

# YOUR NEXT IS NOW



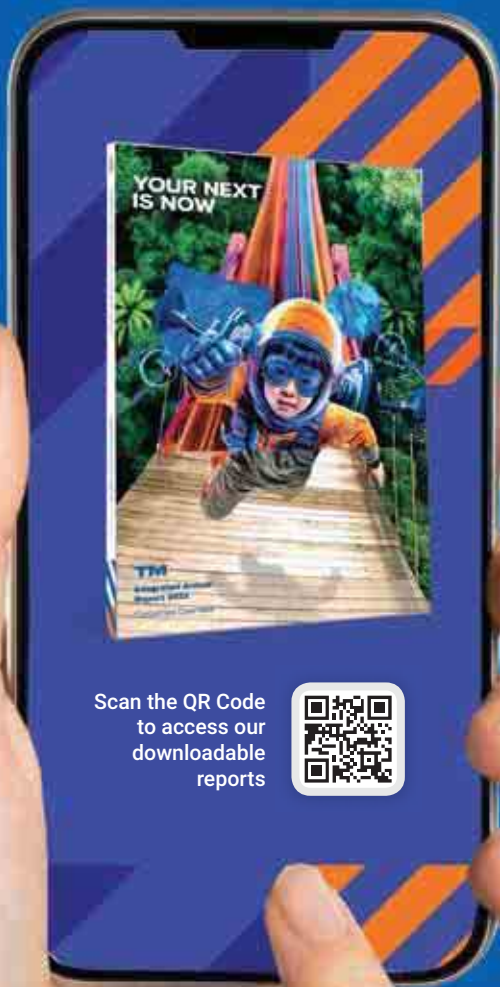
**Integrated Annual  
Report 2023**

Corporate Overview

# Cover Rationale

We are the Future Shapers that drive a sustainable and progressive Digital Malaysia by humanising technology for communities, businesses and Government.

Our goal is to enable humans and machines to work together in unleashing new, imaginative solutions that transform the way we live, realising a world of endless possibilities.



## 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/iar2023](https://tm.com.my/iar2023)



# What's Inside

A Snapshot of 2023	2
Our Reporting Journey	4

## ABOUT US

### About TM

Who We are & Where We are Headed	8
Where We Operate	10
Group Corporate Structure	14
Group Organisation Structure	15

### Words from the Leaders

Chairman's Message	16
GCEO's Message	20
GCFO's Review	26

### Value Creation Story

Stakeholder Priorities	32
Material Matters	37
Market Trends	45
Risks Linked to Value Creation	51
Value Creation Business Model	58
Our Capitals	60
Our Strategy	63

## OUR BUSINESS

Unifi	72
TM One	76
Credence	80
TM Global	82



## OUR SUSTAINABILITY JOURNEY

<b>Sustainability at TM</b>	88
Sustainability Framework & Integration Plan	88
Contributing to the Sustainability Agenda	90
Becoming a Sustainability Thought Leader	93
<b>Sustainability Governance</b>	94
Governance Structure	94
Sustainability Risk Management	95
Policies, Guidelines & Certifications	95
<b>Impact Scorecard</b>	97
<b>Enable Sustainable Growth for Customers &amp; the Community</b>	98
Solutions Provider	99
• Innovation & Technology	100
• Customer Experience	103
• Network Stability & Quality	108
Digital Inclusion	111
• Affordability & Inclusion	112
• Community Development	116
<b>Ensure Business Resilience within TM &amp; Our Value Chain</b>	122
Environmental Management	123
• Environmental Quality	124
• Carbon Emissions	126
Responsible Employer	132
• Fair Employment	133
• Health & Safety	141
• Learning & Development	146
Ethical Business	151
• Sustainable Supply Chain	152
• Responsible Communication	155
• Cyber Security	158
• Good Governance	161
<b>Sustainability Performance from Bursa Malaysia ESG Reporting Platform</b>	166

## OUR GOVERNANCE

Corporate Governance Overview Statement	170
Profiles of Board of Directors	194
Profiles of Company Secretaries	207
Profiles of Senior Management	208
Directors' Statement on Risk Management & Internal Controls (DSORMIC)	218
Statement of Internal Audit (SIA)	227
Enterprise Risk Management (ERM)	230
Business Continuity Management (BCM)	234
Additional Compliance Information	242

## Other Information

Corporate Information	248
Corporate Directory	250
GRI Content Index	252
SIRIM Independent Assurance Statement	257
Glossary	260
Notice of the 39 <sup>th</sup> AGM	265
Statement Accompanying Notice of the 39 <sup>th</sup> AGM	270
Administrative Guide for the 39 <sup>th</sup> AGM	271
Proxy Form	

# A Snapshot of 2023

## Financial Highlights →

Total Revenue  
**RM12.26**  
billion

EBIT  
**RM2.09**  
billion

Group PATAMI  
**RM1.87**  
billion

## Business Highlights →



⌚ Continued to offer super-fast unlimited Home Fibre Broadband with speeds up to **2 Gbps**



⌚ **Drove hybrid cloud-adoption** for large-scale enterprises' business transformation & digital needs



⌚ Increased broadband adoption with **>3.9 million** HSBB ports



⌚ **>5,000 5G** Backhaul sites nationwide fiberised



⌚ **1<sup>st</sup> private 5G** commercial deployment for the Oil & Gas industry in Malaysia & the Region



**>720,000 km** domestic fibre optic cables



**>340,000 km** submarine cables with **35** submarine cable systems



**8 Data Centres**

## Our People →



**18,891**  
Warga TM

### Diversity



**33%**  
Women on Board



**32%**  
Women in Senior Management

Total Dividend Payout

**RM957.9 million**  
25 sen per share

Record-breaking total dividend  
distribution since 2008



**unifi**



⊕ **>3.1 million**  
Home & MSME  
customers



⊕ **1.0 million**  
Mobile customers

**TM**  
ONE



⊕ **~1,900**  
Government  
customers



⊕ **~4,800**  
Enterprises

**TM**  
GLOBAL



⊕ **165** Malaysian  
service providers



⊕ **621** International  
telcos, OTT,  
hyperscalers

⊕ **Malaysia's leading  
converged telco**



### Sustainability Highlights →

S&P Global ESG: **46**

FTSE4Good Bursa Malaysia: **3** out of **4** stars

FTSE Russell: **3.6\***

CDP Rating: **B**

\* score as of December 2022



# Our Reporting Journey

We are pleased to present TM's Integrated Annual Report (IAR) 2023. As we aspire to become a Digital Powerhouse by 2030, our journey is influenced by the needs of our stakeholders, especially the *Rakyat*. This report is a testament of our commitment to providing our stakeholders with a comprehensive understanding of our financial and non-financial achievements. It is designed to enable assessments of the value we have created and delivered throughout the year.

## Reporting on Value

Our approach to reporting on value creation is holistic, offering a complete view of our business operations. We actively monitor the external environment and adapt to the evolving needs of our stakeholders. Our decision-making and management processes are underpinned by an integrated-thinking approach. This guides our reporting practices and ensures we deliver impactful value sustainably. By doing so, we stay true to our mission of empowering communities, businesses and Government.

### 1. Understanding our Context

#### Operating Landscape: What is happening outside?

Our capacity to create value and drive a Digital Malaysia is shaped by external factors like emerging technologies, market trends, economic conditions and regulations. Hence, we proactively monitor the dynamic landscape to stay ahead of developments.

↳ See page 45

#### Stakeholder Engagement: What do our stakeholders need?

Our long-term growth relies on the ongoing trust and support of our stakeholders. Thus, we regularly engage with our stakeholders to understand and address their diverse needs, spanning both financial and non-financial aspects.

↳ See page 32

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

Our business faces potential impacts on long-term value through various risks and opportunities. Hence, we proactively mitigate risks and leverage on growth opportunities.

↳ See page 51

### 2. Developing our Strategic Purpose

#### Material Matters: How do we prioritise?

Our capacity to generate sustainable economic, environmental and social impacts relies on prioritising key factors affecting both business and stakeholder value. Therefore, we apply the materiality principle in shaping our strategies and business decisions.

↳ See page 37

#### Strategic Direction: Where are we headed?

Our organisation is evolving to become a Digital Powerhouse by 2030, while positioning Malaysia as a digital hub for the region. Our commitment aligns with the nation's aspiration of becoming a fully integrated digital society, ensuring that we continue to play a key role in the era of digital innovation.

↳ See page 63

### 3. 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-creating strategy:

#### Financial Capital

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

#### Human Capital

Our dedicated and skilled *Warga TM*, whom we invest in to drive our strategic purpose forward, serves as our execution engine, embodying our commitment to excellence.

#### Intellectual Capital

Our stakeholders trust our strong legacy as an industry pioneer and nation-builder and we continuously strengthen our value proposition and competitive edge by embracing new technologies and digital solutions.

#### Natural Capital

Our operations, dependent on various resources such as energy, water, radio spectrum and other natural resources, are committed to reducing the environmental impact of our activities as we advance on our sustainability journey.

#### Social & Relationship Capital

Our strong and meaningful stakeholder relationships not only enable us to fulfil our nation building agenda but also foster bonds that contribute to building a resilient and thriving society.

#### Manufactured Capital

Our vast infrastructure network, including data centres, base stations, retail outlets, office buildings and other physical assets, is essential for connecting Malaysians nationwide and plays a crucial role in our growth and operations.

↳ See page 60

### 4. Delivering Meaningful Value

#### Value Creation

TM's purpose is to generate sustainable value for a diverse range of stakeholders, encompassing strong financial returns for shareholders, fostering the careers of *Warga TM*, offering educational scholarships, serving as a strategic partner for Malaysia's communications network, delivering crucial connectivity and contributing to a better planet and society for future generations.

## ABOUT THIS REPORT

### Scope & Boundaries

TM's IAR is published annually, covering the full calendar year from 1 January to 31 December 2023 for financial aspects and extending to 20 March 2024 for non-financial updates. This report comprehensively encompasses all our operations and activities across Malaysia. It details our key strategic plans, the outcomes of our implemented activities and provides insights into our financial and non-financial performance. Additionally, the report highlights material matters, risks and opportunities and our stakeholder value creation efforts.

### 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 (3<sup>rd</sup> Edition)
- Global Reporting Initiatives (GRI) Standards 2021
- 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 highlight TM's economic, environmental, social and governance matters that impact 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 business so stakeholders can understand the reasoning behind our decisions.

### Independent Assurance

Our reporting disclosures have undergone verification by independent auditors and verification companies to ensure their credibility.

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

\* Within Our Sustainability Journey chapter on page 86 to 167.

### Leadership Role

The integrated reporting process at TM is governed by the Board, led by the Management team and facilitated through group-wide collaboration. This structure ensures strong governance over the report, maintaining its integrity and quality.

#### Reach Out to us!

We are committed to continually improving our reporting disclosures and value your input on our sustainability progress. Please feel free to share any questions or suggestions:

Email: [stratcomms@tm.com.my](mailto:stratcomms@tm.com.my)

### Statement from the Board of Directors

The Board of Directors of Telekom Malaysia Berhad (TM) acknowledges its responsibility in ensuring the integrity and accuracy of TM's Integrated Annual Report for the year 2023. We confirm that, to the best of our knowledge, this report comprehensively addresses all issues material to our business and stakeholders. It provides a balanced and fair assessment of TM's integrated performance, encompassing both financial and non-financial aspects, during the reporting period.



**Dato' Zainal Abidin Putih**

Chairman of the Board (on behalf of the Board of Directors)





## How to Read this Report

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

### Capitals

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

### Strategic Pillars

-  Our Purpose
-  Our People
-  Our Customers
-  Our Performance





### Material Matters

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





### Stakeholders

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

### Risks

-  Strategic
-  Operational
-  Sustainability
-  Financial
-  Technology/System

### Sustainability Impact

-  Economic
-  Environmental
-  Social
-  Governance



### Forward-Looking Statements

This report contains forward-looking statements regarding our future priorities, strategies and growth opportunities. These statements are based on current predictions and expectations, which are subject to change due to various external uncertainties beyond our control. Therefore, they should not be regarded as conclusive and have not been reviewed by auditors.



# ABOUT US

Our mission is to humanise technology and make it accessible to all Malaysians in a sustainable manner.

We enrich communities with our converged lifestyle solutions and accelerate business transformation through digitalisation. This contributes to our national aspiration of enabling a Digital Malaysia.





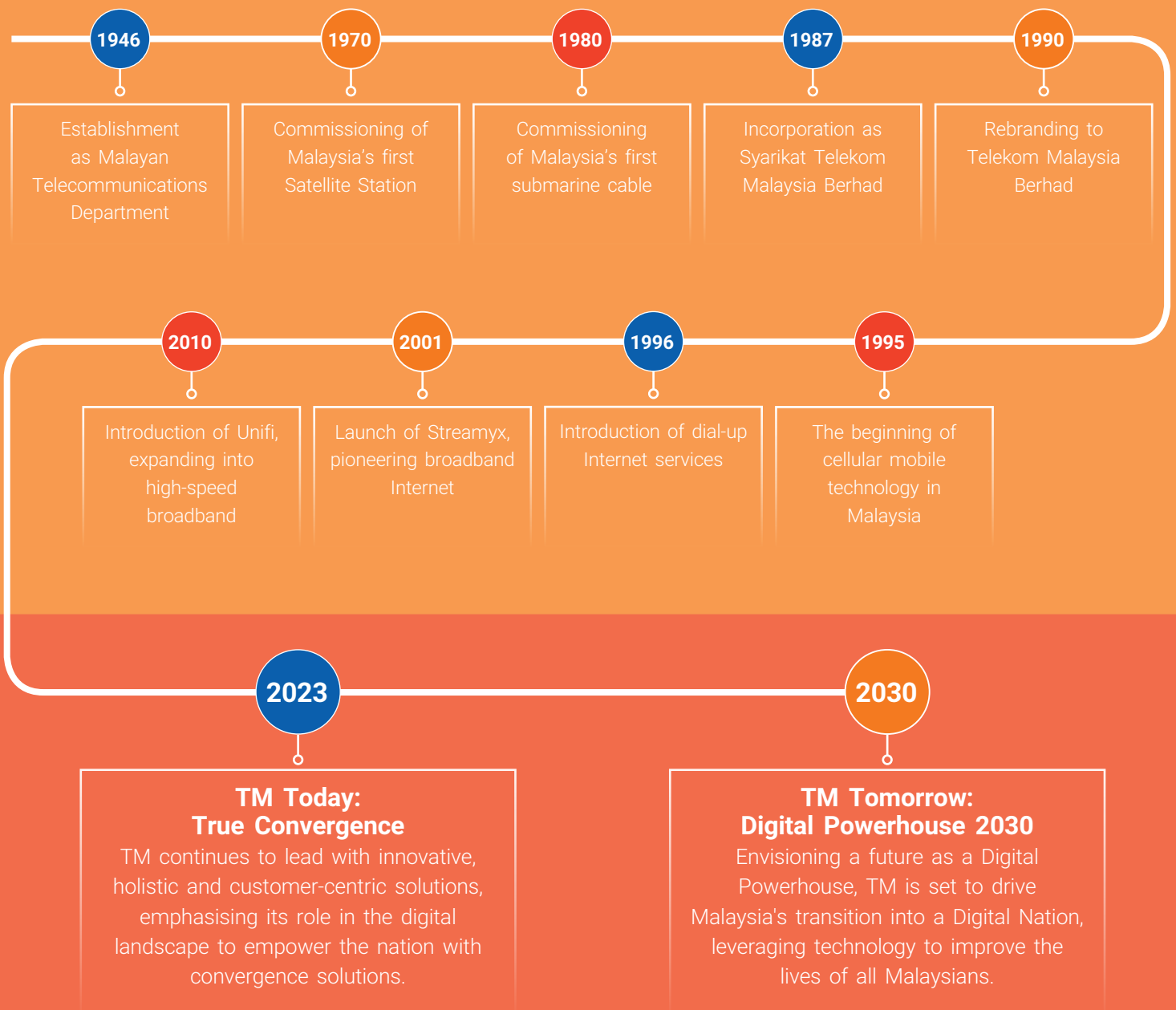


# Who We are & Where We are Headed

**Telekom Malaysia Berhad (TM) is a leading convergence player in Malaysia, serving as a national provider of connectivity and digital technology. With a history spanning 78 years, TM has been pivotal in driving connectivity for Malaysians from all walks of life.**

Since its founding in 1946 as the Malayan Telecommunications Department, TM has evolved through the various phases of telecommunications technology and anchored itself today as a leader of Malaysia's communication infrastructure. Our journey is marked by a continuous and consistent pursuit of innovation, community engagement and sustainable business growth, positioning TM as the longest-serving telecommunications entity in the country.

