solutions to business customers

Unifi TV: Enriching Content for Exciting Entertainment

What We Did in 2022	Achievements
Enhanced our content offerings by providing the best entertainment pack in the market – available on all devices and with HD content	• Unifi TV customers enjoyed additional 11 new content offerings through Unifi TV • Provided access to 17 streaming apps, including Disney+ Hotstar, Mango TV, SPOTV Now, SIAR and many more

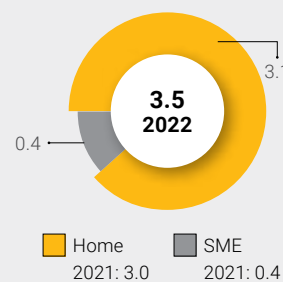## PERFORMANCE HIGHLIGHTS

Financial

Revenue (RM million)

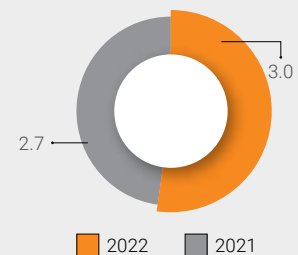2022 **5,610.8** — **+7.5%** Growth
2021 5,217.3

EBIT (RM million)

2022 **1,382.3** — **+26.9%** Growth
2021 1,089.0

Non-Financial

Total Customers Served (million)

3.5 2022
3.1
0.4

■ Home   ■ SME
2021: 3.0   2021: 0.4

Broadband subscribers (million)

3.0
2.7

■ 2022   ■ 2021

MITIGATING CHALLENGES

Challenges	Mitigation Strategies
Soft spending sentiment Consumers are more cautious with their spending, while business confidence has fluctuated due to economic uncertainties	• Extend focus beyond product features to include customer value and benefits • Launch more campaigns that provide value-for-money benefits to customers
Competition More players are competing to provide high-speed broadband and fixed-to-mobile substitution	• Deliver convergence through a complete suite of relevant offerings for customers • Ensure exceptional service and customer support
Regulatory and Policy Changes Evolving Government expectations have caused changes in pricing and other regulatory requirements	• Proactively engage with the Government and regulators to shape expectations, lead strategies and ensure compliance to regulations

AWARDS & RECOGNITION

Awards/Certification	Awarding Body
Brand of the Year – 2022-2023 Broadband/ISP Malaysia	World Branding Awards
Best in Consumer Satisfaction for Pay Television Award – MCMC Star Rating Awards 2021	MCMC
Best Wired Broadband Service Provider – MCMC Star Rating Awards 2021	MCMC
Converging the Best Content and Device Offering (Bronze) – d-awards 2022	Digital Association
Marketing in TV/Video Advertising – Marketing Excellence Awards (Bronze)	Advertising + Marketing

OUTLOOK

The year ahead is an exciting one for Unifi. Beyond our current services, we will be expanding the areas in which we serve our customers' business and lifestyle needs. With regards to Unifi's convergence, we will focus on content acceleration and monetisation. This means enriching our content packs by strengthening collaborations with new over-the-top (OTT) media partners. We will also explore growth opportunities for Smart Homes/Services and the cloud gaming space, elevating our converged lifestyle to a whole new level. At the same time, we will continue to develop our SME digital ecosystem through customised digital solutions that meet their growth needs. We look forward to maintaining our position as the best broadband service provider in Malaysia while enriching the lives of people and businesses for years to come.

BUSINESS SOLUTION BUNDLES
INCREDIBLE VALUE

Complete solutions to grow your business

SETTING THE STAGE FOR SOCIAL PROGRESS

TM's transformation from a leading converged telco into a human-centred TechCo would not be possible without the mobile. Mobile devices act as a bridge between the physical and the digital world, allowing society to reap the benefits of the Internet at the touch of a button. Therefore, mobile technology underscores the human-centred approach to digitalisation.

For TM, the rise of smartphones and connected devices is key to enabling our Digital Malaysia aspirations, which will be powered by 5G. The benefits of 5G mobile technology go beyond just faster download speeds and improved connectivity. The advent of 5G technology is revolutionising the way people live, work and communicate, with Unifi Mobile placing opportunities in the hands of customers. At Unifi, our focus is to create a mobile ecosystem that leverages the potential of 5G and elevates Malaysia to a new level of progress.

HOW 5G MOBILE TECHNOLOGY WILL MAKE LIFE BETTER

SMART CITIES

5G mobile technology can enable the development of smart cities, where various devices and sensors are interconnected to optimise the use of resources and enhance the quality of life for residents. With 5G, cities can implement smart traffic management systems, smart energy grids and smart waste management solutions. This can reduce congestion, improve energy efficiency and enhance public safety.

GREENER ECONOMY

5G mobile technology can contribute to environmental sustainability by enabling a more efficient use of resources. For instance, with 5G, smart homes and buildings can optimise energy consumption and reduce carbon emissions. Additionally, 5G can support precision agriculture, where farmers can use sensors and drones to optimise crop yields and reduce the use of fertilisers and pesticides.

IMMERSIVE ENTERTAINMENT

5G mobile technology is expected to transform the entertainment industry, providing new opportunities in entertainment and gaming activities. The technology offers faster speeds, greater reliability and lower latency compared to previous generations of mobile technology, making it an ideal platform for immersive and interactive entertainment experiences. It will transform various areas of entertainment, including immersive gaming, live streaming, interactive experiences and personalised content.

TAKING ENTERPRISE TRANSFORMATION FORWARD

2022 was a solid year for TM One, with encouraging performance improvements and positive trajectories across key segments despite a challenging market landscape. Improved customer offerings for robust and secure end-to-end next-gen connectivity and business and digital solutions fuelled the growth momentum for both recurring and one-off business needs. We enable and drive the transformation of organisations through the co-creation of fit-for-purpose solutions, fully managed services by our team of skilled professionals and certified practices. Coupled with our extensive ecosystem and collaboration with leading global and local partners, we are the trusted and strategic digital solution partner for enterprise and Government. Our advancement in technology is driven by our commitment to empower communities, businesses and Government, towards a Digital Malaysia and Smart Nation.

WHAT WE DO

TM One is the enterprise and Government business solutions arm of TM Group. We remain at the forefront of comprehensive, agile and reliable infrastructure; integrating innovative vertical solutions for today's dynamic market. We offer customers a comprehensive suite of integrated digital products and vertical-specific solutions to propel their digital adoption, enabling Malaysia's progress towards becoming a Digital Nation. TM One enables this transformation journey through the latest digital tools, human-centred technologies, bespoke solutions and managed services across cloud, fixed and mobile connectivity, 5G, cyber security, data centre, ICT solutions, contact centre and smart services.

Our complete building blocks of digital infrastructure, digital connectivity and digital solutions enable and empower businesses and organisations to harness the power of Industrial Revolution (IR) 4.0, AI, Big Data and IoT to take their transformation forward. With leading hyper-converged connectivity, scalability and capacity through our digital solutions and infrastructure, we deliver improved efficiency and flexibility to unlock the potential of all industries.

🔍 TM One

CREATING STAKEHOLDER VALUE

Stakeholder Expectations	❯	How We Deliver Value

Customers

A comprehensive approach that blends reliable connectivity services with innovative business solutions	Accelerating customers' digital transformation by leveraging emerging technologies coupled with TM One's next-gen connectivity, data centres, cyber security and smart services solutions

Partners

Empowering businesses through leading global technology and service providers by establishing mutual benefits through strategic partnership and seamless collaboration	Forging true partnership by establishing business transparency for clearer expectations and deliverables, towards creating a meaningful business arrangement

Shareholders

Fostering a competitive environment for long-term gains and business growth by diminishing equity investment risk as part of shareholders' value creation	Generating revenue growth for improved profitability from enhanced productivity and customer service excellence

KEY FOCUS AREAS

Next-Gen Converged Connectivity Solution

What We Did in 2022	Achievements
First private 5G commercial deployment for the Oil & Gas industry in Malaysia and the region	• Deployed secure, automated remote operation control and monitoring using the latest 5G standalone architecture in one of the offshore platforms, which strengthened operational efficiencies and people, health and security management, while enriching the business ecosystem from platforms to tools and devices
Drove hybrid cloud-adoption for scale large enterprise's business transformation and digital needs	• Designed a hybrid cloud solution which improved data security and provided better operation flexibility, reliability and agility to support the growth of customers' large and geographically dispersed organisations
Future-proofed next-gen connectivity	• Implemented thousands of enhanced Software Defined Wide Area Network (SD-WAN) and Software Defined Internet Protocol Virtual Private Network (SD-IPVPN) solutions nationwide
Appointed by the Government as the only local Cloud Service Provider (CSP)	• Executed hybrid cloud adoption for multiple Government agencies to ensure their diverse workload runs on cloud • Drove digital literacy to the Government's workforce through a series of seminars and workshops
Extended digital connectivity coverage for the Government's JENDELA project	• Continued the POP1 (Point-of-presence) plan of ensuring service continuity through the successful installment of 233 sites in Northern and Sabah and Sarawak regions • Awarded POP2 for the Central region for 174 sites

Digital Solutions and Infrastructure

What We Did in 2022	Achievements
Boosted the state Government's and local councils' liveable and sustainable cities aspiration through Smart City solutions	• Helped to streamline up to 51% of traffic flow during peak hours while reducing carbon dioxide production rate through traffic optimisation and analytical systems • Implemented security and surveillance systems, supported by an Integrated Command Centre which aids close to 20 local authorities in ensuring population safety, reduce crime rates and enabling quick response during emergencies
Brought digital progress to large private healthcare institution via Smart Healthcare solutions	• Enhanced patient experience by customising essential in-patient services with automation and surround control, harnessing the power of IoT
Delivered Smart Agriculture solutions for several farms and plantations of all sizes across Malaysia	• Enabled farmers in several states to improve their crops yield by monitoring the humidity and soil moisture through IoT sensors, AI and surveillance systems • Upgraded customers' existing fertigation system through smart water management, coupled with IoT platforms for automation, real-time monitoring and control mechanism
Performed Proof of Concept (POC) on Smart Manufacturing solutions for large enterprises	• Incorporated Overall Equipment Effectiveness (OEE) system with comprehensive back-end infra from connectivity to cyber security, that allows remote access to machines thus optimising and safeguard critical plant assets
Rendered Data Centre and IT Outsourcing Managed Services to Banking, Financial Services & Insurance industries	• Bridged customers' IT operation gap through data centre and disaster recovery management, while providing faster turnaround time via 24/7 local IT support
Launched the 2nd city based data centre that is a Tier III/Rated 3 Data Centre in Kelana Jaya (KJDC)	• KJDC green building is designed to improve energy efficiency through the use of modular cooling systems • Obtained ANSI/TIA-942-B-Level 3 Constructed Facility certification from Telecommunications Industry Association (TIA)
Expanded cyber security offerings by introducing new elements	• Became one of the leading advisory companies for cyber security related topics at thought leadership conferences • Accorded the Frost & Sullivan 2022 Malaysia Cyber Security Services Company of the Year Award

STRATEGIC PARTNERSHIPS & COLLABORATIONS

NCT Group of Companies (NCT)

Integration of our secure digital infrastructure and comprehensive smart solutions with advanced analytics will position Selangor Smart Industrial Park (SSIP) as one of the leading industrial parks in the state – setting a new benchmark for modern smart, liveable and safer communities.