TM is strategically navigating towards becoming a Digital Powerhouse by 2030. TM is ready to take the role to transition Malaysia into a Digital Nation, leveraging technology to improve the lives of all Malaysians.





**Our Vision** → To shape a Digital Malaysia through technology that empowers communities, businesses and 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 Government,**  
we accelerate the nation's aspiration towards becoming a Digital Malaysia with holistic connectivity, platform and digital solutions

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

## Products & Services

### Fixed Telephony and Broadband

Providing reliable home and business Internet services with widespread coverage across Malaysia.

### Mobility Solutions

Enabling seamless mobile communication to keep Malaysians connected on the go.

### Information and Communications Technology (ICT)

Offering bespoke ICT solutions to drive enterprise digital transformation.

### Data Centre Services

Providing robust data centre infrastructure for secure data storage and management.

### Cloud Services

Facilitating cloud computing solutions for businesses to scale and innovate in a secure environment.

### Cyber Security Solutions

Safeguarding digital assets and operations against cyber threats with advanced security measures.

### Smart Services

Introducing smart solutions for a smarter lifestyle, including smart home and city initiatives.



### Internet of Things (IoT)

Harnessing IoT technology to enable smart solutions in homes, cities and industries.

### Content Services

Delivering quality digital content, including entertainment and educational platforms, to enrich customers' digital lifestyle.

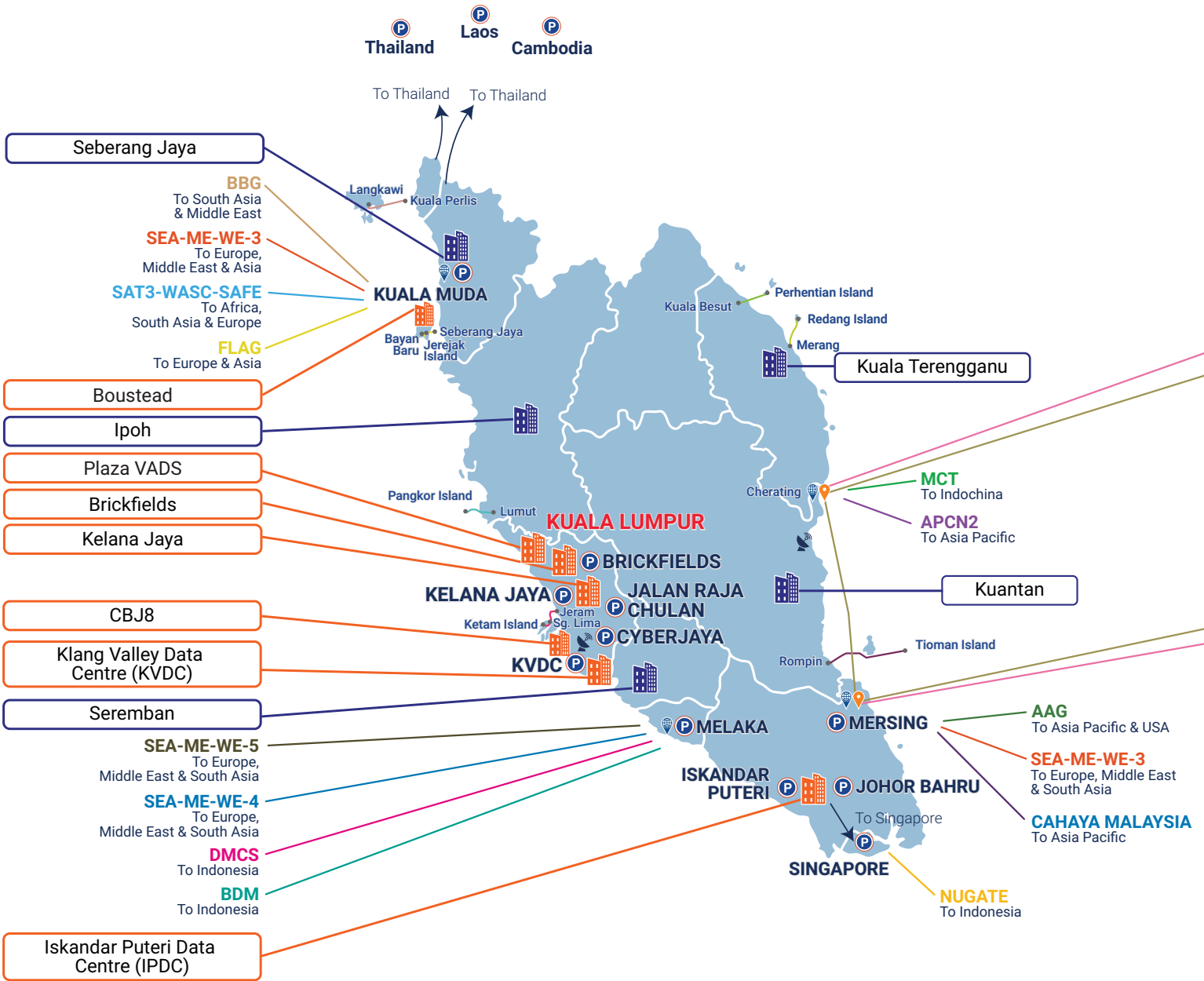
### WiFi Solutions

Extending public and private WiFi services to ensure connectivity is always within reach.



# Where We Operate

- Intelsat 20**  
68.5°E
- ABS2**  
75.0°E
- ABS2A**  
75.0°E
- Apstar 7**  
76.5°E
- G-Sat 30**  
83.0°E
- Measat-3d**  
91.5°E



## LEGEND

- Satellite
- Trunk Connectivity to International
- Earth Station
- TM Point-of-Presence (PoP)
- International Cable Landing Station
- Domestic Cable Landing Station
- Data Centre
- Edge Facilities

## DOMESTIC SUBMARINE CABLE SYSTEMS

- Bayan Baru to Jerejak Island to Seberang Jaya
- Kuala Besut to Perhentian Island
- Jeram to Sg. Lima to Ketam Island
- Langkawi to Kuala Perlis
- Lumut to Pangkor Island
- Malaysian Domestic Submarine Cable System (MDSCS)
- Merang to Redang Island
- Rompin to Tioman Island
- Sistem Kabel Rakyat Malaysia (SKRM)

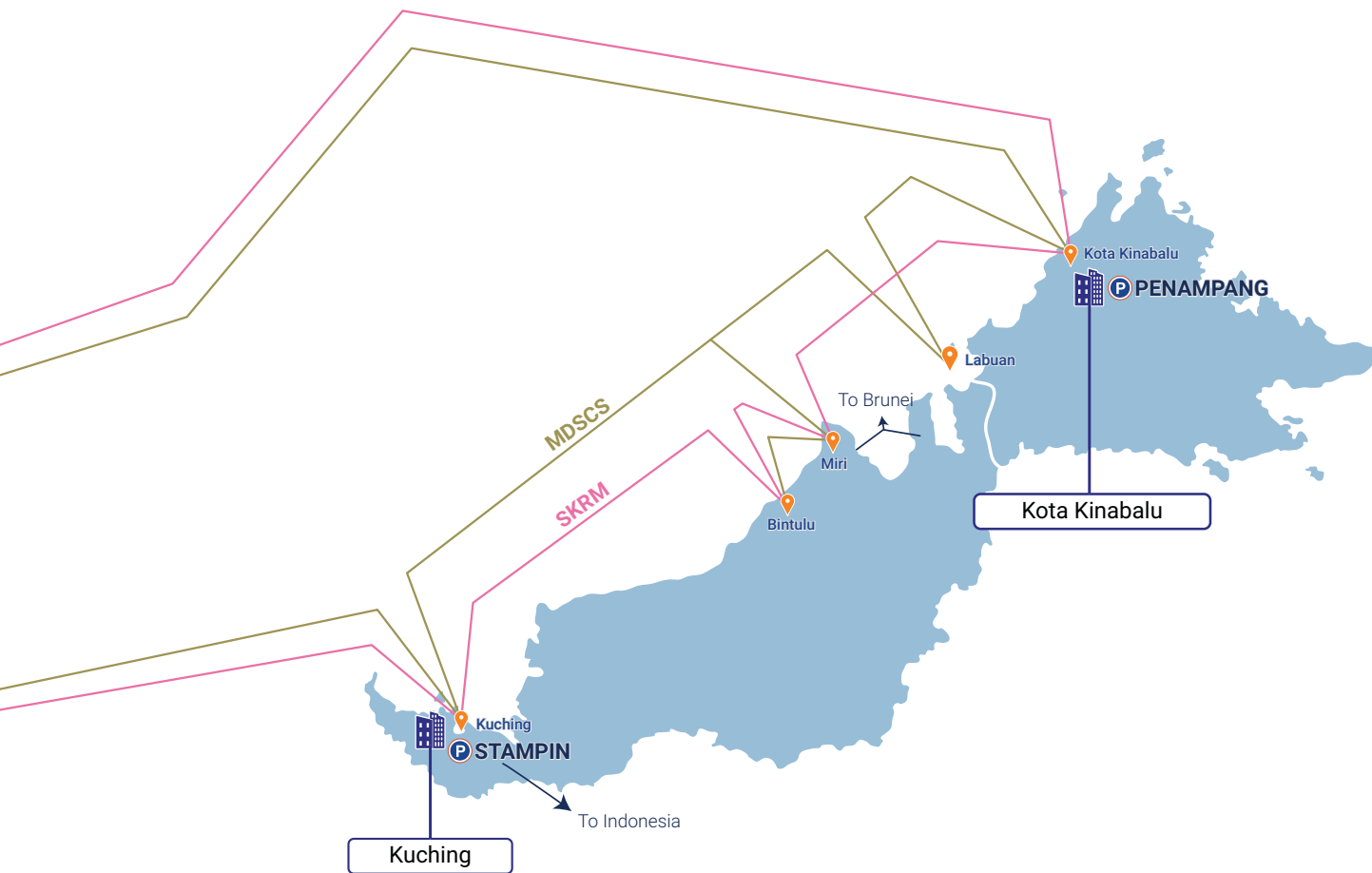
Asiasat 5  
100.5°E

Asiasat 7  
105.5°E

Asiasat 9  
122.0°E














Telstar 18  
138.0°E

Intelsat 19  
166.0°E



# TM'S DOMESTIC COVERAGE

## INTERNATIONAL SUBMARINE CABLE SYSTEMS

 <b>AAG</b>	Asia-America Gateway	 <b>MCT</b>	Malaysia-Cambodia-Thailand
 <b>APCN2</b>	Asia Pacific Cable Network 2	 <b>NUGATE</b>	Nusantara Gateway
 <b>BBG</b>	Bay of Bengal Gateway	 <b>SAT3-WASC-SAFE</b>	South Atlantic 3/West Africa Submarine Cable/South Africa Far East
 <b>BDM</b>	Batam-Dumai-Melaka	 <b>SEA-ME-WE-3</b>	South East Asia-Middle East-Western Europe 3
 <b>CAHAYA MALAYSIA</b>	Cahaya Malaysia	 <b>SEA-ME-WE-4</b>	South East Asia-Middle East-Western Europe 4
 <b>DMCS</b>	Dumai-Melaka Cable System	 <b>SEA-ME-WE-5</b>	South East Asia-Middle East-Western Europe 5
 <b>FLAG</b>	Fibre-optic Link Around the Globe		



# Where We Operate

**Intelsat 20**  
68.5°E

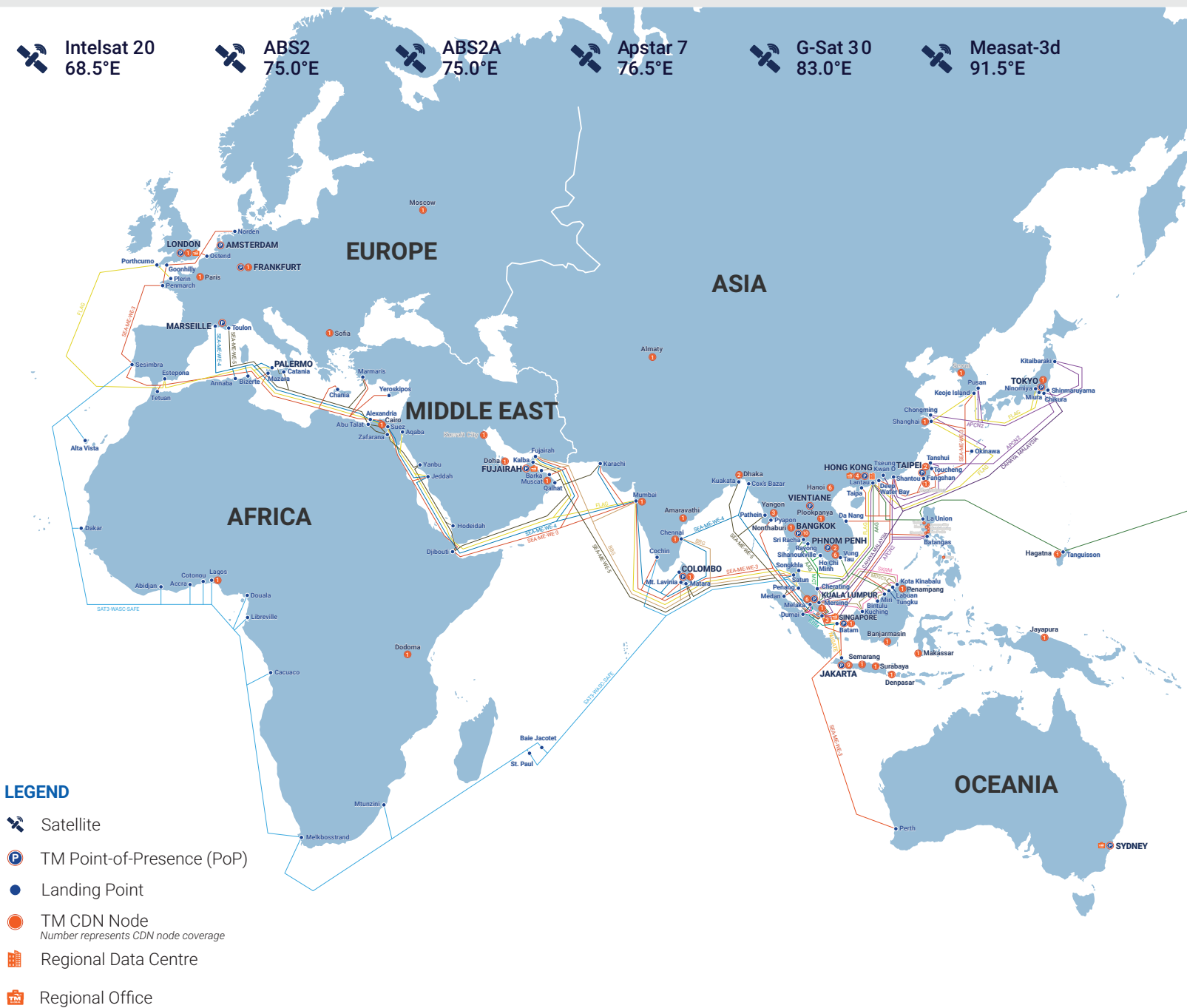
**ABS2**  
75.0°E

**ABS2A**  
75.0°E

**Apstar 7**  
76.5°E

**G-Sat 30**  
83.0°E

**Measat-3d**  
91.5°E



## DOMESTIC SUBMARINE CABLE SYSTEMS

- Bayan Baru to Jerejak Island to Seberang Jaya
- Kuala Besut to Perhentian Island
- Jeram to Sg. Lima to Ketam Island
- Langkawi to Kuala Perlis
- Lumut to Pangkor Island
- Malaysian Domestic Submarine Cable System (MDCSCS)
- Merang to Redang Island
- Rompin to Tioman Island
- Sistem Kabel Rakyat Malaysia (SKRM)