"It is a privilege to work alongside TM to ensure a full suite of connectivity to power our SSIP. The role of TM is crucial in providing the groundwork and framework to realise our vision of creating a fully integrated end-to-end digital solution for our clients."

- Dato' Sri Yap Ngan Choy, Group Managing Director of NCT

Cisco International Limited

This strategic partnership is aimed at fostering greater inclusion and growth in Malaysia's digital economy through several digital transformation initiatives – for SMEs, service providers (5G Innovation Platform) and the Education industry.

"Cisco's Country Digital Acceleration (CDA) programme in Malaysia is focused on turning the country's digital economy blueprint into reality by leading the development of core 5G technologies and infrastructure, accelerating the digital transformation of SMEs and nurturing a pipeline of next-generation IT talent that will continue to support its national ambitions. We are thrilled to embark on a new chapter of our collaboration with TM and the Malaysian Government through our CDA programme and are excited about the opportunities ahead."

- Dave West, President, Cisco Asia Pacific, Japan and Greater China

STRATEGIC PARTNERSHIPS & COLLABORATIONS

Ramsey Sime Darby Health Care (RSDH)

Leveraging our Smart Patient Suite, RSDH group of hospitals became the first in Malaysia to utilise this solution – elevating digital patient care to the next level.

"We are pleased to mark a milestone with this collaboration, as ParkCity Medical Centre will be the first hospital under the Group to pilot TM One's Smart Patient Suite solution. Given the evolving nature of the healthcare system, we strive to continuously offer solutions that will elevate our patients' experiences by accommodating their needs through digital technology. Backed by TM One's comprehensive digital support, we are confident that this will contribute to driving the evolution of Malaysia's healthcare ecosystem moving forward."

- Peter Hong, Group Chief Executive Officer, Ramsay Sime Darby Health Care

UMW

Spearheading UMW's transformation journey by taking their current data centre architecture to new digital heights with our hybrid cloud solution – improves efficiency in managing data, scalability and better cost management.

"We are confident that this collaboration with TM One will lead to the optimisation of our data centre and our efficiency in managing data, improve scalability as well as offer better cost management. Furthermore, hybrid cloud offers the UMW Group better flexibility, reliability, agility and improved data security to support the growth of our businesses."

- Dato' Ahmad Fuaad Kenali, President & Group Chief Executive Officer, UMW Holdings Berhad

Majlis Bandaraya Ipoh (MBI)

Accelerating the transformation of townships into smart cities through an array of smart services and professional and managed services – supporting business communities while achieving environmental sustainability.

"The Smart Traffic Analytics and Recognition System (STARS) was equipped with AI, high-definition cameras and video analytics to enable intelligent traffic analysis for optimal traffic management. It will help smooth traffic flow by up to 51%, especially during peak hours, which helps save time and cost for road users. The implementation is in line with MBI's intention to make Ipoh a low-carbon city by 2030."

- Dato' Rumaizi Baharin @ Md Daud, Mayor of Ipoh

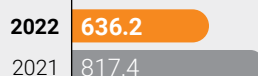**To read more on these partnerships, scan the QR Code**
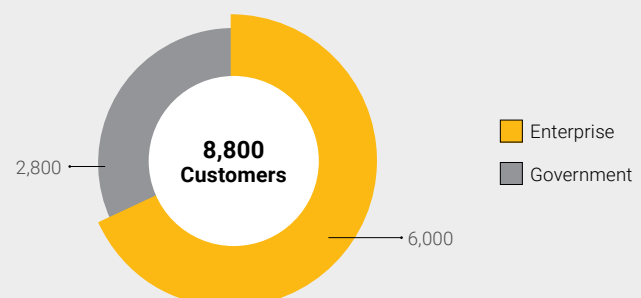
PERFORMANCE HIGHLIGHTS

Value Created for TM

Revenue (RM million)

2022	3,335.9
2021	3,319.5

EBIT (RM million)

2022	636.2
2021	817.4

Value Created for Stakeholders

8,800 Customers

- 2,800
- 6,000

🟡 Enterprise
⬜ Government

MITIGATING CHALLENGES

Challenges	Mitigation Strategies
Global supply chain delivery delays and price increase	• Increased stock and managed inventories, while having closes collaborations with local and global partners within the ecosystem
Project deferments arising from customer delays and postponements	• Established project steering committees with customers to drive prioritisation and co-creation in alignment with business aspirations

AWARDS & RECOGNITION

Awards/Certification	Awarding Body
ISO 9001:2015 Quality Management System (QMS)	SIRIM
ISO 22301:2019 Business Continuity Management System (BCMS) for Brickfield Data Centre (BFDC)	SIRIM
Certified ANSI/TIA942 Rated 3 for KJDC	Telecommunications Industry Association (TIA)
Payment Card Industry Data Security Standard for Microsoft Azure Stack (MAS), Cloud Alpha Edge (CAE) and Virtual Private Cloud (VPC)	BBSec Thailand
Best Outsourced Inbound Contact Centre (Silver)	Contact Centre Association of Malaysia (CCAM)
2022 The Best Stellar Workplace Award for Small Employer for PT VADS Indonesia	KONTAN
2022 Stellar Workplace Recognition in Employee Commitment for PT VADS Indonesia	KONTAN
2022 Stellar Workplace Recognition in Employee Satisfaction for PT VADS Indonesia	KONTAN
2022 Malaysia Cyber Security Services Company of The Year Award	Frost & Sullivan
Fortinet Top Managed Security Services Provider (MSSP) Achiever 2022	Fortinet
HP 2022 Best Aruba Partner – Public Sector	Aruba
CISCO Marketing & Innovation Partner of the Year 2022	Cisco
CISCO Cloud & Managed Services Partner of the Year 2022	Cisco
CISCO Small Business Partner of the Year 2022	Cisco

OUTLOOK

In the near term, with Enterprise Agile@Scale, TM One will continue to deliver world-class customer experience excellence, innovative B2X and digital value propositions powered by the multiplicity of XaaS that adopts zero trust principles. We have aligned ourselves with the country's aspiration to be a technologically advanced nation by 2030, enabling significant improvements in Malaysia's Innovation Index and Smart City Index. We will continue to accelerate and aggregate the industrialisation of smart solutions and services for enterprises and Government in partnership with our 5G Sphere partners.

For the next three (3) years and beyond, we expect growth in the converged enterprise mobile solutions segment, to be pervasive in our smart solution portfolio and expand our cyber security services. We remain steadfast in our core services and customer service excellence, serving as the leading, trusted and preferred end-to-end business solutions and managed services provider to large organisations, enterprises and Government.

REVOLUTIONISING THE OIL & GAS INDUSTRY WITH 5G

5G technology has amazing potential to power digital applications, data processing, remote operations and monitoring, network resilience and cyber security. TM One brings together comprehensive innovative solutions through 5G and next-gen technologies that enables the Oil & Gas sector to gain its next advantage, today and tomorrow.

YOUR
NEXT
IS NOW

TM
ONE

C credence

A **TM** Company

TRANSFORMATION
DONE RIGHT

Digital transformation is critical in today's business landscape. Whether a company seeks to enhance its customer experience, improve operational efficiencies, or create innovative solutions, digital technology has become an essential enabler. The ability to capitalise on digital technologies is crucial to the future of businesses and the public sector. Organisations that successfully embrace digitalisation will find that the rewards can be significant, leading to new opportunities for sustainable growth and value creation.

With this in mind, we proudly launched Credence, a new cloud and digital services company focused on helping enterprises and the public sector embark on a meaningful, low-risk digital transformation journey. A born-in-the-cloud company, Credence will leverage both local and international global technologies through its ecosystem of strategic partnerships, backed by TM's trusted presence and strong infrastructure.

Our foray into the deep tech market was encouraged by the impact we have made in the nation's digital readiness and in laying a strong foundation for a future-ready digital economy. Through TM One, we have been serving the public sector and enterprises by building a robust infrastructure network to enable digital connectivity. Now, with Credence, we will be able to expand our cloud technology and solutions blueprint to offer our business customers end-to-end solutions, from infrastructure to insights.

For large enterprises, Credence will help organisations understand the deep technology landscape and support them in building strong, secure and resilient capabilities as they focus on their core business. Meanwhile, we will enable the Government and Public Services sector to achieve a transformed and more efficient digital Government. This will enable them to create citizen-centric policies and deliver public services in the digital age, serving citizens both quickly and securely.

While Credence brings in international capabilities, it will also nurture the Malaysian talent pool so we can enhance the nation's technology ecosystem with deeper skills, increasing our digital resiliency and reducing our dependencies on global talent in the long run. This will not only enable organisations in their transformation journey, but contribute towards our progress in creating a digital society and building a Digital Malaysia.