## INTERNATIONAL SUBMARINE CABLE SYSTEMS

- AAG** Asia-America Gateway
- APCN2** Asia Pacific Cable Network 2
- BBG** Bay of Bengal Gateway
- BDM** Batam-Dumai-Melaka
- CAHAYA MALAYSIA** Cahaya Malaysia
- DMCS** Dumai-Melaka Cable System
- FLAG** Fibre-optic Link Around the Globe



- **MCT** Malaysia-Cambodia-Thailand
- **NUGATE** Nusantara Gateway
- **SAT3-WASC-SAFE** South Atlantic 3/West Africa Submarine Cable/South Africa Far East
- **SEA-ME-WE-3** South East Asia-Middle East-Western Europe 3
- **SEA-ME-WE-4** South East Asia-Middle East-Western Europe 4
- **SEA-ME-WE-5** South East Asia-Middle East-Western Europe 5

**6**

**Regional Offices (RO) globally**

Australia, UAE, Hong Kong, Singapore, UK and USA

**29**

**Point-of-Presence (PoPs)**

worldwide

**35**

**Submarine Cable Systems**

spanning over 340,000 km worldwide

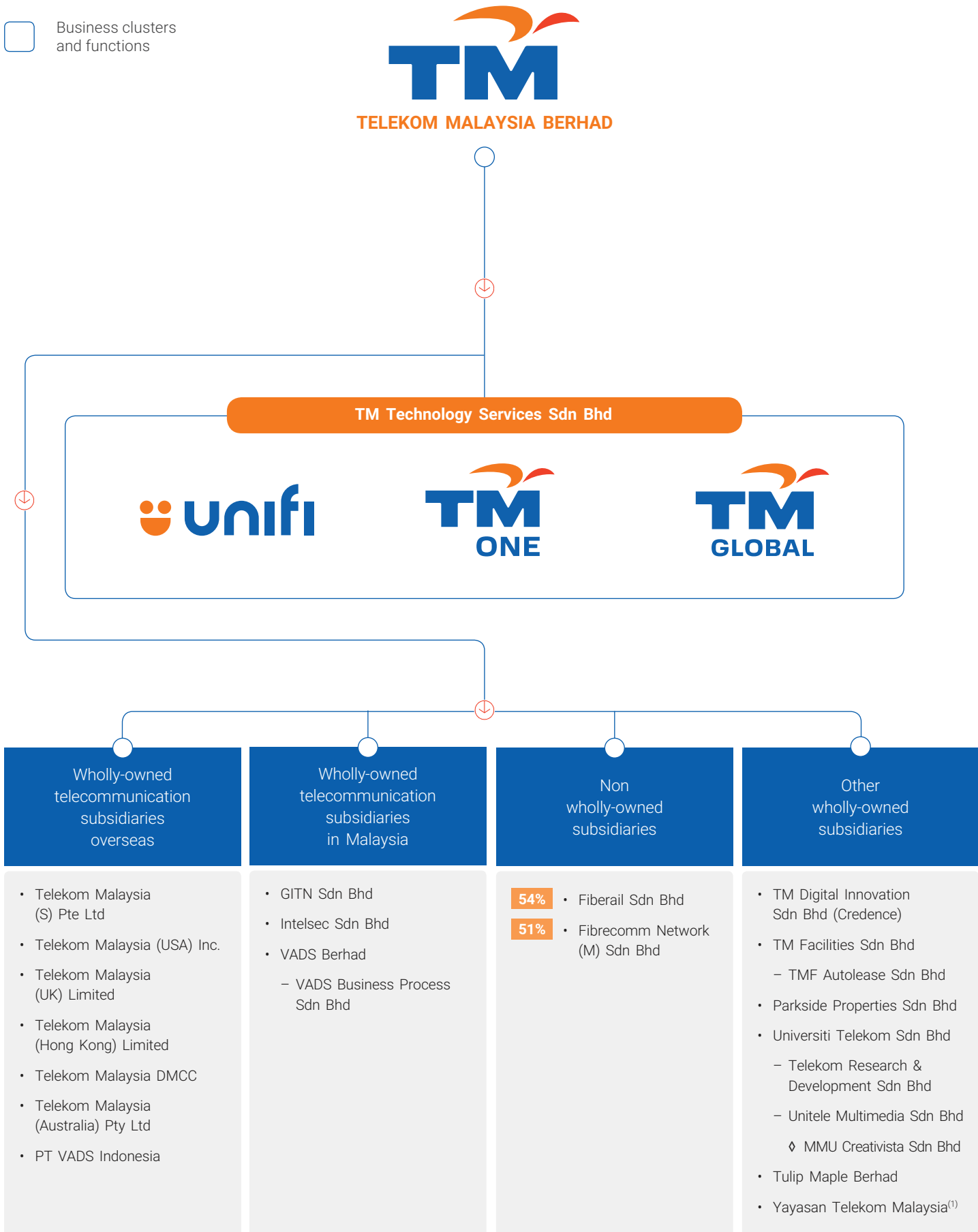
**>100**

**Content Delivery Network (CDN) nodes**

worldwide

# Group Corporate Structure

Business clusters and functions

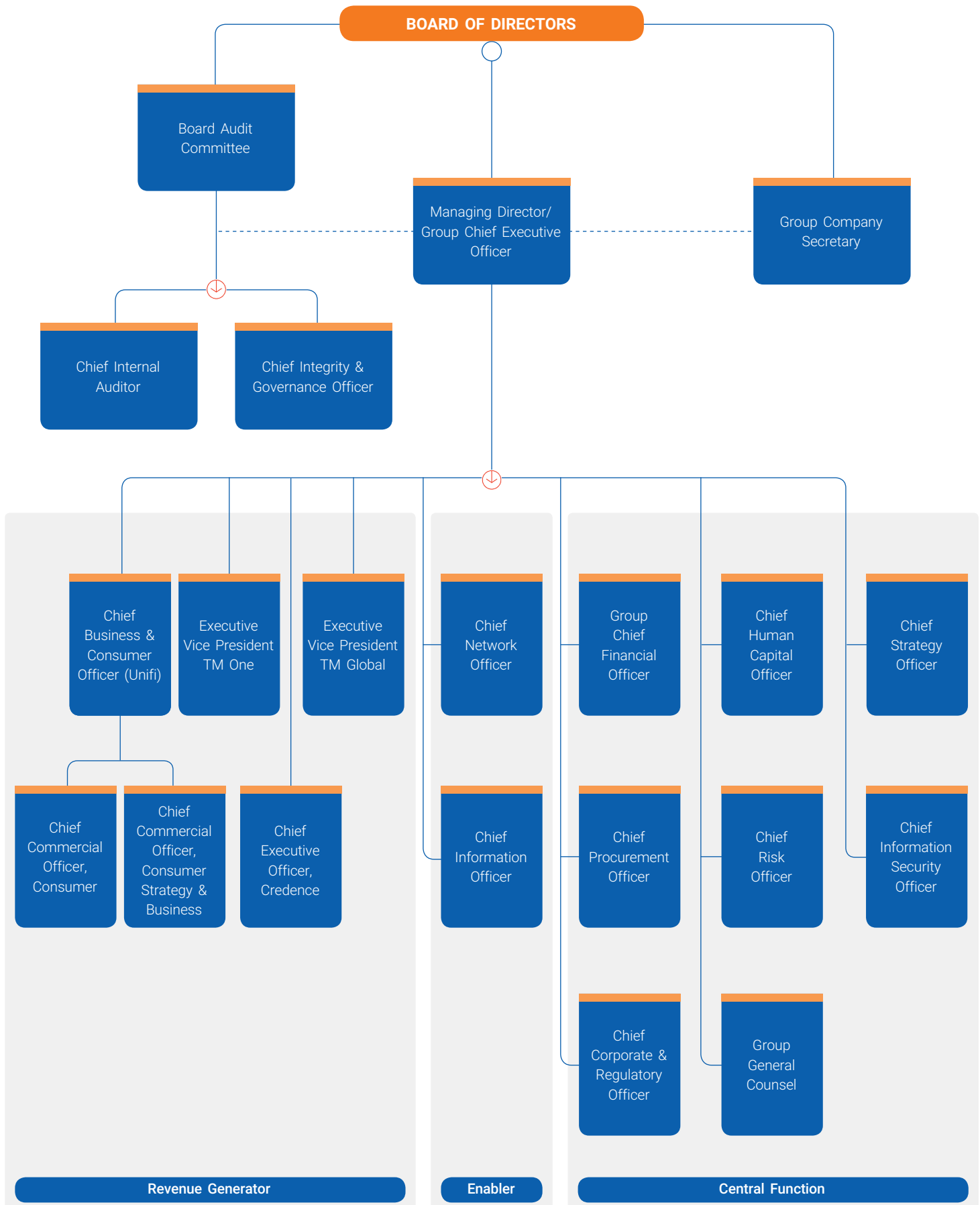


**Note:**

<sup>(1)</sup> Yayasan Telekom Malaysia (YTM) is a charitable trust established under the Trustee (Incorporation) Act 1952.



# Group Organisation Structure



# CHAIRMAN'S MESSAGE

## Dear Stakeholders,

Stepping into my role as Chairman of TM in 2023, I am both inspired and invigorated by the dynamic technological and digital evolution that surrounds us. Our aspiration is clear – to be a world-class company distinguished by our commitment to 'Service Excellence' and 'Product Excellence.' Our pursuit of excellence is rooted in our 78-year legacy of innovation, and our resolve towards advancing the Digital Malaysia agenda, unlocking the benefits of connectivity for Malaysians across all walks of life. This will bring new opportunities for greater economic growth for Malaysia through enhanced digital adoption.

As the new Chairman, I am excited to steer the Group through the next transformative phase, where our proud past informs a brighter future. TM has the most comprehensive digital ecosystem in Malaysia, and the work we undertake creates value that directly improves the lives of all our stakeholders. We recognise this immense responsibility and are committed to upholding it with dedication and capability. With this in mind, I am pleased to share our strategic insights and direction for 2023.

## A WORLD OF CHANGE

2023 was a period of profound change and complexities. Stepping out of the shadow of the pandemic, the world has witnessed geopolitical tensions, impacts from extreme weather events, increased costs of living, escalating inflation, as well as an urgent need for enhanced digital literacy. Against this backdrop, Malaysia has showcased its commendable resilience and proactive adaptation. The national economy normalised to 3.7% GDP growth in 2023, propelled by strong domestic demand and stable employment.

Sustainability has also become a central theme amongst Malaysian businesses. In light of climate change concerns, the Government has embraced a comprehensive approach to environmental stewardship and societal well-being which embodies an increasing acknowledgement of the interconnectedness of economic growth, social equity and environmental preservation.

## UNLOCKING MALAYSIA'S DIGITAL POTENTIAL

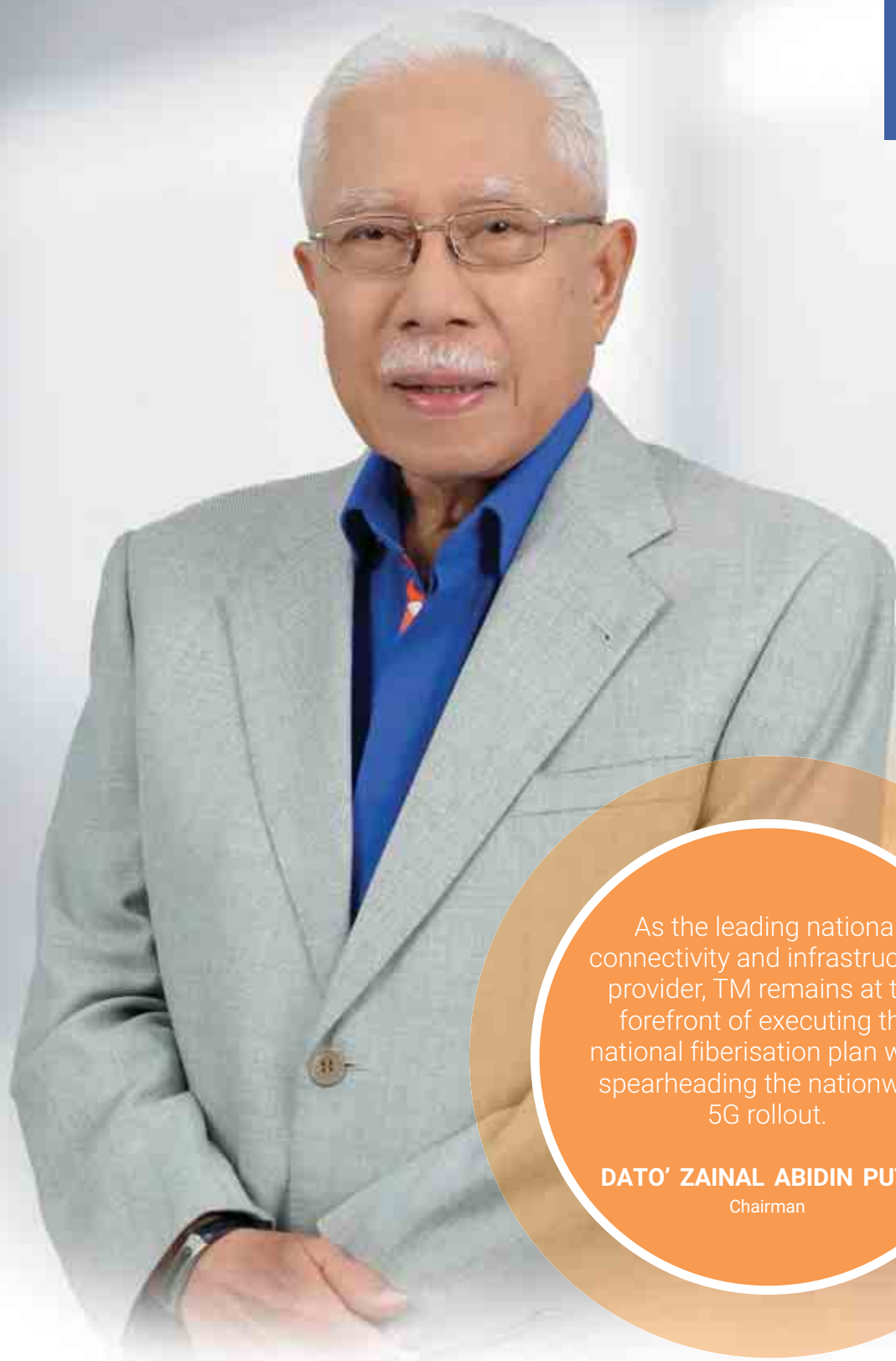
At TM, we are closely aligned with the Government's vision of creating a Digital Malaysia through our multifaceted approach of inclusiveness. This comprises its expanded coverage and services through fiberisation, 5G, data centres and global connectivity via our extensive submarine cable network.

This year, our Board has been deeply focused on enhancing TM's governance, upholding accountability and transparency across our operations.

Through these solutions, we have been able to enhance reach and efficiency through our connectivity services, elevate the quality of our converged fixed and mobile services and contribute significantly to the broader goal of advancing Malaysia's digital landscape. It provides us with the opportunities to bring immersive experiences to local communities and showcase how technology can elevate their daily lives – be it in work, education or entertainment, while empowering the creation, sharing and consumption of digital content.

## LEADING WITH PURPOSE

In the wake of a dynamic business landscape, the need for strong, insightful leadership has become more pressing than ever. This year, our Board has been deeply focused on enhancing TM's governance, upholding accountability and transparency across our operations.



As the leading national connectivity and infrastructure provider, TM remains at the forefront of executing the national fiberisation plan while spearheading the nationwide 5G rollout.

**DATO' ZAINAL ABIDIN PUTIH**  
Chairman

We have a robust governance framework, anchored in the Main Market Listing Requirements (Main LR) of Bursa Malaysia Securities Berhad (Bursa Securities), the Malaysian Code on Corporate Governance (MCCG) 2021 and global best practices. The Board of Directors maintains its commitment to the highest standards of corporate governance, ensuring every decision and action we take serve the best interests of our stakeholders.