Credence will also accelerate TM Group's own transformation into a human-centred TechCo, encapsulating the idea that technology is not an end in itself, but rather a means to improve lives. Credence's brand promise is to guide our customers and deliver high-quality digital services, easing their concerns and simplifying the complexity of digital transformation. Along with the presence and strength of TM, Credence is positioned to offer our customers the best returns on their technology investment.

Clarity In the Cloud

From migration to modernisation, from security to accessibility, accelerate your infrastructure transformation.

Symphony Of Managed Services

Tailored, flexible, proactive, and predictive services to reduce costs and improve certainty.

Crafting Stories with Data

From information to insights, get value and visibility at velocity.

Simplicity Of Modernisation

From legacy to future-ready, from rigid to agile, transform and scale software solutions with ease.

ENABLING DIGITAL ECOSYSTEM

GLOBAL

Amidst a vibrant market landscape, TM Global remains committed to driving growth by creating value-driven solutions for our stakeholders. We have been at the forefront of every technological evolution in Malaysia, continuously striving for digital inclusion in our home country. In 2022, we further enriched nationwide ecosystems with 4G and 5G fiberisation supported by the establishment of edge facilities. We also continued to transcend boundaries by embarking into the e-Sports scene and hit a new milestone through collaborations with global digital players in providing the ultimate gaming experience. TM Global remains the gateway for hyperscalers and OTT players via diversified wholesale digital infrastructure and bespoke connectivity solutions for both domestic and international segments; connecting Malaysia to the world whilst bridging the digital divide and positioning Malaysia as the trusted digital hub for the ASEAN region.

WHAT WE DO

TM Global is poised to support service providers across the globe through its customised range of wholesale data, connectivity and platform solutions. On the domestic front, TM Global aspires to be the trusted wholesale infrastructure provider to drive digital industry and 5G ecosystems through nationwide infrastructure deployment and services enhancement. Complementing Malaysia's 5G network pledge to achieve 40% targeted 5G population coverage in 2022, we have delivered almost 4,000 5G sites; ahead of schedule. Additionally, seven (7) edge facilities and 62 TMiX nodes were deployed to bring content closer to end users whilst advocating for infrastructure sharing with more than 690,000 km domestic fibre cable and over 3.4 million high-speed broadband access ports throughout Malaysia, delivering the most rapid and cost-effective network deployment nationwide.

In the international market, we remain focused on positioning Malaysia as the preferred digital hub for the ASEAN region. This is achieved by expanding our digital infrastructure solutions and establishing strategic collaborations with hyperscalers and global service providers. Our wide-ranging connectivity is supported by 32 submarine cable systems spanning over 340,000 km with over 80 Tbps capacity and 29 PoPs worldwide for a robust and reliable network. This substantial infrastructure is effectuated by our data centre solutions for end-to-end offerings comprising hosting and connectivity services at prime locations. We also have more than 90 deep in-country cache nodes presence, which boosts content delivery into ASEAN and the rest of the world via our cloud-based content delivery platform. Our collaborations with e-Sports and gaming providers further diversify our range of edge services in providing a superior gaming experience in this region.

🔍 **TM Global**

CREATING STAKEHOLDER VALUE

Stakeholder Expectations ➤ **How We Deliver Value**

Customers & Partners

• Seamless connectivity locally and worldwide to meet dynamic and emerging requirements	• Catalysed nationwide digital ecosystems with 5G fiberisation and expanded regional reachability through international gateway PoPs
• Surging consumption of latency-sensitive applications	• Established edge nodes nationwide to bring content closer to end users
• Comprehensive solutions with efficient business manoeuvrability for improved customer experience	• Sustained customers' loyalty and satisfaction with a NPS rating of +47 for TM Global
• Collaborative partnerships in creating innovative solutions to cater to business needs	• Delivered edge gaming services benefiting ASEAN populations through strategic partnerships with global digital players

Shareholders & Investors

• Robust products and services offered in parallel to market evolution in ensuring business relevance and sustainability	• Improved financial performance with revenue growth from core data product offerings
• Greater business opportunities in new growth areas for enhanced value propositions	• Expanded platform play portfolio towards edge gaming through collaborations with global digital players
• Continuous business profitability advancement to spur future business expansion	• Delivered substantial EBIT growth through prioritisation of higher margin solutions

Government & Regulators

• Developed digital infrastructure nationwide aligning to market evolution	• Established wide network coverage in Malaysia, with more than 690,000 km of fibre optic cable nationwide
• Conducive access to telecommunication infrastructure within the industry, enabling the provision of digital services to populations	• Deployed in-country and regional wholesale digital infrastructure encompassing mobile backhaul solutions, high-speed broadband access ports, submarine cable capacity, data centre and other edge capabilities

KEY FOCUS AREAS

Catalyse Malaysia's Digital Ecosystem

What We Did in 2022 ➤	Achievements
Expanded network infrastructure to address greater demand for digital consumption by industry players	Greater network coverage with more than 7,000 4G and 5G backhaul sites deployed nationwide
Broadened coverage with improved quality of Internet experience for Malaysians	Provisioned over 3.4 million high speed broadband access ports, directly contributing to JENDELA aspiration
Establishment of comprehensive partnership arrangements to yield innovative solutions in addressing end users' needs	Robust domestic IP ecosystem with the deployment of 62 TMiX nodes and seven (7) edge facilities in targeted optimum areas for efficient content delivery

Position Malaysia as a Regional Digital Hub

What We Did in 2022 ➤	Achievements
Enriched submarine cable portfolio with extensive reachability and upgraded capacity, especially in popular routes	Deployed more than 80 Tbps international data capacity to cater to the demand from hyperscalers, carriers and digital players
Targeted peering partners to accommodate high traffic demand from other countries in improving network latency and uplifting customer experience	Enriched local and international peering ecosystems with over 17 Tbps capacity
Strengthened partnership ecosystem with hyperscalers, global carriers and digital players in addressing their edge requirements within the region	Delivered more than four (4) MW wholesale data centre solutions and upgraded CDN regional footprints with over 90 CDN nodes, contributing to a twofold increase in traffic against 2021

KEY FOCUS AREAS

Redefine the Customer Experience

| What We Did in 2022	Achievements
Intensified efforts to improve service quality and assurance through various initiatives for an uninterrupted, reliable network	Recorded 100% installation cycle time as per the agreed timeline with customers
Delivered proactive and customised solutions through additional value creation as well as product bundling	Addition of 32 customers as a result of innovative wholesale solutions catered to domestic and international markets

PERFORMANCE HIGHLIGHTS
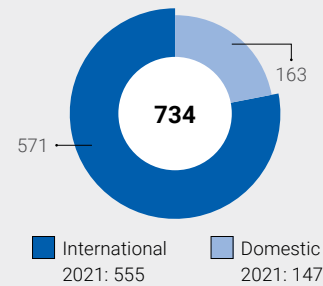
Value Created for TM

Revenue (RM million)

2022	2,778.6
2021	2,578.1

+7.8% Growth

EBIT (RM million)

2022	469.2
2021	451.2
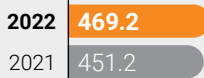
+4.0% Growth

Value Created for Stakeholders

Total Customers Worldwide

734

163

571

International 2021: 555

Domestic 2021: 147

MITIGATING CHALLENGES

Risks & Challenges	Mitigation Strategies
Changes in political, legal and regulatory guidelines across the globe	• Proactively monitored geopolitical movements and ensured compliance with revised frameworks in the countries we invest in • Produced periodic risk assessment reports by identifying potential threats and mitigation plans
Revision of domestic pricing structure due to regulatory exercises	• Constantly engage with key stakeholders for the latest status updates and win-win moving forward plans for the industry • Leveraged TM's internal strengths to serve superior and competitive commercial offerings
Customised and dynamic requirements amidst competitive market conditions as well as the evolving digital landscape	• Remained up-to-date with the latest cost-efficient technologies to accelerate the development of new digital solutions • Fortified our market position by expanding partnership ecosystems and providing mutual benefits to parties involved
Exposure to inorganic possibilities	• Conducted comprehensive assessments, including due diligence exercises, for a holistic evaluation of targeted business opportunities • Ramped up internal skillsets needed, particularly in new business ventures to further amplify in-house capabilities

🔍 TM Global

GROWTH OPPORTUNITIES

Opportunities	Our Approach
• Growing demand for edge solutions from hyperscalers and digital players in achieving greater end-user experience	• Diversify business portfolios through edge nodes, namely edge facilities, TMiX and CDN nodes, as well as the establishment of strategic collaborations with global digital players for edge gaming solutions
• Increasing wholesale data centre requirements with mega power capacity as well as green energy capabilities and initiatives	• Expand existing wholesale data centre power capacity in serving hyperscale demand and expanding global providers residing in Malaysia to strengthen our position as the region's digital hub
• Exponential bandwidth requirements driven by the shift in behaviour and technological advancements	• Proactively secure cost-effective submarine cable capacity with new commercial models to accommodate terabits bandwidth requirements from hyperscalers and carriers. • Built a new submarine cable system to connect ASEAN to the Western European region

AWARDS & RECOGNITION

Awards	Awarding Body
T-Systems Zero outage approved partner	T-Systems International GmbH
Top 5 of Asia Regional Operator of the Year (Shortlisted)	Carrier Community Global Awards

OUTLOOK

In the near term, we will continue propelling business growth with value-driven customised solutions, leveraging internal strengths to propagate a conducive partnership ecosystem in domestic and international segments to drive future innovation. Domestically, we remain anchored to catalysing digital inclusivity in Malaysia through 4G and 5G sites deployment, high-speed broadband access coverage expansion, as well as nationwide edge capabilities enrichment to propel national digital initiatives. Comprehensive strategic collaborations with industry players, including our subsidiaries, will continue to be a priority as we strive to create an augmented domestic telecommunications ecosystem for global players.

On the international front, we will continue to position Malaysia as the regional digital hub through the diversification of edge and platform play services. This caters to the thriving demand for content and gaming needs, enabling reduced latency for a greater customer experience. As part of strengthening our core data business, participation in the upcoming SEA-ME-WE 6 (SMW6) includes Malaysia as a landing point, which is expected to further induce traffic flows across the globe.

In the longer term, we will embrace the ever-changing dynamic market landscape while maintaining our position as a dominant edge ecosystem provider in the region. A broader spectrum of edge services to serve the burgeoning content and gaming industry will be made available, capable of addressing much-needed high-power bandwidth usage and latency-optimised service requirements.

Our long-term objective is to elevate our position with innovative solutions, including capabilities to provide strategic applications parallel to market needs and excellent customer experience for our stakeholders. Aspiring to become a cutting-edge regional platform provider, we are perpetually on the lookout for next-generation applications in proliferating digital growth in-country as well as throughout the region.

OUR SUSTAINABILITY JOURNEY

Every step we take is guided by our commitment to safeguard the planet and improve every life we touch.

Proactive and forward-thinking - this is the DNA embedded within TM. All progress made along our ESG Roadmap has far-reaching benefits for generations to come.

All decisions we make ensure that our path forward is not only secure but also sustainable.

OUR COMMITMENT TO YOU

Tan Sri Mohammed Azlan Hashim

Chairman

Dato' Imri Mokhtar

**Managing Director/
Group Chief Executive Officer**

Dear Stakeholders,

At TM, our goal is to use technology to empower communities, businesses and Government to shape a Digital Malaysia. This is part of our commitment to nation building and sustainable development, prioritising positive impacts with every business decision.

Sustainability is critical to our long-term success which as both a moral obligation and an opportunity to create value for all stakeholders. In 2022, we conducted an in-depth materiality exercise to ensure that we are fully aligned with the needs and concerns of our stakeholders. By engaging proactively and addressing the issues most important to them, we are able to deliver long-term value and create meaningful change.

To make sustainability a core component of our operations, we have integrated sustainability-related key performance indicators (KPIs) across all divisions. This enables us to effectively monitor and assess our progress towards achieving our sustainability objectives while fostering a culture of sustainability throughout the organisation. We have also aligned our sustainability commitments with the United Nations Sustainable Development Goals (UN SDGs) to drive positive outcomes that contribute to the global sustainability agenda.

Throughout the year, we continued to progress under each of our sustainability pillars:

Building a Digital Malaysia

Connectivity is a fundamental right and everyone should have access to reliable and affordable digital services. This is shown through our commitment and support for the Government's JENDELA action plan, which aims to close the digital divide and promote inclusive socio-economic development. In 2022, we accelerated our fixed broadband deployment in over 6.2 million premises, achieving 69% towards at least 70% of premises with high-speed Internet access to enable Digital Malaysia by 2025.

Protecting the Planet

Environmental well-being is an essential component of achieving sustainable societies and economies. One of our main environmental priorities is addressing climate change, which poses significant risks to our stakeholders and society as a whole. We have reduced our carbon emissions by 12.45% this year by using renewable energy and efficient practices and we aim to reach net zero by 2050. We are also adopting TCFD reporting recommendations, with plans to issue our first TCFD report by mid-2023 – two (2) years ahead of Bursa Malaysia's listing requirements.

Putting People First

People remain at the heart of our transformation into a human-centred TechCo. Our employees are the backbone of TM, to whom we provide fair opportunities, diversity and inclusion, resulting in an Organisational Health Index (OHI) score increased from 77 at mid-year to 80 at year end of 2022. We also support our supply chain partners, who help us meet our nation building goals and contributed RM3.53 billion to local suppliers in 2022. We also empower communities through Yayasan Telekom Malaysia (YTM)'s social programmes, with RM8.1 million invested to improve the lives of 67 female entrepreneurs and over 47,000 community members in 2022.

Strengthening Our Integrity

We believe in operating with integrity, honesty and fairness in all of our business practices. We have a strict zero-tolerance policy against any unethical behaviour, corruption, or bribery. Our policies and procedures are designed to ensure total compliance with laws, regulations and industry standards and we continuously update them to keep up with the ever-changing business environment. Recently, we were honoured with the Gold Category in the AIGA organised by the Malaysian Institute of Integrity (IIM). This prestigious award recognises our commitment to high standards of integrity and governance, putting us at the forefront of trusted companies in Malaysia.

Our unwavering commitment to sustainability has helped us outperform many of our peers within our industry. We have received a full rating of 4 out of 4 stars on the FTSE4Good Bursa Malaysia Index, placing us among the top 98 constituents of the index. On FTSE Russell global rating, we have seen an overall improvement in ESG score to 3.6 against 3.1 in 2021. Additionally, we improved our CDP rating to 'B' from 'C' and 'A-' from 'B-' for the CDP SER last year, highlighting our improved resilience against ESG risks. These accomplishments demonstrate our focus on creating long-term value for all stakeholders.

As we continue to advance our sustainability agenda, we remain steadfast in our dedication to serving all our stakeholders as we accelerate our transformation from a leading converged Telco into a human-centred TechCo. Thank you for being part of our journey and for your continued support.

Tan Sri Mohammed Azlan Hashim
Chairman

Dato' Imri Mokhtar
Managing Director/Group CEO

SUSTAINABILITY STRATEGY

1 **Strategy and Aspiration**

At TM, we view sustainability as an essential part of doing business. Therefore, we continue to integrate sustainability into the DNA of our organisation. With strong foundations built in collaboration with our leadership team and stakeholders across the Group, we are able to make great strides each year in our sustainability journey. This is supported by TM's Sustainability Architecture, which enables us to address our material matters and deliver positive sustainability impacts.

In further institutionalising sustainability, we have embedded ESG-related KPIs across our business for greater accountability and performance. This is operationalised through TM's sustainability programmes, which enable us to progressively improve our ESG practices and accelerate our aspirations of driving a Digital Malaysia.
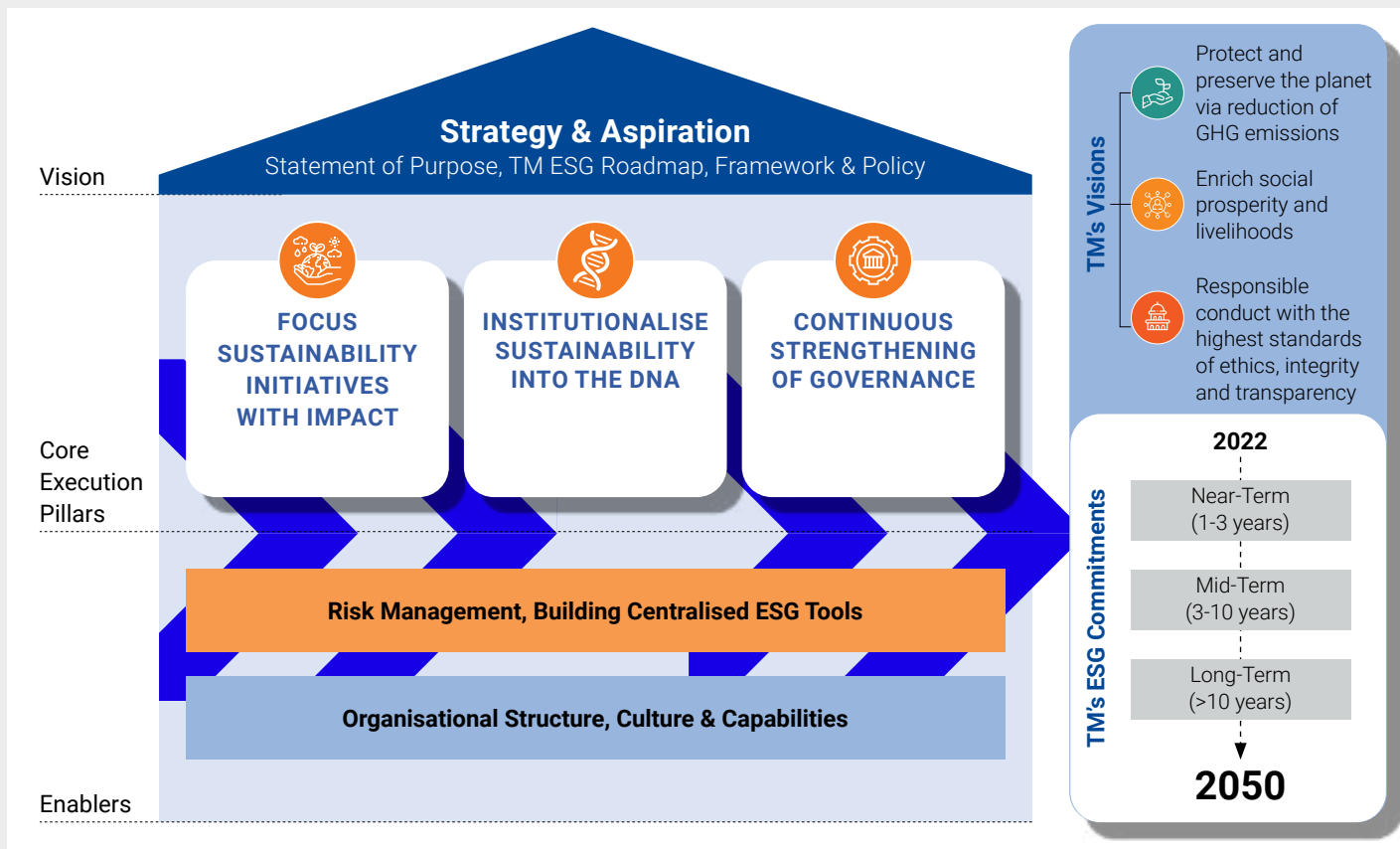
By integrating sustainability into our strategy, we are able to build our business resilience, create inclusive value for stakeholders, meet our nation building agenda and contribute to solving global sustainability challenges.