An example of enhancement for our governance structure is the reconstitution of the Board Risk Committee (BRC) as the Board Risk and Investment Committee (BRIC), effective from 1 January 2024. This expansion broadens BRIC's remit to encompass a comprehensive approach to sustainability and investment, reflecting the changing priorities in the current business climate.

To future-proof our leadership, we invested in improving the Board's knowledge and expertise. Comprehensive Board training programmes have been instrumental in the development of our Board members covering a wide array of topics, including Business Sustainability, Performance and Risk Management, equipping us to navigate the changing realms of climate change and digital transformation.

## CHAIRMAN'S MESSAGE

### ENGAGING FOR IMPACT

At the core of TM's ethos is the continuous value creation to stakeholders. Our vision as a forward-thinking technology company is to shape a Digital Malaysia through technology that empowers communities, businesses and Government.

In partnership with the Government, we supported key initiatives like *Jalinan Digital Negara* (JENDELA) and MyDigital to close the gap on the digital divide and transform Malaysia into a high-income digital nation. We also accelerated the nation's digital aspirations by offering holistic and agnostic connectivity, platform and digital solutions.

At the same time, we empower our customers through our world-class digital services. Our efforts focus on enhancing customer experiences through consistent, always-on services. We are a leader in connectivity, bringing valuable services and self-serve digital platforms to our customers.

For Micro, Small & Medium Enterprise (MSME) customers, TM is a catalyst for digitalisation, contributing to their growth and success. Overall, in 2023, we enabled approximately 400,000 MSMEs, significantly boosting the digital economy.

Our employees are the backbone of our success. We cultivate a diverse and inclusive workplace, prioritising their well-being and professional development. Flexible work arrangements combined with the deployment of digital tools, optimise productivity and job satisfaction. We invest continually in our employees, enhancing their skills and capabilities to remain competitive and future-ready.

TM's role in societal development can be seen through our initiatives with Yayasan Telekom Malaysia (YTM). Our programmes, like the flagship YTM Scholarship, Structured Development Programme and TM Future Skills Programme, positively impacted over 9,000 individuals. Our efforts in community and nation building have reached over 110,000 individuals, focusing on digital skills training, disaster relief and charitable initiatives, all aimed at enriching and uplifting local communities.

In terms of shareholder value, our approach is to maximise long-term returns. We consider various factors such as business performance, capital commitments and financial conditions to ensure sustainable value creation. For 2023, we will be sharing our profits with shareholders a total dividend of 25 sen per share or approximately RM957.9 million, marking the highest dividend announced since 2008.

In every aspect of the Board's deliberation, we remain steadfast in our commitment to delivering value that transcends conventional business metrics, contributing to a more connected, empowered and sustainable Malaysia.

### A LEADER IN SUSTAINABILITY

This year, we made progress in our sustainability journey. We enhanced our Sustainability Framework with two key objectives of enabling sustainable growth and ensuring business resilience. These are closely aligned with UN's Sustainable Development Goals, SDG9 (Industry, Innovation and Infrastructure) and SDG17 (Partnerships for the Goals).

For 2023, we will be sharing our profits with shareholders a total dividend of 25 sen per share or approximately **RM957.9 million**, marking the highest dividend announced since 2008.

We achieved a key milestone in our sustainability governance through the release of our first Task Force on Climate-related Financial Disclosures (TCFD) report, well ahead of Bursa Malaysia's 2025 requirement, enhancing our transparency around climate-related risks and opportunities. I'm also pleased to report our progress in reducing carbon emissions by 22% against the 2019 baseline. Our main focus has been in driving energy efficiency across TM's network and data centres. This is a significant step in our journey towards a low-carbon future.

We have identified our supply chain as a good opportunity for sustainability impact. In November, we introduced a Sustainable Supply Chain Roadmap, underlining the importance of partnering with suppliers committed to sustainable practices.

In light of our achievements, we secured a 46-point rating in the S&P Global ESG Score, making TM one of the top telcos for sustainability in the region.

### VISION FOR TOMORROW

Stepping into 2024, TM is poised to grow its business in anticipation of a year filled with exciting challenges coupled with great opportunities. Set against the promising forecast of Malaysia's economy projected to grow between 4% and 5%, this upturn reflects a landscape ready for innovation and progress.

Central to this outlook is the Malaysian Budget 2024, where the Government has earmarked substantial investments for digital advancement and automation. Besides the 5G Cyber Security Testing Framework allocation, a RM900.0 million loan fund was made available to support MSMEs, dedicated to boosting business productivity through automation and digitisation.

As the leading national connectivity and digital infrastructure provider, TM remains at the forefront of executing the national fiberisation plan while spearheading the nationwide 5G rollout. Our active role in 5G implementation, backed by our nationwide fibre infrastructure, digital platforms and wealth of experience, is poised to drive significant advancements.

Our current endeavors in AI, which range from enriching customer experiences to optimising operational processes, will be further accelerated. We aim to harness the power of technology to improve lives and businesses through smarter solutions. These include predictive analytics and enhanced customer experiences, thereby strengthening our leadership in digital innovation.

Our optimism is fuelled by the prospects of increased hyperconnectivity and digitalisation across all customer segments, as we navigate the future effectively, capitalising on emerging opportunities while striving for growth in all areas of our business.

## ACKNOWLEDGEMENT & APPRECIATION

I would like to extend my profound gratitude to all our stakeholders. Your support and engagement have been pivotal in our journey as a technology company aspiring towards becoming a Digital Powerhouse by 2030.

Firstly, I would like to extend my sincere thanks to YB Fahmi Fadzil, our Minister of Communications and YB Gobind Singh Deo, Minister of Digital, the Malaysian Communications and Multimedia Commission (MCMC), as well as the Malaysian Government. Their support has been a driving force not only in our growth and success, but also to help propel our nation building efforts towards realising a Digital Malaysia.

I would like to thank Tan Sri Dato' Mohammed Azlan Hashim, whose leadership as the former Chairman of TM has been pivotal in guiding us towards our objectives. His tenure has set a high benchmark, characterised by visionary leadership, strategic foresight and invaluable guidance.

Likewise, acknowledgment is due to Datuk Imri Mokhtar, whose role as the former Managing Director/Group CEO has been central to TM's transformative journey. Under his guidance, TM has laid a solid foundation for future growth, aligned with Malaysia's digital aspirations.

We are also grateful to Dato' Anis Rizana Mohd Zainudin @ Mohd Zainuddin for her valuable contributions during her tenure as a non-independent non-executive director. We wish her all the best in her new role as the Director General of Customs at the Royal Malaysian Customs Department.

It is also with great pleasure that I welcome En. Ahmad Taufek Omar and Datuk Dr. Shahrazat Haji Ahmad as new non-independent non-executive directors. Their fresh perspectives and expertise will undoubtedly propel TM forward in our ambitious journey.

Finally, to all our other stakeholders – our customers, employees, partners and shareholders – your unwavering commitment and belief in our vision has been the backbone of our achievements. Your support fuels our mission to drive a Digital Malaysia and I look forward to continue serving you all.



**Dato' Zainal Abidin Putih**  
 Chairman



Our efforts in community and nation building has reached over **110,000** individuals, focusing on digital skills training, disaster relief and charitable initiatives, all aimed at enriching and uplifting local communities.

**Dear Stakeholders,**

I am pleased to present my first message as the Managing Director/ Group CEO. The year 2023 marked the successful completion of our Transformation Plan, a period that symbolised our evolution from a traditional telecommunications company into one that drives digitalisation.

A photograph of a man with dark hair, smiling, wearing a light blue button-down shirt and a watch on his left wrist. He is standing in front of a blurred background.

# GCEO'S MESSAGE

We now embark on the next level of our transformation journey, aiming to become a Digital Powerhouse by 2030. This ambition is designed not only to elevate our own trajectory but to also position Malaysia as a digital hub for the region, setting the stage for our long-term success.

**AMAR HUZAIMI MD DERIS**  
 Managing Director/  
 Group Chief Executive Officer

Going beyond technological advancements, TM is focused on unleashing the potential inherent in our people, customers, communities and nation. Our goal is clear: to ensure that the benefits of digitalisation are widespread and equitable, fostering a society where every contribution is valued and every opportunity leveraged on.

Following our progress, we are entering the next phase of our transformation, with the goal towards establishing ourselves as a Digital Powerhouse by 2030. This evolution is imperative to harness the transformative power of digital technology, ensuring our agility in adapting to the ever-evolving landscape and contributing to a brighter future for Malaysians.



### THE DYNAMIC LANDSCAPE OF 2023

2023 was challenging with competitive pressures and economic strains largely due to slower global trade, geopolitical concerns and rising interest rates. This resulted in the moderated economic growth of 3.7% in Malaysia. Subsequently, the market saw volatility in foreign exchange rates, requiring further stringent financial management to ensure the sustainability of our global investments and partnerships.

At the same time, sustainability emerged as a critical global and local theme, with Malaysia adopting a more holistic approach emphasising green growth, renewable energy, conservation, sustainable transportation and social inclusivity. In the regulatory domain, we remained aligned with the Government's policies that were geared towards affordability and inclusion.

Amid these challenges, TM demonstrated financial resilience and operational robustness by striking a balance between investing in new technologies and maximising the value of our existing assets. In light of intensified competition in the market, we re-envisioned our service offerings, incorporating differentiated digital and lifestyle solutions that are attractive to our customers, thereby leading to greater vibrancy in the market.

### CHARTING THE PATH: STRATEGY & PERFORMANCE

Following our transformative three-year journey from 2021 to 2023, we now embark on the next level of our transformation journey, aiming to become a Digital Powerhouse by 2030. This ambition is designed not only to elevate our own trajectory but to also position Malaysia as a digital hub for the region, setting the stage for our long-term success.

The journey has been characterised by significant milestones, including the strategic and operational challenges and opportunities that 2023 presented. TM has continued to strengthen our position as a leader in the converged communications landscape, enhancing operational excellence and elevating customer service.

Our performance in 2023 demonstrated the effectiveness of our strategic initiatives and financial resilience. TM recorded a 1.1% increase in revenue, reaching RM12.26 billion, up from RM12.12 billion in 2022. This performance has also positively impacted our Total Shareholders Return (TSR) at 6.33%, reaffirming our commitment to delivering shareholder value.

## GCEO'S MESSAGE

Our growth is reflected by the strong performance across our customer-facing business units:



### REINFORCING OUR LEADERSHIP IN CONVERGENCE SERVICES

**Unifi** maintained its leadership in converged offerings of fixed broadband, mobile services, digital content and solutions for both consumers and MSMEs, recording RM5.66 billion in revenue. Unifi's fixed broadband segment grew 3.1% to 3.1 million subscribers and over 400,000 MSMEs, driven by strategic convergence campaigns and customer retention efforts.



### A COMPREHENSIVE SUITE OF INTEGRATED DIGITAL SERVICES

**TM One** continued to navigate the market complexities while exploring new growth opportunities. Despite a decrease in revenue, its Q4 2023 results showed an increase in revenue of 17.3% compared to the previous quarter, driven by a surge in solution-based customer projects.



### POSITIONING MALAYSIA AS ASEAN'S DIGITAL HUB

**TM Global** revenue rose 8.7% to RM3.10 billion, primarily from an increase in international data revenue, driven by managed wavelength services for hyperscalers, alongside an uptick in domestic data services.

Our unique convergence solutions have solidified our position as the only Fixed-Mobile Convergence (FMC) with quad-play in Malaysia. This strategic positioning is further strengthened by the ongoing expansion of our nationwide fibre coverage and the enhancement of our data and network infrastructure. These endeavours reflect our commitment to fostering digital inclusivity and encouraging broader digital adoption across the country. By doing so, we aim to meet the ever-changing demands of our customers, ensuring that they have access to seamless and high quality digital experiences.

### BUILDING AN INCLUSIVE DIGITAL FUTURE

Today, TM is at the forefront of innovation, constantly adapting to the fast-paced changes of the technological landscape. Our dedication driving Malaysia's digital evolution is reflected in our diverse offerings, from fixed broadband to enterprise digital solutions. These include the latest in 5G, mobility, smart solutions, cloud, data centres, edge nodes, cyber security, IoT, AI and more.

Our extensive fibre network that spans across 720,000 km nationwide has been fundamental in supporting the rapid deployment of 5G infrastructure for Malaysia by Digital Nasional Berhad (DNB). It also serves our diverse customer base of 3.1 million fibre broadband home accounts and over 400,000 MSMEs. At the same time, we enabled IoT and next gen solutions across various sectors for our 4,800 enterprises and 1,900 public sector clients. Our advancement into 5G exemplifies TM's commitment to pioneering the future of mobile connectivity. Moreover, we have achieved 95.4% coverage nationwide through our deployment of 4G Multi-Operator Core Network (MOCN) partnership for our Unifi Mobile subscribers.

Globally, we have a vast network of over 35 submarine cable systems covering more than 340,000 km, providing vital support in connecting Malaysia to the world. We are further strengthening our collaboration with global telcos, content partners and hyperscalers to ensure seamless connectivity for the region.

As the sole Malaysia-based Cloud Service Provider (CSP), TM provides end-to-end cloud and data centre services, emphasising data residency, locality and sovereignty. Our eight (8) data centres, including our unique twin core Tier III, offer unparalleled cloud solutions to enable digital services especially AI and cyber security, catering to the needs of both enterprise and Government sectors.



Evidently, TM's efforts have progressively contributed towards building a strong foundation of digital infrastructure for the nation. This aligns with our aspiration to become a Digital Powerhouse by 2030 while positioning Malaysia as a digital hub for the region. Guided by this aspiration, we strive to empower progress that is inclusive, leveraging the full potential of all stakeholders to shape a digitally empowered nation.

To achieve these goals, we are guided by our PWR 2030 aspiration which is defined by three (3) key pillars as follows:

**PIONEER**

We aim to lead industry growth through digitalisation and sustainability by exploring and developing new technologies and opportunities.

**WIN**

We will focus on leading the charge in critical areas such as government, business and society, establishing ourselves as the go-to provider for cutting-edge digital infrastructure and services such as 5G.

**REVITALISE**

We will foster a vibrant ecosystem of talent and innovation, for Malaysia and the region. By harnessing creativity and supporting entrepreneurs and innovators, we aim to position Malaysia as a hub for digital and technological innovation.

As the largest digital communications network infrastructure operating in Malaysia, we will continue to evolve our network to become the foundation of a thriving digital ecosystem and to develop a unified platform in enabling digital services.

**ELEVATING THE CUSTOMER EXPERIENCE**

TM is committed to a customer-first philosophy. Our Customer Experience (CX) team has adopted a structured approach to enhancing customer experiences, aiming to create seamless and positive experiences through a personalised customer approach.

To achieve this, our approach focuses on three (3) core pillars: Personalisation, Seamlessness and Digitalisation. Our Personalisation feature enables our customers to choose TM's services and interactions that best suit their individual needs, whether it is to connect at home, work or on-the-go. Seamlessness is aimed at delivering a smooth customer journey across all our touchpoints, while Digitalisation leverages on our technologies to improve service accessibility for all our customers.

An example of how we digitalise our CX is by enabling various easy-to-use self-diagnostic tools for our customers. This has resulted in a significant reduction of customer complaints by 33.3% and a 5.4% decrease in service requests faults since 2022.



GENERATING SUSTAINABLE VALUE

**Our performance in 2023 demonstrates the effectiveness of our strategic initiatives and financial resilience. TM recorded a 1.1% increase in revenue, reaching RM12.26 billion, up from RM12.12 billion in 2022**



## GCEO'S MESSAGE

Moreover, our key Unifi stores within Klang Valley were redesigned and enhanced, leading to a streamlined in-store digital journey, with dedicated MSME areas and improved overall satisfaction with TM's services.

Reflecting the outcome of all the initiatives by the CX team, TM's Net Promoter Score (NPS) rose from 23 in 2021 to 46 in 2023, highlighting our successes in enhancing the overall customer experience journey while continuing our momentum to drive convergence benefits to all.

### EMPOWERING OUR PEOPLE

We fondly refer to our employees as *Warga TM*, recognising them as the execution engine of our company. As such, we are dedicated to cultivating a workplace environment that fosters growth and fulfilment. Our holistic approach encompasses fair policies, competitive benefits, career advancements and a culture of respect and care, to ensure all team members feel engaged, empowered and valued.

To foster equity, drive innovation and ensure sustainability, TM maintains a diverse and inclusive leadership team. In 2023, we achieved 32% female representation in senior management, surpassing our target of 30%. We also championed equal opportunity with policies and practices that reject discrimination based on race, ethnicity, gender, age, religion, disability or any other protected characteristics.

The well-being of our employees remains paramount, reflected in our flexible work arrangements as well as our comprehensive Wellbeing360 programme which safeguards the health and motivation of our employees. Multiple platforms of digital learning opportunities and resources are made accessible, to induce continuous on-demand learning for various up-to-date topics.

Our commitment to ensuring fairness, respect and care has strengthened our brand as the employer of choice. This is evident by the accolades we have earned, including Asia's Best Employer Brand Award 2023 from the Employer Branding Institute and World HRD Congress, Platinum Award in the Communication Networks at the Putra Brand Awards 2023 and the Best Companies to Work for in Asia 2023 (Gold Award) from HR Asia Magazine, marking our fifth consecutive win. These awards underscore our position as the preferred choice for top talent and for creating an environment where employees thrive.

Moving forward, TM's transformation into a Digital Powerhouse will be reliant on the effort we place on future-proofing our workforce. This includes ensuring they are digitally conversant and competent, ready to lead in the evolving digital landscape and to deliver TM's strategies. We are committed to extensive training and development programmes, to equip our team with future skills, leadership capabilities, current business skills and the right mindset and culture.

### SUSTAINABILITY: OUR CORE PHILOSOPHY

2023 was a transformative year in TM's sustainability journey, catalysed by the expansion of our sustainability endeavours that resulted in a refined Sustainability Framework and Integration Plan, rooted in TM's vision, mission and PWR 2030 aspiration.

This new Sustainability Framework is aimed at achieving two (2) strategic objectives: enabling sustainable growth for its customers and the community, and ensuring business resilience within TM and across our value chain. These objectives are supported by five (5) key pillars of sustainability.

In our first pillar as a Solutions Provider, TM harnesses innovative and technology-based solutions that provide sustainability value and superior customer experiences, alongside a stable and high quality network. The second pillar is Digital Inclusion, where we seek to narrow the digital divide and foster digital inclusion, enabling widespread connectivity access and digital technology benefits.

The next pillar is Environmental Management. This is where we actively manage impacts and resource use through mitigation and adaptation strategies, enhancing resilience to environmental and climate-related challenges. Fourth, as a Responsible Employer, TM prioritises its *Warga TM*'s professional growth and personal well-being, nurturing an ethical and safe workplace culture that supports their development. The last pillar is Ethical Business, where we establish trust through ethical business practices, covering a sustainable supply chain, cyber security, data privacy and responsible communication to foster long-term relationships with stakeholders.

Our purpose-driven approach to sustainability to date has garnered recognition and set new ESG benchmarks within the industry. With an S&P Global Corporate Sustainability Assessment (CSA) rating of 46 points, TM is among the top-rated telcos in the region for sustainability, a testament to our unwavering commitment to integrating sustainability into every aspect of our business, from governance to operations and community engagement.

**Advancing into 2024, TM will continue to pursue its focus on modernising, and expanding its significant network infrastructure and operations, while enhancing our core capabilities as well as driving digitalisation, innovation and sustainability.**



### LOOKING AHEAD: UNLEASHING POTENTIAL

Advancing into 2024, we will continue to pursue our focus on modernising and expanding TM's significant network infrastructure and operations, while enhancing our core capabilities as well as driving digitalisation, innovation and sustainability.

With TM's PWR 2030 blueprint clearly guiding our vision, we will strive to empower the development of a digital nation where progress is inclusive, tapping into the vast potential of all stakeholders.

Serving our customers is the main focus of all that we do. We will continue to prioritise them by providing superior personalised, seamless and digitalised experiences. At the same time, *Warga TM* remains as our core valuable resource and we will continue to emphasise our employees' well-being through various upskilling programmes, preparing robust and adept digital talents. This is in line with our ultimate goal – towards becoming a world-class organisation.

Our refined Sustainability Framework will be a game changer for us as we accelerate the process of embedding sustainability into every facet of our operations. This includes the sustainable ways we develop our solutions and manage our network to the responsibility and care we show for our *Warga TM*. All of these underline our approach and commitment to run our business for the long term in a purposeful and ethical way.

### ACKNOWLEDGEMENT & APPRECIATION

In closing, I first wish to express my gratitude to Datuk Imri Mokhtar, whose leadership has profoundly shaped TM, leaving behind an institution brimming with potential.

I am also honoured by the trust the Board of Directors has placed in me, entrusting me with the role of guiding TM through this exciting digital era. Your confidence fuels my resolve to uphold our mission and drive our strategic objectives forward.

A heartfelt thank you to Tan Sri Dato' Mohammed Azlan Hashim and Dato' Anis Rizana Mohd Zainudin @ Mohd Zainuddin, for your contributions and dedication during your tenure on the board. Your guidance has been instrumental in navigating TM through its transformative journey.

Simultaneously, we warmly welcome Ahmad Taufek Omar and Datuk Dr. Shahrazat Haji Ahmad to our board. Your fresh perspectives and expertise are eagerly anticipated as we continue to advance our ambitions.

Finally, to all our stakeholders – customers, shareholders, investors, suppliers, the Government, regulators, our *Warga TM* and the broader community – your trust and loyalty are the bedrock of our success. Your ongoing support is a testament to our past achievements and we look forward to continuously nurture this collaboration.

As we look to the future, TM is dedicated to unleashing our potential throughout our organisation and across the entire nation. Our promise of delivering "Your Next Is Now" encapsulates this commitment to transforming today's possibilities into tomorrow's realities, propelling Malaysia into a new era of digital greatness.

**AMAR HUZAIMI MD DERIS**  
 Managing Director/Group Chief Executive Officer





**Dear Stakeholders,**

2023 was a challenging year for TM, with regulatory shifts, increased competitive pressures and evolving market dynamics significantly shaping our industry. In the face of rising technology costs and regulatory developments, we remained vigilant and aware of the potential economic headwinds that could restrain market expansion and impact spending across our consumer, enterprise, public sector and wholesale businesses.

# GCFO'S REVIEW

**2023 PRIORITIES**

We started the year by adopting a conservative yet strategic financial approach, anticipating a competitive environment and potential market volatility. Our carefully formulated financial guidance demonstrated a comprehensive understanding of external influences and their impact on our business.

We projected a revenue trajectory consistent with the previous year, mindful of further regulatory adjustments in our industry. Our Earnings Before Interest and Taxes (EBIT) were forecasted at RM1.8 billion to RM2.0 billion, reflecting our resolve to sustain operational efficiency in the face of expected hurdles. We allocated a capital expenditure (Capex) budget of 18% to 20% of our revenue, affirming our commitment to optimise strategic investments that strengthen our network infrastructure and support our long-term objectives.

We remained agile, seizing opportunities and adapting our strategies to navigate the year successfully. We achieved sustained revenue growth exceeding the revenue guidance for the financial year and continued to optimise expenditures, resulting in a higher than market guidance EBIT. Our PATAMI improved significantly from the previous year, highlighting TM's resilience and positive performance in 2023.

**RAZIDAN GHAZALLI**  
Group Chief Financial Officer

Despite the challenges faced in 2023, we remained agile, seizing opportunities and adapting our strategies to navigate the year successfully. We achieved sustained revenue growth exceeding the revenue guidance for the financial year and continued to optimise expenditures, resulting in a higher than market guidance EBIT. Our Profit After Tax and Minority Interests (PATAMI) improved significantly from the previous year, highlighting TM's resilience and positive performance in 2023.

Financial Metric	Revenue Growth	EBIT	Capex/ Revenue
2023 Guidance	Flat	RM1.8 – RM2.0 billion	18% – 20%
FY2023 Performance	1.1%	RM2.09 billion	15.9%

### PROGRESS AND HIGHLIGHTS IN 2023

We are pleased to report that our revenue for 2023 reached RM12.26 billion, registering a 1.1% increase from RM12.12 billion in 2022. This rise was primarily driven by the performance of TM Global and Unifi which mitigated the challenges encountered by TM One. The heightened demand for digital connectivity and broadband services was in line with the anticipated growth of these sectors.

EBIT remained flat at RM2.09 billion mainly due to the slight increase in operational costs during the year. We have focused on allocating more resources to upgrade our systems to elevate our convergence proposition, enhance customer experience, improve go-to-market speeds and all supporting retail ecosystems. Our fixed and mobile networks are now fully integrated which required spending on some harmonisation costs.

Nevertheless, stringent cost management continues to be our key priority. We have various initiatives to unlock more value and drive further cost optimisation. Our perseverance for cost efficiency is a critical component in our digital push moving forward. Testament to this, our other cost line items for 2023 have improved from the previous year. We achieved a further reduction in our operating expenses compared to the year before: direct costs decreased by 0.5%, manpower costs were lowered by 2.1% and our expenses for Depreciation & Amortisation dropped by 2.3%. This reflects our prudent asset management and the fruition of our past cost optimisation initiatives, which are now beginning to yield operational efficiencies.

Notably, our PATAMI surged by 63.6%, reaching RM1.87 billion, up from RM1.14 billion in 2022. In addition to the stable EBIT, this growth was contributed by the reduction in net finance costs by 18.4% due to our proactive debt management and tax credit utilisation. This result showcased our financial strength and strategic financial management, positioning us well for sustainable progress.

#### REVENUE

FY2023 Achievement  
**RM12.26**  
 billion

FY2022 Achievement  
 RM12.12 billion

#### EBIT

FY2023 Achievement  
**RM2.09**  
 billion

FY2022 Achievement  
 RM2.09 billion

#### PATAMI

FY2023 Achievement  
**RM1.87**  
 billion

FY2022 Achievement  
 RM1.14 billion

#### CAPEX

FY2023 Achievement  
**RM1.94**  
 billion

FY2022 Achievement  
 RM2.43 billion



## BUSINESS PERFORMANCE



Unifi recorded a revenue increase to RM5.66 billion, supported by an expanded subscriber base to more than 3.1 million and infrastructure enhancements enabling higher speed access, in line with our commitment to delivering exceptional customer service.



Despite the revenue drop during the year due to market dynamics, TM One showed recovery signs with a 17.3% revenue increase in Q4 2023, driven by solution-based and customer projects, setting a positive trajectory for future performance.



TM Global reported an 8.7% revenue increase to RM3.10 billion, fuelled by growing data demand and strategic infrastructure investments, emphasising TM's pivotal role in Malaysia's digital and connectivity advancement.

## FINANCIAL STRATEGIES

### 1. Customer

We actively targeted revenue improvements across all customer-facing business units. Unifi strengthened its leadership in converged offerings, such as fixed broadband, mobile services, digital content and solutions catering to both consumers and over 400,000 MSMEs nationally, enhancing their digital engagement.

TM One, recognised as a trusted partner for large enterprises and the public sector, provided comprehensive solutions in digital connectivity, cyber security and cloud services. TM One continues to lead the industry, pioneering innovation and entering into various strategic collaborations during the year, including private 5G projects, Smart City developments utilising predictive artificial intelligence (AI), cloud solutions and other digital projects.

Domestically, TM Global has been instrumental in broadening 5G backhaul sites and High-Speed Broadband Access, furthering national digital inclusivity. Internationally, TM Global achieved strong year-on-year (YoY) bandwidth growth and successfully delivered a mega requirement of leased connectivity for US-based hyperscalers. TM Global will continue to broaden its digital infrastructure solutions and forge strategic alliances with global carriers in positioning Malaysia as a key digital hub for the region.

### 2. Cost Optimisation

We prioritised cost optimisation across our operations. Strategic investments have been channelled to upgrade systems that underpin our convergence strategy, thereby augmenting customer experience and expediting operational processes. Despite the normalisation of costs in the post-COVID era affecting various budget lines, TM has exerted rigorous control over its spending to ensure business resilience in the face of escalating operational expenses.

### 3. Restructuring Exercise

We completed an internal restructuring exercise to improve operational efficiencies and streamline operations, a critical step in our three-year transformation journey. This strategic reorganisation, leading to the establishment of TM Technology Services Sdn Bhd, was designed to enhance TM's command in FMC, boost operational efficiencies and elevate customer experience.

### 4. Continuous Engagement

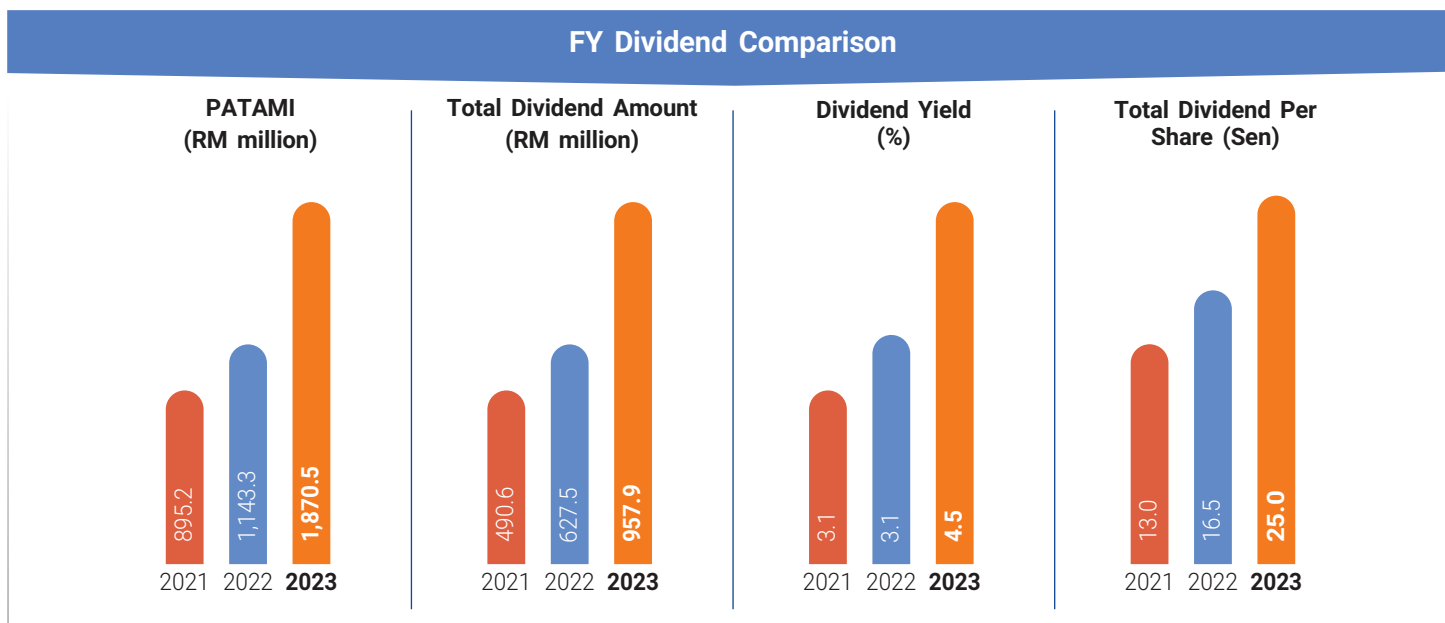
TM actively engaged with key stakeholders, including the Government and regulatory bodies, to navigate industry changes effectively. These engagements have been crucial in refining our financial strategies and securing a strong industry position, enabling TM to adeptly handle market uncertainties.

### 5. Return to Shareholders

We have consistently honoured our financial obligations, showcasing a strong commitment to optimising returns for our shareholders while contributing positively to national development. In our dividend strategy, we aim to strike a balance between rewarding our investors and reinvesting in our business for sustainable growth.