Through Our Sustainability Pillars...	...we create sustainable value for our stakeholders...	...and our business performance...	...while contributing to the Government's nation building ambitions...	...and the UN's Global Goals
Building a Digital Malaysia	**Customers:** Provide innovative and inclusive technological solutions that enable them to thrive in an increasingly digital world **Communities:** Deliver critical Internet access to rural areas, thus connecting communities to essential services such as education, banking and healthcare	• Contributes to our long-term financial growth • Reinforces our position as an industry leader • Improves our competitive advantage	**JENDELA:** A five (5)-year action plan to improve the quality and reach of Malaysia's communication network and close the digital divide **MyDIGITAL:** A national initiative to transform Malaysia into a digitally-driven, high-income nation and a regional digital leader	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 10 REDUCED INEQUALITIES 11 SUSTAINABLE CITIES AND COMMUNITIES

Material Matters: M1 M2 M3 M4 M5 M6   **New TM Compass:**

Through Our Sustainability Pillars…	…we create sustainable value for our stakeholders…	…and our business performance…	…while contributing to the Government's nation building ambitions…	…and the UN's Global Goals
Protecting the Planet	**Suppliers:** Strengthen the supply chain through environmental standards/ requirements **Communities:** Contribute to ecological resilience to protect society from climate change and other environmental challenges	• Saves costs through improved operational efficiency • Mitigates climate-related damage to our infrastructure • Stays ahead of rising environmental regulations and costs (i.e., carbon tax)	**Malaysia Climate Change Action Council:** Malaysia aims to reduce its greenhouse gas (GHG) emissions intensity by 45% across the economy by 2030, with an aspiration of achieving net zero emissions by 2050 **Green Technology Master Plan Malaysia:** A national plan to develop green technology and create a low-carbon economy, by 2050	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION

Material Matters: M7 M8 M12   **New TM Compass:** 🎯 📊

Putting People First	**Employees:** Create an inclusive and nurturing work environment that builds their careers **Suppliers:** Empower the rights and development of everyone in the supply chain **Communities:** Contribute to socio-economic progress through educational and social programmes for underserved communities	• Increase productivity and performance of employees • Strengthen supply chain resilience for minimal disruptions • Improve public trust and brand reputation	**Malaysian Code on Corporate Governance (MCCG):** To encourage gender diversity, Boards must have at least 30% women directors. **Shared Prosperity Vision 2030:** Addresses disparities to protect and empower the *Rakyat* in ensuring that no one is left behind by 2030	1 NO POVERTY 4 QUALITY EDUCATION 5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES

Material Matters: M9 M10 M11 M12 M13   **New TM Compass:** 📊

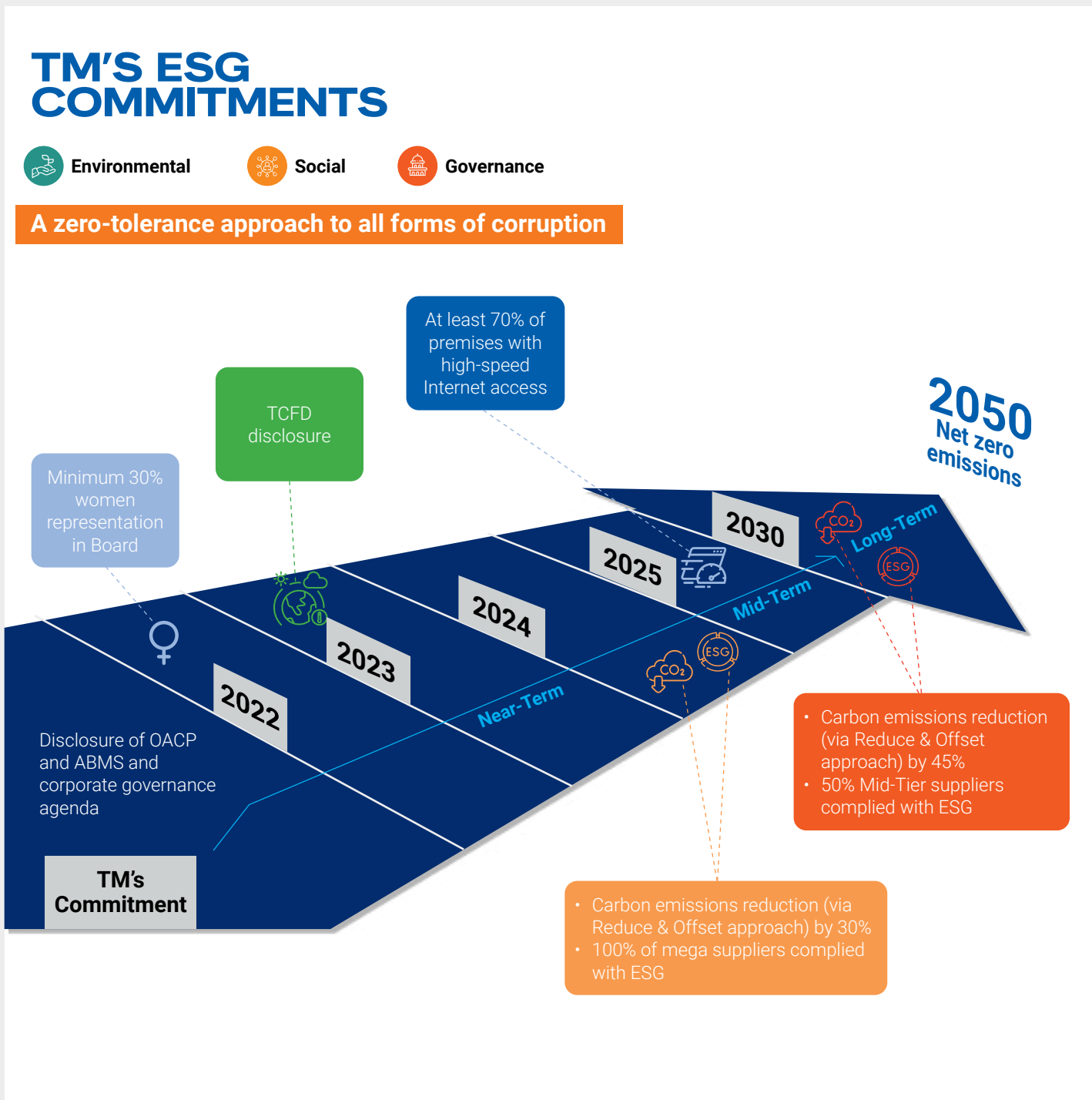|				
Strengthening Our Integrity	**Employees:** Create a culture of integrity and fairness for a better work environment **Government & Regulators:** Avoids fraud and corruption that may negatively affect economic growth	• Prevents regulatory penalties and related costs • Strengthens TM's image as a sustainable and responsible company	**The National Anti-Corruption Plan:** An anti-corruption policy that reflects the *Rakyat*'s expectations for a greater corrupt-free nation that promised transparency, accountability and integrity	8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES

Material Matters: M14   **New TM Compass:** 📊 📊
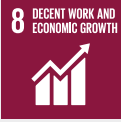
2 ESG Roadmap & Commitments

We are dedicated to creating a positive impact on society and the environment and our ESG Roadmap is crucial in fulfilling our sustainability goals. This roadmap offers a clear and comprehensive framework for our leadership team, employees, partners and other stakeholders to collaborate and develop a strong ESG ecosystem.

To achieve our ESG commitments, we are implementing various initiatives across our business, spearheaded by our leadership team. We understand that sustainability is an ongoing journey and we are committed to continuously improving our ESG performance to create a more sustainable future for everyone.

TM'S ESG COMMITMENTS

🌱 **Environmental**　　🔆 **Social**　　🏛 **Governance**

A zero-tolerance approach to all forms of corruption

At least 70% of premises with high-speed Internet access

TCFD disclosure

Minimum 30% women representation in Board

2050 Net zero emissions

2030

2025

Long-Term

2024

Mid-Term

2023

Near-Term

2022

Disclosure of OACP and ABMS and corporate governance agenda

TM's Commitment

- Carbon emissions reduction (via Reduce & Offset approach) by 45%
- 50% Mid-Tier suppliers complied with ESG

- Carbon emissions reduction (via Reduce & Offset approach) by 30%
- 100% of mega suppliers complied with ESG

③ **Contributing to the Global Agenda**

As a global citizen, we are committed to generating sustainable impact that extend beyond Malaysia's borders. Our sustainability agenda aligns with the UN SDGs, enabling us to translate our business activities into meaningful global contributions. Through the mapping of our activities and material matters against the specific SDG targets and indicators, we identified the most impactful and influential SDGs resulting in nine (9) Focus SDGs.

	SDG Targets	TM's Contributions
SDG1: No Poverty	**Target 1.5:** By 2030, build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters	• 27,572 affected community members assisted through Humanitarian Disaster Response • RM8.1 million contributed to community initiatives
SDG4: Quality Education	**Target 4.1:** By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes	• >5,000 students from 51 different schools reached through TM Future Skills • RM13.4 million channelled into the Future Leaders Scholarship Programme
	Target 4.4: By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship	• Develop future digital leaders through MMU, a comprehensive higher education ecosystem that empowers students for innovation and entrepreneurship ventures
	Target 4.b: By 2020, substantially expand globally the number of scholarships available to developing countries, in particular least developed countries, small island developing States and African countries, for enrolment in higher education, including vocational training and information and communications technology, technical, engineering and scientific programmes, in developed countries and other developing countries	• RM15.6 million worth of scholarships disbursed to support the academic ambitions of high-potential students
SDG5: Gender Equality	**Target 5.5:** Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life	• 31% of management positions held by women • 36% of Board members are women
SDG8: Decent Work and Economic Growth	**Target 8.4:** Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation and encourage the formalisation and growth of MSMEs, including through access to financial services	• RM8.1 million contributed to community development initiatives • 69 suppliers reached through BVDP
	Target 8.6: By 2020, substantially reduce the proportion of youth not in employment, education or training	• 100% YTM scholars employed within six (6) months of graduating • 25 Asnaf and youth entrepreneurs trained through YTM's entrepreneurship programmes
	Target 8.8: Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants and those in precarious employment	• 14,388 employees trained on human rights policies/procedures • 23% decrease in OSH-related incidents due to TM's enhanced OSH governance structure • 6,766 employees are unionised