We have declared a second Interim Dividend of 10.5 sen per share and a Final Dividend of 5.0 sen per share for the financial year 2023. Together with the Interim Dividend declared in August of last year, the Total Dividend for FY2023 is 25.0 sen per share, a significant improvement from 16.5 sen per share in 2022. This is also another record-breaking highest total distribution since our dividend policy revision in 2018, a step up from the previous year.

Our dedication to shareholders is underscored by our TSR, which have consistently exceeded the market average over the last four (4) years. This record showcases our competitive advantage, operational excellence and commitment to creating lasting value for our shareholders.



## FINANCIAL POSITION

We maintained a robust financial position, ending the year with an increase in our cash and cash equivalents to RM2.70 billion, up from RM2.34 billion the previous year. This is a reflection of our effective cash flow management, driven by improved collections from customers and judicious capital expenditure throughout the year.

Our financial strategy and disciplined approach to capital management have allowed us to strengthen our cash reserves, laying a solid foundation in anticipation of larger debt repayments due in 2024 and 2025. This strong cash position demonstrates our sustained cash generation capability, crucial for supporting operational resilience and strategic agility amid upcoming financial commitments.

**We maintained a robust financial position, ending the year with an increase in our cash and cash equivalents to RM2.70 billion, up from RM2.34 billion the previous year. This is a reflection of our effective cash flow management, driven by improved collections and judicious capital expenditure throughout the year.**

Throughout the year, we observed consistent improvements in our financial ratios, indicating better returns and a robust financial standing. These improvements are vital as they reflect our company's overall health and stability, reinforcing our ability to grow and create value.

Our prudent financial management practices have ensured significant debt headroom, giving us the flexibility to access various financing options to support our strategic growth objectives. This financial flexibility is instrumental in maintaining our competitive edge and responding effectively to market opportunities or challenges.

## CREDIT RATING

Despite the dynamic and challenging landscape, we successfully maintained robust credit ratings from both domestic and international rating agencies, reflecting our solid financials and ability to fulfil our financial commitments.

➔ **RAM Rating Services: AAA**

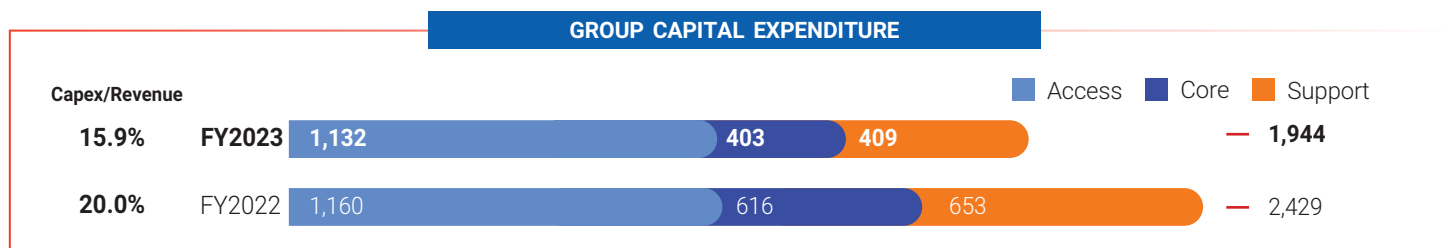
➔ **Moody's Investors Services: A3**  
(baseline credit assessment "baa1")

➔ **S&P Global Ratings: A-**  
(standalone credit profile "a-")

# GCFO'S REVIEW

## STRATEGIC KPIS: BALANCING FINANCIAL AND NON-FINANCIAL PERFORMANCE

We recognise the integral relationship between our financial achievements and our broader corporate responsibilities. Our strategic resource allocation underpins our sustained business growth and affirms our commitment to fostering a Digital Malaysia. This commitment is evident in our 2023 capital expenditure, which accounted for 15.9% of our revenue or RM1.94 billion, strategically distributed across key growth areas:



**Access:** 58% of the expenditure was dedicated to enhancing our access network, ensuring reliable and extensive connectivity.

**Core Network:** 21% of the funds were invested in strengthening our core network infrastructure, which is crucial for upholding service quality and operational efficiency.

**Support System:** The remaining 21% was directed towards upgrading our support systems, emphasising our dedication to technological progress and operational excellence.

These investments align with our sustainability goals, facilitating growth that is beneficial and responsible for all stakeholders. Thus, alongside our solid financial performance, we have maintained a steadfast focus on non-financial aspects such as reducing our carbon footprint, enhancing customer loyalty and promoting a strong organisational culture. This approach illustrates the successful integration of our financial and non-financial strategies.

### Financial Performance

Financial KPI	Objective	2021	2022	2023
Revenue Growth (%)	To measure performance across all business	6.4	5.1	<b>1.1</b>
EBIT (RM billion)	To assess profitability, cost management and efficiency	1.71	2.09	<b>2.09</b>
Capex/Revenue (%)	To evaluate investment sustainability, returns and business growth support	14.7	20.0	<b>15.9</b>

### Non-Financial Performance

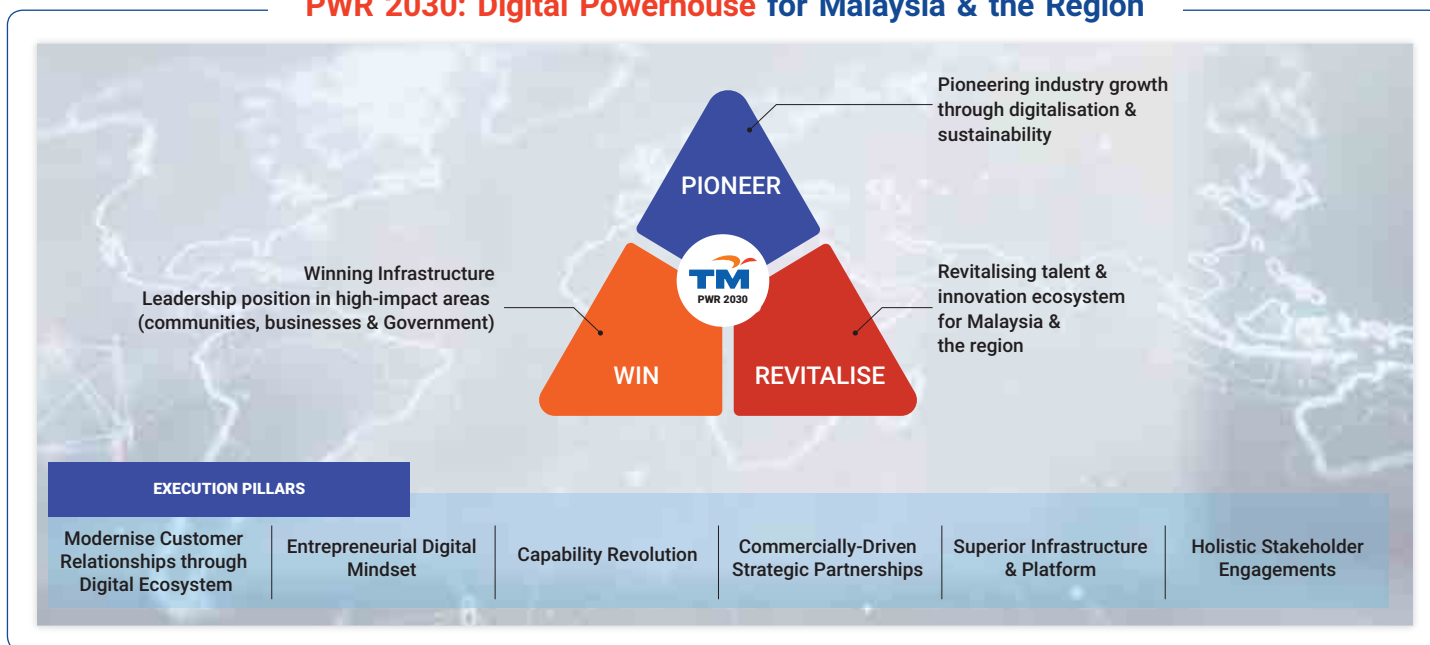
Non-Financial KPI	Objective	2021	2022	2023
Carbon Emissions (tCO <sub>2</sub> e) reduction (%)	To track our progress in reducing our carbon emissions towards achieving net-zero emissions by 2050 while targeting a 30% reduction in carbon emissions by 2024	8.3%	12.5%	<b>22.1%</b>
NPS	To measure our customer's loyalty and satisfaction towards our initiatives	23	39	<b>46</b>
Organisational Health Index (OHI)	To assess the overall well-being and effectiveness of an organisation	77	80	<b>79</b>



## OUTLOOK

As we move beyond our initial transformation phase (2021-2023), we have reinforced our standing in the telecommunications domain, both locally and internationally. This foundation sets the stage for our strategic journey towards PWR 2030, where we aspire to evolve into a Digital Powerhouse by 2030.

### PWR 2030: Digital Powerhouse for Malaysia & the Region



Financial Metric	2024 Guidance	Rationale
Revenue Growth	Low single-digit growth	Reaffirms our resilience and adaptability in changing market conditions
EBIT	RM2.1 – RM2.2 billion	Highlights our commitment to operational efficiency and profitability
Capex/ Revenue	14% – 18%	Reflects our strategic investments in network enhancement and IT modernisation, essential for long-term development

We anticipate low single-digit revenue growth and we are confident in maintaining a steady performance amidst evolving market dynamics. Our EBIT is projected to range between RM2.1 billion and RM2.2 billion, indicating our focus on operational efficiency and profitability. Our Capex to revenue ratio is expected to be between 14% and 18%, emphasising our commitment to prudent investment, particularly in network and IT modernisation.

In conclusion, our outlook for 2024 and beyond is characterised by a strategic blend of growth, innovation and sustainability, aligning with our long-term vision to empower a fully integrated digital society and economy.

# Stakeholder Priorities

Our approach to creating value places people at its heart. Every decision our Group makes is driven by our dedication to improve stakeholder outcomes. We maintain open and consistent communications with our key stakeholders to stay aligned with their changing needs, allowing us to continue serving them in the long term.

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



## Employees

**WHY THEY ARE IMPORTANT**

As the execution engine of the Group, *Warga TM*'s expertise and insights are crucial in driving our nation building ambitions. In recognition of their value, we are committed to ensuring a safe working environment, sustainable livelihoods and rewarding career opportunities.

How We Engage	Expectations & Engagement Topics	Our Approach	How We Measure Value
<ul style="list-style-type: none"> <li><span style="background-color: #0056b3; color: white; padding: 2px 5px;">D</span> Email announcements</li> <li><span style="background-color: #0056b3; color: white; padding: 2px 5px;">M</span> Employee engagement events</li> <li><span style="background-color: #0056b3; color: white; padding: 2px 5px;">Q</span> Townhall and leadership engagement sessions</li> <li><span style="background-color: #0056b3; color: white; padding: 2px 5px;">B</span> OHI Surveys</li> <li><span style="background-color: #0056b3; color: white; padding: 2px 5px;">W</span> Regular internal newsletters</li> <li><span style="background-color: #0056b3; color: white; padding: 2px 5px;">R</span> Virtual briefings/sessions on HR matters</li> <li><span style="background-color: #0056b3; color: white; padding: 2px 5px;">B</span> Half-yearly performance review</li> <li><span style="background-color: #0056b3; color: white; padding: 2px 5px;">R</span> Podcasts</li> <li><span style="background-color: #0056b3; color: white; padding: 2px 5px;">D</span> EDMs</li> <li><span style="background-color: #0056b3; color: white; padding: 2px 5px;">W</span> Internal social media posts</li> </ul>	<ul style="list-style-type: none"> <li>• Healthy work-life balance</li> <li>• Safe and conducive working conditions</li> <li>• Clear, inclusive and fair career development</li> <li>• Latest news and updates on Human Resource (HR) matters</li> <li>• Understanding the focus areas and strategic direction of the company and its initiatives</li> <li>• Awareness of corporate achievements</li> <li>• Quarterly performance result of the company</li> </ul>	<ul style="list-style-type: none"> <li>• Provide hybrid and flexible working arrangements (FWA)</li> <li>• Strengthen employee well-being initiatives</li> <li>• Provide robust skill and career development programmes</li> </ul>	<ul style="list-style-type: none"> <li>• OHI Score of 79</li> </ul>



## Customers

**WHY THEY ARE IMPORTANT**

Our customers' support is vital for our business to thrive. Their trust in our products and services directly impacts our long-term success and helps us achieve our nation building goals. Additionally, by offering essential services, we enable our customers to excel in Malaysia's digitally evolving landscape, aligning their success with our own.

How We Engage	Expectations & Engagement Topics	Our Approach	How We Measure Value
<ul style="list-style-type: none"> <li><span style="background-color: #0056b3; color: white; padding: 2px 5px;">D</span> Voice of customers</li> <li><span style="background-color: #0056b3; color: white; padding: 2px 5px;">D</span> Customer touchpoints</li> <li><span style="background-color: #0056b3; color: white; padding: 2px 5px;">D</span> Social media listening</li> <li><span style="background-color: #0056b3; color: white; padding: 2px 5px;">D</span> Market research loyalty programmes</li> <li><span style="background-color: #0056b3; color: white; padding: 2px 5px;">W</span> Virtual/physical meetings with customers</li> <li><span style="background-color: #0056b3; color: white; padding: 2px 5px;">Q</span> Customer engagements</li> <li><span style="background-color: #0056b3; color: white; padding: 2px 5px;">A</span> Bilateral meetings</li> <li><span style="background-color: #0056b3; color: white; padding: 2px 5px;">A</span> Sales conference/networking</li> <li><span style="background-color: #0056b3; color: white; padding: 2px 5px;">R</span> Proactive notifications through digital platforms</li> </ul>	<ul style="list-style-type: none"> <li>• Fast and reliable network coverage</li> <li>• Seamless and personalised customer experience</li> <li>• Value for money and competitive packages</li> <li>• First-time-right resolution</li> </ul>	<ul style="list-style-type: none"> <li>• Deliver a diverse range of services that fit customers' needs with competitive offerings including attractive devices to improve quality and usage experience</li> <li>• Enable self-diagnostics and troubleshooting features to empower customer making decisions including performing service health checks and creating tickets for faults through EasyFix</li> <li>• Proactive notifications on service faults upfront and prompted with proactive fixing</li> <li>• Enrich MyUnifi app with new functions including making upfront appointments for installation and restoration visits, viewing usage patterns and trends enabled by analytics and attractive offers to improve quality and experience</li> <li>• Replacement of customer's old modem with WiFi 6 modem to boost in-premise WiFi experience</li> </ul>	<ul style="list-style-type: none"> <li>• 46 NPS</li> </ul>

Frequency of Engagement

- D** Daily   **W** Weekly   **M** Monthly   **Q** Quarterly   **A** Annually   **B** Bi-Annually   **R** When Required



## Shareholders & Investors

### WHY THEY ARE IMPORTANT

Our shareholders and investors' trust in our financial stability is crucial in empowering the Group's operations and growth. Their confidence provides us with the capital and support needed to pursue our strategic objectives, drive innovation and sustain our long-term success. In turn, we strive to deliver sustainable and optimum financial returns.

#### How We Engage

- M** One-on-one engagement sessions
- M** Investor conferences
- M** Queries via email/phone
- Q** Quarterly analysts briefings
- A** Annual General Meeting (AGM)
- R** Site visits to TM One Experience Centre & TM data centres
- R** Ad-hoc engagements on key announcements/updates
- R** C-suite engagement sessions with main shareholders

#### Expectations & Engagement Topics

- 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 future prospects, growth and strategic direction of the company

#### Our Approach

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

#### How We Measure Value

- Shareholders:
- 6.33% TSR
  - Value Creation (ROIC > Weighted Average Cost of Capital (WACC))
  - RM957.9 million Total Dividend Payout (25 sen per share)
  - Financial Performance Indicators:
    - Revenue RM12.26 billion
    - PATAMI RM1.87 billion
    - EBIT RM2.09 billion
    - Other financial ratios
- Analysts and Investment Communities:
- Target price
  - Valuation
  - Rating
  - Report narrative



## Government & Regulators

### WHY THEY ARE IMPORTANT

As a GLC, it is crucial for us to maintain a transparent and trust-based partnership with the Government and regulators, thus enabling our shared nation building agenda. We actively participate in Government initiatives and ensure our commercial strategies also benefit national development.

#### 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)*
- R** Industry Working Groups
- R** Public Inquiries/Consultation
- R** Queries via email/phone
- R** Site visits
- R** One-on-one engagement sessions
- R** Dedicated portals and systems

#### Expectations & Engagement Topics

- Development of policies and regulations
- Progress of JENDELA Phase 2
- Infrastructure coverage and investments
- Improvement of service quality and experience
- Enhancement of consumer rights and resolve consumer complaints/disputes

#### Our Approach

- Set targets that support JENDELA
- Continuously improve our broadband services
- Establish robust policies and framework

#### How We Measure Value

- 73% of premises enabled with high-speed Internet in line with industry target for JENDELA by 2025
- Compliance with CMA 1998 regulations
- Compliance with Putrajaya Smart City guidelines and policies



# Stakeholder Priorities

## Frequency of Engagement

- D Daily   
 W Weekly   
 M Monthly   
 Q Quarterly   
 A Annually   
 B Bi-Annually   
 R When Required



## Suppliers

### WHY THEY ARE IMPORTANT

Our operational resilience, sustainability and growth hinge on the quality of products and services provided by our network of suppliers. In turn, we support these suppliers by providing financial and non-financial assistance, contributing to their development and success. This mutual support strengthens our entire value chain.

#### How We Engage

- D Pre-delivery acceptance by suppliers
- W Operational engagement with suppliers
- M Email blasts
- Q Suppliers' factory inspections
- A Supplier Awards Recognition Ceremony
- A *Hari Integriti 2022 @ Ikrar Bebas Rasuah*
- R Strategic engagements with suppliers
- M Face-to-face and virtual meetings
- M Continuous meetings with suppliers
- M Site visits, on-site audits
- M Sharing sessions
- M One-to-one sessions with TM's management

#### Expectations & Engagement Topics

- Clear communications, engagement and transparency
- Simple and efficient processes
- Empowerment of local businesses
- Communicate risk and Business Continuity Management (BCM) matters
- Briefing on latest info/technology/current market trends
- Training and sharing sessions
- Quality inspection and compliance checks

#### Our Approach

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

#### How We Measure Value

- 7.9 Supplier Satisfaction Index (SSI)
- 8.0 Procurement Maturity Index (PMI)



## Business Partners

### WHY THEY ARE IMPORTANT

We utilise the technology and resources from our business partners to enhance our products and solutions for our customers. In return, they depend on us to deliver services and equipment reliably and cost-effectively.

#### How We Engage

- W Progress reports
- Q Business reviews
- B Sessions with key partners
- Q Signing ceremonies
- A Integrity Pledge (IP)
- A Annual reports

#### Expectations & Engagement Topics

- Strong sales funnel
- Delivery performance
- Cost optimisation

#### Our Approach

- Conduct regular engagements with key partners to foster relationship and drive the business
- Promote ethical business practices

#### How We Measure Value

- Revenue growth
- Cost savings

<b>Frequency of Engagement</b>	<b>D</b> Daily	<b>W</b> Weekly	<b>M</b> Monthly	<b>Q</b> Quarterly	<b>A</b> Annually	<b>B</b> Bi-Annually	<b>R</b> When Required
--------------------------------	----------------	-----------------	------------------	--------------------	-------------------	----------------------	------------------------



## Media

### WHY THEY ARE IMPORTANT

The media serves as a vital link between TM and its diverse stakeholders, including the general public. Maintaining positive media relations is crucial to shaping a favourable reputation that aligns with our purpose and to gain the support of our other stakeholders.

#### How We Engage

- W** News releases
- R** Advertorials/Op-Eds
- R** Press conferences
- M** Media engagements
- Q** Media visits
- R** Engagement with Chief Editors
- R** Queries via email/phone
- R** Ad-hoc engagements on key announcements/updates

#### Expectations & Engagement Topics

- Respectful and cordial media relations
- Sharing of factual and accurate information
- Product launches
- Financial results
- Evolving matters of interest to media

#### Our Approach

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

#### How We Measure Value

Media tonality score of 3.1/5, representing effective execution of media strategy and key messages delivery



## Communities

### WHY THEY ARE IMPORTANT

Communities provide invaluable support for our strategic and nation building goals. By establishing and maintaining strong relationships with them, we foster trust and demonstrate our commitment to improving socio-economic conditions, which ultimately benefits everyone involved.

#### How We Engage

- W** Social media platforms
- W** Programmes & events
- M** Website
- M** Onboarding and one-on-one engagement sessions
- M** Community development activities
- Q** Engagement via phone/email/digital channels
- A** YTM stakeholder perception survey
- R** Humanitarian relief exercises

**IR** Refer to page 116 to know more about our social impact programmes.

#### Expectations & Engagement Topics

- Contribute to community development
- Consistent community engagement and representation
- Enhance social and environmental well-being
- Understanding the expectation and direction from YTM
- Implementation of social impact programmes
- Showcase of programme impact and improvement
- Clear programme reporting
- Contribution of relief items during disaster

#### Our Approach

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

#### How We Measure Value

- RM6.2 million channelled into community programmes
- RM32.2 million invested in scholarships and financial assistance
- More than 110,000 community members reached through YTM's social impact programmes



# Stakeholder Priorities

Frequency of Engagement	<b>D</b> Daily	<b>W</b> Weekly	<b>M</b> Monthly	<b>Q</b> Quarterly	<b>A</b> Annually	<b>B</b> Bi-Annually	<b>R</b> When Required
-------------------------	----------------	-----------------	------------------	--------------------	-------------------	----------------------	------------------------

## Unions

### WHY THEY ARE IMPORTANT

Unions play a crucial role in enhancing communication and fostering a more engaged workforce. Furthermore, they aid in addressing and resolving workplace conflicts proactively, thereby enhancing industrial relations.

#### 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, state and regional level

#### Expectations & Engagement Topics

- 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

- 6,400 employees with union membership



# 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.

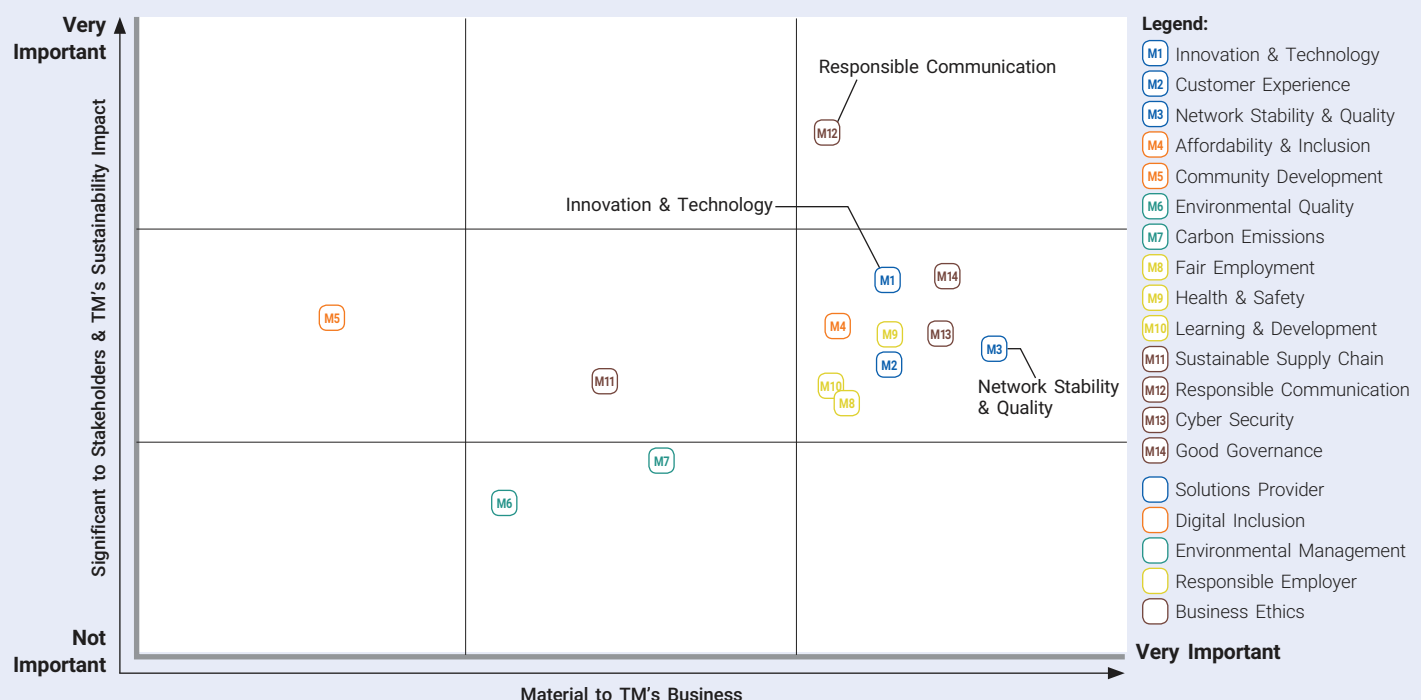
Our material matters are identified via a materiality determination process. The last process was conducted in 2022. TM carries out a materiality determination process every three (3) years to ensure that our material matters are relevant and timely. Our material matters have guided our refreshed Sustainability Framework, which can be found on page 88.

## MATERIALITY PROCESS



## Materiality Matrix

Following our 2022 assessment, we determined 14 material matters to 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 to and endorsed by our BOD.



# Material Matters

The following section provides an overview of how each of our material matters is being managed in TM.

## M1 INNOVATION & TECHNOLOGY

### Why it Matters

Leverage technological advancements to deliver innovative products and digital solutions for customers, employees and suppliers to improve processes, productivity and quality

### What are the Risks

- Market disruption
- Rapid technological obsolescence

### What are the Opportunities

- Adoption of emerging technologies
- Digital technologies well-acknowledged as an enabler for sustainability growth

### What We Did

- Harnessed emerging technologies to develop solutions for sustainable impact
- Delivered smart solutions for homes, cities and industries
- Elevated the digital experience for communities, businesses and Government

### Outlook

#### Short-Term

- Expand global reach through strategic partnerships
- Leverage state-of-the-art technology and AI

#### Medium to Long-Term

- Develop enterprise use cases for 5G, analytics, IoT and AI

#### Deployed Capitals:



#### Stakeholders Affected:



#### Sustainability Impact:



#### Key Risks:



#### UNSDGs:



For more information, refer to pages 100 to 102.

## M2 CUSTOMER EXPERIENCE

### Why it Matters

Deliver seamless customer service that combines the convenience of digitalisation and the emotional intelligence of our frontliners

### What are the Risks

- Poor access or understanding of service plans and offerings
- Inadequate customer support response times
- Ineffective resolution of customer complaints or issues

### What are the Opportunities

- Streamlining customer support processes yields quicker response times
- Innovation in complaint resolution methods

### What We Did

- Transformed retail experience
- Improved Unifi Contact Centre and Field teams
- Enhanced mobile network experience
- Expanded entertainment content

### Outlook

#### Short-Term

- Personalised interactions
- Ensure a seamless customer journey
- Enhance service offerings via digitalisation
- Continuous effort to provide more entertainment platforms

#### Medium to Long-Term

- Personalised AI-driven interaction omnichannel customer experience
- Analytics and digital Customer Value Management (CVM)

#### Deployed Capitals:



#### Stakeholders Affected:



#### Sustainability Impact:



#### Key Risks:



#### UNSDGs:



For more information, refer to pages 103 to 107.



### M3 NETWORK STABILITY & QUALITY

#### Why it Matters

Improve TM's network resilience against disruption and outages to deliver high quality, fast and uninterrupted service to Malaysians

#### What are the Risks

- Poor service quality such as slow Internet speeds or dropped calls

#### What are the Opportunities

- Investing in network resilience fosters an environment for exploring new technologies and services

#### What We Did

- Provided smart solutions for network stability
- Adhered to global standards and excellence in network services
- Promoted proactive Threat Management and Recovery Preparedness

#### Outlook

##### Short-Term

- Improve TM's network infrastructure to support new capabilities and growth
- Streamline network costs and boost operational efficiency

##### Medium to Long-Term

- Establish a platform to support the platform play agenda with an Application Programming Interface (API) first strategy
- Accelerate data-driven decisions
- Embrace AI and Autonomous Networks (AN)

#### Deployed Capitals:



#### Stakeholders Affected:



#### Sustainability Impact:



#### Key Risks:



#### UNSDGs:



For more information, refer to pages 108 to 110.

### M4 AFFORDABILITY & INCLUSION

#### Why it Matters

Narrow the digital divide via affordable and meaningful access to connectivity and digital services

#### What are the Risks

- Insufficient coverage or availability of services in certain areas
- Low digital adoption due to financial constraints and lack of skills

#### What are the Opportunities

- Expansion into new markets for increased coverage

#### What We Did

- Increased network expansion
- Digital empowerment through *Pusat Ekonomi Digital* (PEDi)
- Provided affordable plans for underserved groups
- Partnered with State Governments to support state-level digital economy agenda

#### Outlook

##### Short-Term

- Expand digital and coverage accessibility for underserved communities
- Improve and enhance MSMEs' digital skills

##### Medium to Long-Term

- Increase the number of PEDis managed by TM
- Continuous effort in making connectivity affordable and accessible

#### Deployed Capitals:



#### Stakeholders Affected:



#### Sustainability Impact:



#### Key Risks:



#### UNSDGs:



For more information, refer to pages 112 to 115.



# Material Matters

## M5 COMMUNITY DEVELOPMENT

<b>Why it Matters</b>	<b>What are the Risks</b>	<b>What are the Opportunities</b>		
<p>Allocate financial and non-financial resources, including employee volunteer hours, into programmes that contribute to social equity by educating future talents, developing entrepreneurs and empowering underserved communities</p>	<ul style="list-style-type: none"> <li>Lack of future talents for the digital ecosystem</li> <li>Low digital adoption</li> </ul>	<ul style="list-style-type: none"> <li>Enhancing visibility and improving brand reputation through the implementation of social responsibility programmes</li> <li>Community engagement provides insight into efficient execution of key projects</li> </ul>		
<b>What We Did</b>	<b>Outlook</b>			
<ul style="list-style-type: none"> <li>Provided scholarships to upper secondary and undergraduates who are pursuing STEM courses</li> <li>Supported digital skills education in schools and TVETs</li> <li>Empowered MSMEs with entrepreneurship skills</li> <li>Promoted community and cultural resilience</li> </ul>	<p><b>Short-Term</b></p> <ul style="list-style-type: none"> <li>Increase involvement in STEM and IR4.0-centric knowledge programmes</li> <li>Collaborate with industry leaders, Government agencies and educational institutions</li> <li>Showcase TM's museums modernisation and educational programmes</li> </ul> <p><b>Medium to Long-Term</b></p> <ul style="list-style-type: none"> <li>Continue to offer scholarships and outreach programmes</li> <li>Continue to conduct entrepreneurship programmes and community development projects</li> <li>Preserve Malaysia's arts, culture and heritage</li> </ul>			
<b>Deployed Capitals:</b>	<b>Stakeholders Affected:</b>	<b>Sustainability Impact:</b>	<b>Key Risks:</b>	<b>UNSDGs:</b>

For more information, refer to pages 116 to 121.

## M6 ENVIRONMENTAL QUALITY

<b>Why it Matters</b>	<b>What are the Risks</b>	<b>What are the Opportunities</b>		
<p>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</p>	<ul style="list-style-type: none"> <li>Environmental non-compliances lead to regulatory penalties and fines</li> <li>Unsustainable environmental practices negatively impact public trust and confidence</li> </ul>	<ul style="list-style-type: none"> <li>Waste reduction and resource efficiency reduces operational costs</li> <li>Goodwill from environmentally responsible business practices</li> </ul>		
<b>What We Did</b>	<b>Outlook</b>			
<ul style="list-style-type: none"> <li>Monitored and managed our environmental impact in relation to waste, water, dust and noise pollution</li> <li>Increased awareness to <i>Warga TM</i> on the importance of protecting the environment</li> </ul>	<p><b>Short-Term</b></p> <ul style="list-style-type: none"> <li>Refine tracking and monitoring of data related to waste and water</li> </ul> <p><b>Medium to Long-Term</b></p> <ul style="list-style-type: none"> <li>Conduct a biodiversity impact assessment</li> <li>Pursue viable circularity strategies</li> </ul>			
<b>Deployed Capitals:</b>	<b>Stakeholders Affected:</b>	<b>Sustainability Impact:</b>	<b>Key Risks:</b>	<b>UNSDGs:</b>

For more information, refer to pages 124 to 125.