	SDG Targets	TM's Contributions
SDG9: Industry, Innovation and Infrastructure	**Target 9.5:** Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private R&D spending	• RM62.3 million invested in TM R&D • Continue to develop smart solutions to enable Malaysia's digital ecosystem
	Target 9.c: Significantly increase in access to ICT and strive to provide universal and affordable access to the Internet in least developed countries by 2030	• >3.4 million broadband ports • >690,000 km of domestic fibre optic • >340,000 km of submarine cables with 32 submarine cable systems • 62 TMix Nodes
SDG10: Reduced Inequalities	**Target 10.1:** By 2030, progressively achieve and sustain income growth of the bottom 40 per cent of the population at a rate higher than the national average	• 6,000 B40 school students reached through Unifi Mobile Package for students • 60 students from B40 families helped via #MYBAIKHATI campaign
SDG11: Sustainable Cities and Communities	**Target 11.4:** Strengthen efforts to protect and safeguard the world's cultural and natural heritage	• 649 direct and indirect jobs for musicians, art performers, filmmakers, B40, unemployed & PPR created • 10,137 trees planted with 5,000 trees at reserved forests
	Target 11.5: By 2030, significantly reduce the number of deaths and the number of people affected and substantially decrease the direct economic losses relative to global GDP caused by disasters, including water-related disasters, with a focus on protecting the poor and people in vulnerable situations	• RM1.9 million pledged for floods relief
SDG12: Responsible Consumption and Production	**Target 12.4:** By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with the agreed international frameworks and significantly reduce their release to air, water and soil in order to minimise their adverse impacts on human health and the environment	• 19.5% reduction in scheduled waste
	Target 12.6: Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle	• 55% of suppliers comply with TM's environmental requirements • 88% suppliers comply with TM's social requirements
SDG13: Climate Action	**Target 13.2:** Integrate climate change measures into national policies, strategies and planning	• ESG and climate change risks have been included as part of our BRC agenda • Increase business and operational resilience through robust BCM programme set-up and implementation • Established carbon-reduction targets, including net zero emissions by 2050 • 12.45% emissions reduction from 2019 baseline

SUSTAINABILITY SCORECARD

BUILDING A DIGITAL MALAYSIA

- **69%** premises reached with high-speed Internet access
- **88%** Unifi customer's network-related faults restored within 24 hours against 86% target for 2022
- **1,265** cyber security incidents resolved/handled
- **39** NPS Score (2021: 23)

PROTECTING THE PLANET

- **12.45%** reduction of carbon emissions against 2019 baseline
- **10,137** trees planted including 5,000 trees planted at reserved forests for carbon sequestration
- **75%** reduction of scheduled waste against 2019 baseline
- **79%** reduction of Air-Travel Emissions against 2019 baseline

PUTTING PEOPLE FIRST

- **88%** of suppliers meet the ESG social requirements
- **55%** of suppliers meet the ESG environment requirements
- **~RM3.53 billion** contract value awarded to local suppliers
- **RM2.24 billion** contract value awarded to Bumiputera Vendors
- **36%** women representation in Board
- **31%** of women in Management
- **32 average total hours** of training per employee
- **35%** of employees with collective agreements

STRENGTHENING OUR INTEGRITY

- **97%** OACP action plan completion (Target by 2024/2025: 100%)
- **100%** ABMS certification (Target by 2024/2025: 100%)
- **35** operations effectively assessed and managed for corruption risks

ACHIEVEMENTS (ESG RATINGS):

CDP Rating = B | Supplier Engagement Rating (SER) = A-

Constituent of FTSE4Good Bursa Malaysia with a 4 out of 4 stars rating

Rated by FTSE Russell with 3.6 ESG rating

FAIR & TRANSPARENT COMMUNICATION

WHY WE CARE

In our most recent materiality exercise with our stakeholders, Fair & Transparent Communication emerged as the most critical concern. This highlighted the need to improve the way we communicate. Our stakeholders expect honest, open and timely communication, which ensures we remain accountable for our actions and decisions. It also helps keep our stakeholders well-informed of developments, thus building more trust and credibility.

Fair and transparent communication fosters innovation and collaboration as we gain valuable insights and feedback that help us identify new growth opportunities. This can lead to more effective strategies and decision-making for improved performance and long-term viability. Our goal is to create a shared understanding of our vision, mission and values – allowing all our stakeholders to feel connected with our nation building agenda. This in turn will help us gain support for TM to accelerate the country's transformation into a full-fledged Digital Malaysia by 2030.

What Our Stakeholders Expect

- Regular engagements and updates
- Participation in decision-making
- Open and honest communication

WHAT IS OUR APPROACH

Since the identification of Fair & Transparent Communication as a critical material matter, the Strategic Communications (SC) team has been re-evaluating our current approach to communications. Instead of increasing the amount of communication activities, we need to channel our communication in better ways. The team plans to adopt a more focused and targeted approach to how we share information. We continuously explore new ways of communicating and engaging with our stakeholders so that our messages are more visible and available to them. Our focus is to tighten the alignment of our communication assets in order to deliver information more effectively. We will also leverage our strengths in technological innovation, such as AI and data analytics, to create smarter and more agile communication pathways.

In 2023, we aim to roll out a strategy to drive various initiatives, guided by a revised TM Communication Policy with the aim of improving our fair and transparent communications. The new strategy and policy will cover our communication approach from a stakeholder perspective. It will address communication issues raised during the materiality exercise and promote a culture of honesty, transparency and accountability across TM.

Deployed Capitals: *Met Strategic Aspirations:*   *Stakeholders Affected:*   *Sustainability Impact:*

🔍 **FAIR & TRANSPARENT COMMUNICATION**

HOW WE CREATED VALUE IN 2022

1 **Keeping Customers Informed**

Our customers need to stay informed of any developments that may impact their experience with us. With this in mind, we provide proactive notifications to customers on a range of matters, including billing reminders, potential downtimes and errors, as well as awareness of new features or solutions.

In addition, we offer customers differentiated engagement experiences through our self-service and digital platforms. Our efforts have been fruitful, with a remarkable 14% reduction in human-assisted interactions with customers.

CHANNELS OF COMMUNICATION

- SMS
- Frequently Asked Questions (FAQ)
- Portal announcements
- IVR announcements
- WhatsApp
- Letters
- Chatbot
- Social Media postings
- App notifications
- Press Statements
- Emails

↳ *For more information on our customer engagement platforms, please see pages 100-103*

2   Engaging with Employees

For our employees, we continued to provide clear communications on various matters related to our strategy, messaging and business updates. We also organised engagement sessions with compiled feedback, which was then shared with relevant departments or individuals to address. Through our top-down approach, the management team also shared critical information with employees via townhalls and other events.

EMPLOYEE COMMUNICATION CHANNELS

Suara TM

How it Works:
Email updates are delivered twice a month on various events and activities occurring across TM.

Impact & Achievements:
- 24 issues of Suara TM newsletters published in 2022
- Around 22,000 employees reached across the Group (including subsidiaries and temporary employees)

Yammer

How it Works:
Social media updates from SC to employees on our internal employee platform.

Impact & Achievements:
- 217 posts by SC in 2022
- 5,913 employees registered on Yammer

Media Monitoring

How it Works:
Timely updates on digital and mainstream news about TM, our partners and competitors, as well as developments across the industry.

Impact & Achievements:
- Around 300 employees at General Manager levels and above received daily news monitoring reports
- Media Value Index (MVI) = RM25.35 million
- Share of Voice (SOV) = 39.91%
- Net Sentiment Score (Media Impact Score) = 5.4/10

Jom Bersama GCEO

How it Works:
An all-employee hybrid session with the GCEO on our latest business performance and updates, targeted for employees at the Executive level and above.

Impact & Achievements:
- Six (6) Jom Bersama sessions, with an average of 8,711 participants each
- Total Jom Bersama viewers online: 52,265
- 45.85% of participants are permanent TM employees

🔍 **FAIR & TRANSPARENT COMMUNICATION**

Coffee & Chat with CEO

How it Works:
A casual engagement between the GCEO and small groups of employees from the Executive and Non-Executive pool, primarily technical and frontline workers.

Impact & Achievements:
- Executed the inaugural session with employees in September 2022
- 26 employees participated

Turun Padang (Townhall)

How it Works:
Physical and hybrid engagements between TM leadership with employees at various states and at regional offices.

Leaders involved include:	
Group Chief Executive Officer (GCEO)	
Chief Operating Officer (COO)	Chief Marketing Officer (CMO)
Chief Strategy Officer (CSO)	Chief Network Officer (CNO)
Chief Human Capital Officer (CHCO)	Business Heads

Impact & Achievements:
- Five (5) sessions were held in 2022, with four (4) physical sessions in Terengganu, Penang, Sabah and Sarawak
- 850 *Warga TM* attended the physical sessions, while over 600 *Warga TM* tuned in virtually

Jom Sembang

How it Works:
A 'Getting-to-Know-You' virtual engagement session, with employees getting up-close and personal with individual Top Management team members.

Impact & Achievements:
- Average Rating: >4.5 out of 5

Jom Sembang 2022	
Tengku Muneer Tengku Muzani, Chief Strategy Officer Date: 8 March 2022	Ir. Ts. Azizi A. Hadi, Chief Operating Officer Date: 26 July 2022
Sarinah Abu Bakar, Chief Human Capital Officer Date: 18 March 2022	Raja Azrina Raja Othman, Chief Information Security Officer Date: 17 August 2022
Shazurawati Abd Karim, EVP TM One Date: 30 March 2022	Mohamad Mohamad Zain, Chief Risk Officer Date: 4 October 2022
Krish Datta, CEO Credence Date: 14 April 2022	Azni Risa Ramlan, VP, Business Innovation and Technology (BI Tech) Date: 11 October 2022
Nazeem Nasir, Director Transformation Office Date: 5 July 2022	
Total reach: 1,391	

3 **Working Closely with Our Regulators**

As the primary regulator in Malaysia's communications and multimedia industry, MCMC is both a regulator and collaborative partner for TM. Throughout the year, we maintained regular communications with the MCMC to establish a strong and mutually beneficial relationship while adhering to their guidelines and requirements.

We addressed key issues impacting our business through various platforms, including official visits from key stakeholders, regular online or in-person meetings and collaborative programmes and projects. For instance, in July 2022, we hosted the Interim Chairman of MCMC for an official visit to TM, where we shared our business direction and contribution to national development.

TM also participated in the weekly JENDELA Industry Communications Meeting as a subcommittee chaired by MCMC to discuss coordination and resolve issues involving Telcos and JENDELA action plans and execution. Through our partnership with the MCMC, we collaborated on several programmes for the benefit of the nation, such as the launch of Pusat Ekonomi Digital (PEDi), the nationwide tour of Jelajah Aspirasi Keluarga Malaysia, Ruang Bicara Bernama TV talk show, Tea Talk @ MCMC knowledge-sharing forum, among others.

4 **Sharing Information with the Public**

For engagements with external stakeholders, such as with community members or the media, we organised open sharing sessions, including meetings, visits, media briefings and press conferences. A few measurements observed for media engagement include MVI, SOV and Net Sentiment Score.

We also published TM's IAR 2022 to disclose our key strategies, plans, performance and future direction. Our annual reports uphold the highest standards of transparency and accountability, receiving multiple recognitions and accolades.

REPORTING AWARDS

- **NACRA Awards 2022**
  - Gold Award for Best Annual Report in Bahasa Malaysia
  - Silver Award for Best Sustainability Reporting

- **Australasian Reporting Awards 2022 (ARA 2022)**
  - Gold Award for Integrated Annual Report

INNOVATION & TECHNOLOGY

WHY WE CARE

As Malaysia's Digital Enabler, our role is to drive the country's progress through innovative solutions. Developed countries often have high technology adoption rates and we can achieve this by using modern technologies like 5G and data analytics. Smart technologies can also create better living conditions for society, contributing to sustainable and inclusive progress.

Our transformation into a human-centred TechCo focuses on using innovation and technology to improve people's lives. As new technologies and competitors emerge, it is essential to adapt continuously to meet society's needs. Doing so improves our competitiveness, provides higher returns for shareholders, improves the quality of life for customers and establishes Malaysia as a digital powerhouse.

What Our Stakeholders Expect

- Smart and innovative offerings
- Customised product solutions
- Application of new technologies

WHAT IS OUR APPROACH

At TM, innovation prevails through TM Research & Development (TM R&D). As the key enabler in driving TM's digital aspiration, TM R&D's innovation moves beyond connectivity to create new value-added digital and smart services, covering customer experience, process optimisation, as well as new business opportunities. With strength in intelligent platforms, IR4.0 technologies and connectivity, we help businesses solve operational issues and co-create solutions for the global market:

- **Intelligent Support Systems**: Driving seamless and best-in-class customer experience by providing reliable, AI driven, predictive and end-to-end solutions
- **Workforce Related**: Creating state-of-the-art solutions with safety and productivity as the top priority to boost efficiencies at the workplace
- **Data Brokerage**: Creating new revenue opportunities through smarter platforms, cultivating better insights and spawn the creation of new services
- **IoT Industry**: Creating IoT solutions for the industries to benefit from the industrial revolution

TM R&D Focus Areas

- Academic Research (Fundamental)
- Industry Research (Exploratory)
- Co-Creation Projects (with Industry)
- Commercialisation

Today, we are monetising TM R&D as a business, offering R&D as a service. Our goal is to provide a smarter ecosystems solutions to enrich humanity and bring progress to nations. We strive to stay relevant with our new innovative solutions that the market cannot do without and take on projects that provide multi-fold benefits to businesses and the global market.

Deployed Capitals: *Met Strategic Aspirations:*   *Stakeholders Affected:*   *Sustainability Impact:*

HOW WE CREATED VALUE IN 2022

1 **Smart and Intelligent Solutions**

TM R&D focuses on enabling a Digital Malaysia through research, creating new intellectual property rights and developing innovations that solve real-world problems. The goal is to trigger a mindset shift amongst Malaysians from being a nation of consumers to becoming a nation of producers, as we believe that having the ability to produce will contribute to sustainable development.

With this in mind, major investments and developments were made by TM R&D in 2022, primarily within Digital Innovation, Connectivity Innovation and Workforce Mobility.

	2020	2021	2022
Investments in R&D	RM65.0 million	RM61.4 million	**RM62.3 million**

Through TM R&D and collaboration with internal stakeholders involving TM Global, TM One, GNT, Unifi and GHCM, we have developed and commercialised a comprehensive suite of product solutions that supports business growth and improves the lives of our customers.

TM'S SMART PRODUCTS & SOLUTIONS

Smart Traffic Analytics and Recognition System (STARS)

A unified traffic control system with a single central monitoring platform equipped with real-time analytics, notification and resolution of traffic problems.

How It Creates Value:
Enhances the efficiency of municipality and township management, while transforming cities to focus on smart solutions surrounding safety, green and efficient operations, aligned to the carbon reduction commitment and Smart City Index framework.

Impact & Achievements:
- Improved traffic flow in Ipoh up to 51% especially during peak hours
- Enabling Low Carbon Cities by 2030 through enabling carbon emissions reductions

i-CBYD (i-Call Before You Dig)

An advanced AI platform that proactively detects and manages third party contractor work.

How It Creates Value:
Reduces unnecessary outages by proactively managing network issues, which contributes to improving the customer experience.

Impact & Achievements:
- Eliminated 73 breakdowns with RM2.5 million in cost avoidance
- 66 critical and high-risk nodes covered nationwide

🔍 **INNOVATION & TECHNOLOGY**

Software Defined Wide Area Network (SDWAN)

A software-defined approach to managing the WAN delivering seamless connectivity, centralised orchestration and increased automation.

How It Creates Value:
Maximise network and business agility, simplify operational management and enhance security and resilience.

Impact & Achievements:
Adaptive, application-aware and future-ready network that connects branches, on-premises assets and cloud platforms for improved productivity

FOMS (Fibre Optic Monitoring System)

A platform that monitors incidents related to fibre cable cut and degradation of the Fibre Optic Cable E-side (Main Cable).

How It Creates Value:
Minimises fibre issues for better network reliability, quality and stability.

PROPNETS (Proactive Passive Network Systems)

A smart system that quickly detects, isolates and resolves last mile issues affecting Unifi's service disruption.

How It Creates Value:
Delivers more seamless experience and connectivity to Unifi customers.

Southern Gateway

A digital application that embeds computer vision AI and ML capabilities for self-supervision and self-verification during service installation, restoration and maintenance.

How It Creates Value:
Enhances service quality and customer experience.

TROIKA

An intelligent demand management system targeting "Zero" Waiters within JENDELA requirements. The solution automates Unifi's demand management and real-time port mapping with the objective of proactively and reactively managing demand and converting unfulfilled orders to serviceable orders immediately.

How It Creates Value:
Accelerates waiters' clearance time from 41 to 14 days, thus improving customer experience.

PEOPLE

PEOPLE is an all-in-one platform to assist employee's productivity needs. It simplifies and enhances employee experience by digitalising HR processes. In addition, PEOPLE keeps track of employees progression within the organisation and allows them to achieve high performance culture.

How It Creates Value:
Simplifies employee experience and empower HR department from the tip of a finger.

CAMELIA

An intelligent support system for passive network fault diagnostic and prediction, including for enterprise products. The system leverages best-in-class technologies to transition from reactive to proactive/predictive troubleshooting capabilities.

How It Creates Value:
Improved customer network restoration time to within 24 hours.

2 Elevating Malaysia's Entertainment

Beyond making life easier for Malaysians, we continue looking for innovative ways to create interesting and exciting avenues for all. We are advancing our entertainment offerings through the establishment of edge services and gaming as well as various streaming content including sports and many more.

This year, we made significant progress in expanding our edge services by embarking on the e-Sports scene and hitting a new milestone through collaborations with global digital players in offering the ultimate gaming experience.

TM'S DIGITAL SOLUTIONS

Edge Facilities

What We Did:
- Provided regional integrated digital infrastructure closer to end users to improve customer experience via high capacity and low latency services
- Deployed neutral edge facilities at targeted locations for immediate 5G and edge readiness

Impact & Achievements:
- Retrofit 7 TM exchanges for in-country edge facilities

Edge Gaming

What We Did:
- Enabled gaming service providers to reach Malaysia and ASEAN gamers in providing greater customer journey and network quality
- Fortified our edge ecosystem in supporting low latency requirements through network resiliency and seamless digital experience across the globe

Impact & Achievements:
- Deployment of edge nodes in the Philippines to support Edge Gaming requirements
- Collaborations with e-Sports and cloud gaming providers
- Seamless connectivity within the ASEAN region enabling superior gaming experience and quality

Unifi TV

What We Did:
- Enhanced our content offerings by providing the best entertainment pack in the market – available on all devices and HD content

Impact & Achievements:
- Customers enjoy access to 17 streaming apps, including Disney+ Hotstar, Mango TV, SPOTV Now, SIAR and many more

AWARDS & ACCOLADES FOR INNOVATION

- Innovative Tech Companies of the Year Award at the Asia Corporate Excellence & Sustainability (ACES) Awards 2022
- Malaysia Technology Excellence Awards (for FIRA and SPICE.ai.)

NETWORK STABILITY & QUALITY

WHY WE CARE

Demand for connectivity and communication services has soared over recent years, especially since the onset of the pandemic. All segments of society – businesses, Governments and the general public – require fast and quality connection to live, work and play. Even just a moment of downtime can impact our stakeholders. For individuals, interrupted services can limit their access to critical services, such as banking or e-learning, thus negatively affecting the customer experience. Businesses that face outages can experience disruption and losses, with the severity based on the sector.

As a strategic partner for Malaysia's sovereign communications, any network failure can cause severe consequences to the Government and their ability to serve its people. Therefore, optimal network performance is a bedrock for our long-term value creation. This means delivering fast, high-quality and reliable services that truly make life easier while accelerating our Digital Malaysia aspirations.

What Our Stakeholders Expect

• High-quality and fast Internet

• Uninterrupted network service

WHAT IS OUR APPROACH

At TM, we strive to actively protect our stakeholders from network issues. We are continuously improving our network resilience against network disruptions. Our BCM system and DRP are designed to ensure fast recovery against potential threats that may disrupt our service, which include natural disasters, cyber security breaches, riots/public disorder and disruption to logistic operations due to theft/robbery.

Beyond network continuity, we also ensure that the high-quality service delivered is fast and reliable. Our products and services are governed by a range of regulations, certifications and standards that ensure we consistently deliver world-class service quality and performance that meet the needs of our customers.

Policies, Certifications & Regulations
• TM Business Initiative Governance Framework Policy
• Mandatory Standards of Access & Mandatory Standards of Quality of Services
• MCMC Short Range Devices Technical Standards
• QMS ISO 9001
• BCMS ISO 22301:2019
• ISMS ISO 27001:2013
• Standards for Customer Premise Equipment
• Metro-Ethernet Forum (MEF) Certification

Deployed Capitals: *Met Strategic Aspirations:*   *Stakeholders Affected:*   *Sustainability Impact:*

HOW WE CREATED VALUE IN 2022

1 Addressing Network Disruption

We face a range of factors and challenges that threaten our network's reliability and continuity. Therefore, throughout the year, we intensified efforts to improve service quality and assurance through various initiatives. This includes proactively monitoring sources of potential disruption to strengthen the resilience of our infrastructure and services.

How We Address Network Disruption

Top Issues Related to Network Stability	Improvement Measures
Third-Party Fibre Issues	Worked closely with third-party contractors like TNB, Prasarana (LRT3 and MRT work), Syabas and local councils to reduce potential network damage incidents that can affect customer services (i.e. accidentally hitting TM's cables during any roadwork/MRT/Air Selangor construction work)
Natural Disasters	Strengthened collaborations within our Crisis Management Team, consisting of the management and recovery teams, to ensure crises are managed swiftly and effectively
Old/Aged Equipment	Replaced old and ageing technology (i.e. copper, metro-ethernet network, Soft-switch and Optical Line Terminal (OLT)) with new technologies via network modernisation exercises
Fibre Cut by External Parties	Revised network design through more extensive use of fibre networks to increase the fault tolerance from fibre cuts
Inefficiencies in Network Recovery	Proactively monitored our network through an automated system (RPA) for infrastructure and services recovery Deployed Next-Generation OSS Solution, a single platform that enables Service Impact Analysis to detect and react to incidents more efficiently

2 Recovering from Disasters

Our infrastructure network is exposed to damages from natural disasters, such as floods, landslides and storms. Ensuring the reliability of our network means protecting our assets and stakeholders against such events. With this in mind, we established TM's Crisis Management Team to effectively manage any crises that occur. The team is made up of members of our management team and recovery team.

The Crisis Management Team's abilities were tested during the 2021/2022 Malaysian flash floods. Through a joint effort between various teams, including Network Operations Centre (NOC), Network Maintenance Operations (NMO), Facility Management (FM) and PAKAR Semboyan, we mobilised our resources to swiftly recover our network and services, as well as rescue stranded employees at a hill station. We also replaced customers' equipment that was damaged during the flood at zero cost to ease their burden and ensure they remain connected.

IMPACT & ACHIEVEMENTS

87% of the network infrastructure and **98%** of services **successfully recovered** within 20 days during the flood

Replacement of equipment at **11,009 Customer Premises**

Awards & Recognition: Business Continuity Institute (BCI) APAC Award 2022

Business Continuity Institute (BCI) Global Award 2022

3 **Delivering High-Speed Internet**

To thrive in a Digital Malaysia, customers will require access to high-speed Internet connectivity. Hence, our nation building efforts include continuously expanding our high-speed broadband connectivity to more areas. This helps boost the growth of local industries as well as deliver a more seamless online experience for customers.

In 2022, Unifi offered fast unlimited Home Fibre with speeds up to 800Mbps. This resulted in Unifi reaching three (3) million subscribers who benefited from fast broadband experience.

4 **Faster Installation Times**

In keeping customers connected to our network, we improved manpower optimisation and quality of installation for our fibre broadband.
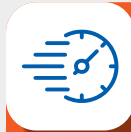
▶ **96%**
of new fixed services installed within four (4) days

▶ **91%**
of customers experienced no fault within their first 30 days

5 **Knowledge Sharing on Quality**

We believe in the power of exchanging knowledge with others to create a better ecosystem that benefits everyone. This approach extends to our network quality, with our experts engaging in various knowledge-sharing opportunities to contribute to as well as learn from others.

This year, we actively contributed to two (2) platforms:
1. **International Convention on Quality Control Circles (ICQCC) 2022** is a prominent international platform for productivity and quality practitioners, as well as organisations from various countries, to congregate and compete against each other to improve their innovation projects. Two (2) teams from TM's NOC participated in the event.

2. **Malaysia Technical Standards Forum Berhad** develops and recommends codes for the communication and multimedia industry in Malaysia. TM is an active member of the organisation and participated in the International Telecommunication Union (ITU) events for quality standardisation.

6 **Overall Performance**

90% of customers' Internet services were restored **within 24 hours**

55% reduction in fibre cable faults

96% installation cycle time as per the agreed timeline with customers

CYBER SECURITY

WHY WE CARE

Given the nature of our business as a digital enabler, we face various cyber security risks and threats that can have severe consequences for our society, businesses and the Government. A cyber attack on our network infrastructure can force us to shut down critical services, disrupt socio-economic well-being and cause major losses for TM. Protecting our digital landscape is crucial to avoid such consequences.

Moreover, cyber breaches can lead to the loss of critical stakeholder information. Successful attacks can result in severe impacts on both individual and business customers, including credit card and identity theft, sensitive information leaks and reputational damage. Therefore, we have a responsibility to protect and manage the data entrusted to us.

What Our Stakeholders Expect

- Protection against cyber crime and threats
- Responsible use of stakeholder data
- High-quality and continuous network service

WHAT IS OUR APPROACH

TM's cyber security is overseen by the Group Information Security (GIS). Our goal is to continuously improve our cyber security governance, compliance, risk management and operations management throughout our business. Through these programmes, we are able to build infrastructure protection against cyber threats, protect stakeholder data and ensure the high availability of our critical services at all times. The GIS team is critical to our business continuity and ensuring a secure experience for our customers and stakeholders as we advance our digital objectives.

Our cyber security efforts are governed by the following policies, frameworks and certifications to ensure we deliver world-class protection at all times:
- TM's Information Security Policy
- Information Security Management System (ISO/IEC27001, ISO/IEC27017, ISO/IEC27018)
- Payment Card Industry Data Security Standards (PCI DSS)
- BCMS

*Deployed Capitals:*   *Met Strategic Aspirations:*   *Stakeholders Affected:*   *Sustainability Impact:*

HOW WE CREATED VALUE IN 2022

1 **Enhancing Our Security Policies & Standards**

Our GIS team regularly reviews and updates our Information Security Policy and TM's cyber security standards based on evolving risks and threats to our business assets. We also maintain ISO/IEC 27001 certifications to manage and govern information in various operational areas:

| National Network Operations Centre (NNOC) | — | Group IT & Digital (GITD) | — | TM One MERS 999 | — | TM R&D |
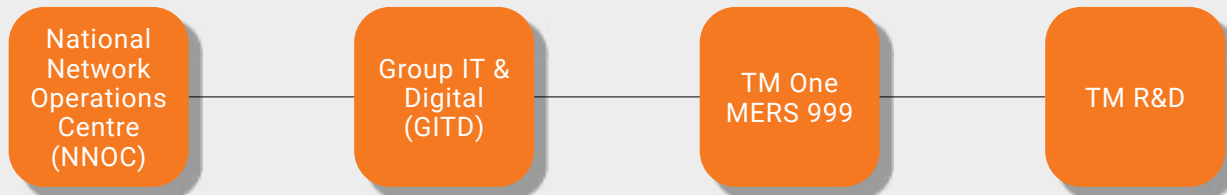
We also received certifications for our various systems and platforms, particularly for those that customers regularly utilise.

TM One Cloud Alpha Edge	Achieved certifications in: • ISO/IEC 27001 ISO/IEC 27017 & ISO/IEC 27018 • PCI DSS Certification
TM Payment Gateway (PG) System	Sustained PCI DSS Certification
Business Continuity Management System (BCMS)	Included GIS Security Operation Centre (SOC) within the scope of BCMS Operation of TM NOC Gallery certification.

2 **Strengthening Security Measures**

Cyber security needs to evolve constantly with the dynamic digital landscape. It requires continuous improvements in our fundamentals and systems. Therefore, we continue to strengthen our cyber security measures to ensure they remain resilient and robust.

What We Did in 2022	**Achievements**
Expanded our Centralised Vulnerability Assessment System (CVAS) to continuously scan and identify security issues on TM information assets	261 systems/applications on boarded onto CVAS for 5,109 assets
Conducted regular security assessments and penetration testing by internal and external teams	>5000 IP addresses security assessment and penetration testing by internal and external teams
Enhanced Endpoint Security Management to protect against security incidents	18,238 corporate devices have been installed with End Point Protections
Fortified Identity and Access Control Management	Enablement of Multifactor Authentication (MFA) at network gateways for remote working personnel and vendors, as well as corporate email access
Enabled data protection at Microsoft O365 cloud and endpoint for devices with TM data	Enabling data protection email and endpoint devices (MDM/MAM) where TM business data resides
Adopted Security by Design to ensure security control standardisation across assets and effectiveness is measurable	Enhance existing security baseline, incorporating security requirements from design architecture and contractual terms, until implementation of digitalisation initiatives