## M7 CARBON EMISSIONS

### Why it Matters

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

### What are the Risks

- Extreme weather changes impacting business continuity
- Rising cost of natural resources and materials

### What are the Opportunities

- Growing demand for carbon-efficient products and services
- Lower resource consumption contributes to cost savings and better performance

### What We Did

- Intensified efforts towards energy efficiency including network modernisation
- Increased our renewable energy mix

### Outlook

#### Short-Term

- Refine the estimation methods and boundaries for Scope 1 and 2 emissions
- Drive energy efficiency initiatives aggressively
- Pursue viable opportunities to increase renewable energy mix

#### Medium to Long-Term

- Refine estimation methods and boundaries for Scope 3 emissions
- Roll out the low-carbon transition plan to align to national net-zero ambitions by 2050

#### Deployed Capitals:



#### Stakeholders Affected:



#### Sustainability Impact:



#### Key Risks:



#### UNSDGs:



For more information, refer to pages 126 to 131.

## M8 FAIR EMPLOYMENT

### Why it Matters

Create a culture of fairness and respect built on fair compensation and benefits, Diversity, Equity and Inclusion (DEI) and employee engagement

### What are the Risks

- Lack of diversity and inclusion in the workplace
- Inability to retain or attract high quality talent
- Low employee morale

### What are the Opportunities

- Increasing talent attraction and retention
- Driving creativity and innovation through a diverse talent pool
- Improving *Warga TM's* satisfaction and productivity

### What We Did

- Strengthened our Performance Management approach for Executives
- Nurtured future women leaders via a specially curated programme
- Introduced comprehensive health and wellness programmes

### Outlook

#### Short-Term

- Strengthen employment policies and procedures

#### Medium to Long-Term

- Facilitate DEI initiatives in the workplace

#### Deployed Capitals:



#### Stakeholders Affected:



#### Sustainability Impact:



#### Key Risks:



#### UNSDGs:



For more information, refer to pages 133 to 140.



# Material Matters

## M9 HEALTH & SAFETY

Why it Matters	What are the Risks	What are the Opportunities		
Protect the physical and mental health of employees, suppliers and other stakeholders impacted by our operations and activities	<ul style="list-style-type: none"> <li>Poor safety measures set in place</li> <li>Musculoskeletal injuries from poor ergonomics in the workplace</li> </ul>	<ul style="list-style-type: none"> <li>Improved well-being and morale amongst <i>Warga TM</i></li> <li>Making health and safety as part of TM's culture</li> </ul>		
What We Did	Outlook			
<ul style="list-style-type: none"> <li>Strengthened OSHE governance and compliance at state and regional level</li> <li>Ramped up training and awareness activities for TM's stakeholders</li> <li>Extended safety guidelines to TM's suppliers</li> </ul>	<p><b>Short-Term</b></p> <ul style="list-style-type: none"> <li>Ensure TM's Accident Rate is at least 10% lower than the National Rate set by the Department of Occupational Safety and Health (DOSH)</li> <li>Reduce the impact of injuries</li> </ul> <p><b>Medium to Long-Term</b></p> <ul style="list-style-type: none"> <li>Achieve Low-Risk Rating by 2025</li> </ul>			
<b>Deployed Capitals:</b> 	<b>Stakeholders Affected:</b> 	<b>Sustainability Impact:</b> 	<b>Key Risks:</b> 	<b>UNSDGs:</b> 






For more information, refer to pages 141 to 145.


## M10 LEARNING & DEVELOPMENT

Why it Matters	What are the Risks	What are the Opportunities		
Future-proof our workforce with the skills and knowledge needed to allow our people and suppliers to thrive in a Digital Malaysia	<ul style="list-style-type: none"> <li>Employees lack the skills to tap emerging opportunities</li> <li>Low employee morale and productivity due to shortage of developmental opportunities</li> </ul>	<ul style="list-style-type: none"> <li>Inclusive and empowering work culture improves agility and efficiency</li> <li>Effective talent development programmes retain and attract top quality industry talent</li> </ul>		
What We Did	Outlook			
<ul style="list-style-type: none"> <li>Provided learning spaces to encourage a space for innovation</li> <li>Aligned TM's workforce with emerging technological trends and skills</li> <li>Made learning more accessible via digital learning platforms</li> </ul>	<p><b>Short-Term</b></p> <ul style="list-style-type: none"> <li>Equip <i>Warga TM</i> with future-ready skills</li> <li>Advance our commitment to digitising learning</li> </ul> <p><b>Medium to Long-Term</b></p> <ul style="list-style-type: none"> <li>Utilise an AI-related platform to enhance <i>Warga TM</i>'s work capability</li> </ul>			
<b>Deployed Capitals:</b> 	<b>Stakeholders Affected:</b> 	<b>Sustainability Impact:</b> 	<b>Key Risks:</b> 	<b>UNSDGs:</b> 






For more information, refer to pages 146 to 150.


## M11 SUSTAINABLE SUPPLY CHAIN

Why it Matters	What are the Risks	What are the Opportunities		
Uphold high standards of environmental, social and governance practices across our supply chain, while contributing to the development of our vendors and suppliers	<ul style="list-style-type: none"> <li>Supply chain disruption</li> <li>Reputational damage</li> <li>Non-compliance with relevant laws and regulations</li> </ul>	<ul style="list-style-type: none"> <li>Strategic and long-term partnerships with suppliers for greater business value</li> </ul>		
What We Did	Outlook			
<ul style="list-style-type: none"> <li>Expanded sustainability compliance assessments to strategically important vendors</li> <li>Enhanced digital platforms for more efficient supplier engagement</li> <li>Streamlined procurement processes through the establishment of a centralised platform or system</li> <li>Improved supplier communication through policy updates</li> <li>Provided vendor training and development programmes</li> </ul>	<p><b>Short-Term</b></p> <ul style="list-style-type: none"> <li>Continuously conduct sustainability assessments</li> <li>Expand integration of sustainability requirements and climate change considerations into our procurement policies and processes</li> <li>Enhance training on sustainability matters among Bumiputera vendors</li> </ul> <p><b>Medium to Long-Term</b></p> <ul style="list-style-type: none"> <li>Ensure that our supply chain upholds our commitment to established sustainability standards</li> </ul>			
<b>Deployed Capitals:</b> 	<b>Stakeholders Affected:</b> 	<b>Sustainability Impact:</b> 	<b>Key Risks:</b> 	<b>UNSDGs:</b> 

 For more information, refer to pages 152 to 154.

## M12 RESPONSIBLE COMMUNICATION

Why it Matters	What are the Risks	What are the Opportunities		
Foster a culture of open and transparent communication across all levels and channels responsibly, ensuring stakeholders are provided with timely, accessible, appropriate and relevant information to make well-informed decisions	<ul style="list-style-type: none"> <li>Poor communication with stakeholders</li> <li>Inaccurate information provision</li> </ul>	<ul style="list-style-type: none"> <li>Competitive advantage through transparency</li> <li>Strengthened relationships with all stakeholders</li> </ul>		
What We Did	Outlook			
<ul style="list-style-type: none"> <li>Tailored engagement methods for various stakeholder groups</li> <li>Increased engagement with Chief Editors of media houses</li> <li>Introduced innovative approaches to engage with <i>Warga TM</i></li> </ul>	<p><b>Short-Term</b></p> <ul style="list-style-type: none"> <li>Improve the effectiveness of stakeholder engagement channels</li> <li>Ensure more comprehensive communications about material matters</li> <li>Broaden communication scope</li> </ul> <p><b>Medium to Long-Term</b></p> <p>Expand the integration of responsible communications practices into all aspects of TM's business</p>			
<b>Deployed Capitals:</b> 	<b>Stakeholders Affected:</b> 	<b>Sustainability Impact:</b> 	<b>Key Risks:</b> 	<b>UNSDGs:</b> 

 For more information, refer to pages 155 to 157.



# Material Matters

## M13 CYBER SECURITY

<b>Why it Matters</b>	<b>What are the Risks</b>	<b>What are the Opportunities</b>		
Protect TM's operations as well as its stakeholder against cyber security attacks, data loss, privacy issues, potential breaches and sabotage	<ul style="list-style-type: none"> <li>Data breaches compromising sensitive customer information</li> <li>Phishing attacks targeting TM's stakeholders for credentials</li> </ul>	<ul style="list-style-type: none"> <li>Enforcement of cyber security measures</li> </ul>		
<b>What We Did</b>	<b>Outlook</b>			
<ul style="list-style-type: none"> <li>Strengthened information security governance and compliance</li> <li>Conducted cyber security awareness and training sessions for our stakeholders</li> <li>Embedded security requirements in third-party systems/engagements</li> </ul>	<p><b>Short-Term</b></p> <ul style="list-style-type: none"> <li>Improve cyber security framework across People, Process and Technology</li> <li>Undertake technology upgrades</li> <li>Invest in cyber security-focused development</li> <li>Enhance management of third-party information security risks</li> </ul> <p><b>Medium to Long-Term</b></p> <ul style="list-style-type: none"> <li>Investments in cyber security and next-gen connectivity</li> </ul>			
<b>Deployed Capitals:</b>	<b>Stakeholders Affected:</b>	<b>Sustainability Impact:</b>	<b>Key Risks:</b>	<b>UNSDGs:</b>

For more information, refer to pages 158 to 160.

## M14 GOOD GOVERNANCE

<b>Why it Matters</b>	<b>What are the Risks</b>	<b>What are the Opportunities</b>		
Conduct ourselves with the highest standards of integrity, transparency and accountability, with zero-tolerance for corruption and unethical practices	<ul style="list-style-type: none"> <li>Corruption and misconduct cases result in reputational damage</li> </ul>	<ul style="list-style-type: none"> <li>High transparency leads to efficient execution of business plans and strategy</li> <li>Good governance creates a high-performance work environment and culture</li> </ul>		
<b>What We Did</b>	<b>Outlook</b>			
<ul style="list-style-type: none"> <li>Implemented ISO37001:2016 standards Anti-Bribery Management System (ABMS)</li> <li>Executed the Organisational Anti-Corruption Plan (OACP)</li> <li>Conducted training and awareness programmes</li> </ul>	<p><b>Short-Term</b></p> <ul style="list-style-type: none"> <li>Diligent management of the OACP</li> <li>Expand the ABMS to cover high-risk processes</li> <li>Conduct ongoing training and awareness programmes for all stakeholders</li> </ul> <p><b>Medium to Long-Term</b></p> <ul style="list-style-type: none"> <li>Embed a culture of integrity and zero-tolerance towards corruption</li> <li>Enhance our resilience to external threats and protect our integrity and reputation</li> </ul>			
<b>Deployed Capitals:</b>	<b>Stakeholders Affected:</b>	<b>Sustainability Impact:</b>	<b>Key Risks:</b>	<b>UNSDGs:</b>

For more information, refer to pages 161 to 165.

For more information, refer to page 94 for our Sustainability Governance and page 170 for our Corporate Governance.

# Market Trends

## THE ECONOMY

### What Happened in 2023?

- Global economic recovery slowed, with growth dipping from 3.5% in 2022 to an expected 3.1% in 2023, affected by COVID-19's long-term impact and geopolitical tensions.
- Malaysia's economy normalised to 3.7% in 2023 following strong growth in the previous year (2022: 8.7%), driven by domestic spending, labour improvements and policy support, despite a weakened Ringgit and rising inflation.

### How did it Impact TM?

- Economic challenges reshaped consumer spending, with a shift towards essential services and potential impacts on discretionary offerings
- TM faced increased business costs due to inflation and currency fluctuations

### How did We Respond?

- Adapted service offerings to align with changing consumer priorities and enhanced our value propositions to ensure affordability and value for money
- Enhanced customer engagement and optimised operations to counteract economic challenges

### Outlook

- The global economy is predicted to remain at 3.1% in 2024, with risks like ongoing inflation, debt issues, geopolitical divides, climate change and soaring food and energy prices
- Malaysia, however, is poised for resilient growth between 4.0% and 5.0% in 2024, driven by strong domestic demand, stable employment and income growth, particularly in domestically-focused sectors

#### Sources:

1. *World Economic Outlook, International Monetary Fund, January 2024*
2. *Economic and Financial Developments in Malaysia in the Fourth Quarter of 2023, Bank Negara Malaysia, February 2024*
3. *Economic outlook for 2024: Drivers and risks, The Star, January 2024*



### What Happened in 2023?

- The strong growth of consumer broadband, driven by JENDELA initiatives, marked the completion of Phase 1 by the end of 2022, covering more than 7.7 million homes and achieving an average mobile broadband speed of 116 Mbps. The higher adoption is fuelled by Government initiatives such as *Pakej RAHMAH* and Mandatory Access on Standard Pricing (MSAP), contributing to lower broadband prices, alongside increased market competition.
- The mobile market in Malaysia is mature and somewhat saturated, but it was expected to grow at 1.6% YoY in 2023.
- Notable progress in Malaysia's 5G rollout, with 80.2% population coverage by the end of 2023. We have shown progressive adoption of 5G, with 5.5 million subscribers, representing 16.9% of total mobile subscriber base.
- Introduction of Starlink services enhanced Internet access in rural areas, improving overall Internet penetration.

### How did it Impact TM?

- The implementation of MSAP reduced the price of wholesale High-Speed Broadband access, increasing market competition
- This intensified competition necessitated further innovation and differentiation in the market

### How did We Respond?

- Addressed MSAP through commercial arrangements, improved cost efficiency and effective stakeholder management
- Emphasised convergence to reinforce Unifi's position as Malaysia's only true convergence provider
- Expanded partnerships to create further differentiation in the market

### Outlook

- JENDELA Phase 2 (2023-2025) focuses on extending broadband coverage, aiming for fiberisation to 9.0 million premises with gigabit speed and 100% Internet coverage in populated areas
- The decision to transition to a Dual Network approach for 5G will influence future strategies and the development of new applications like 5G Multi-Access Edge Computing (MEC) and private networks
- Forecasted growth for mobile and fixed broadband revenue is at CAGR 4.2% and 2.1%, respectively, over the next five (5) years, driven by data consumption of high quality content, social media and short videos
- 5G adoption is projected to surge, accounting for 96.7% of total subscriptions by 2027, fueled by wider coverage, aggressive marketing, new services and a broader device ecosystem

### Sources:

1. JENDELA Phase 1 Concluding Report, MCMC, June 2023
2. Mid-Year Market Review for TM, GlobalData, September 2023
3. Moving Forward with 5G, Free Malaysia Today, December 2023
4. 5G Performance Shines in Malaysia, but There Is Room for Greater Adoption, GSMA, October 2023
5. 5G coverage hits 80% mark, Free Malaysia Today, January 2024
6. Malaysia Mobile Broadband Forecast, GlobalData, December 2023



## DIGITALISATION AND CLOUD

### What Happened in 2023?

- Government initiatives like MyDigital, Industry4WRD and the 12MP significantly spurred ICT adoption among local businesses, with substantial financial support (RM1.6 billion under PEMERKASA, PEMULIH and Budget 2023) for adopting technologies such as cloud, cyber security and digital solutions.
- The launch of the New Industrial Master Plan (NIMP) 2030 aimed to establish 3,000 smart factories by 2030, focusing on technology adoption, automation and high-skilled job creation in manufacturing.
- Malaysia's ICT services market grew by 12.3% YoY, reaching RM101.9 billion in 2023, driven by Government grants and digitalisation efforts, with the cloud services market growing by 22.3% YoY.
- Major cloud providers like AWS, Azure, Google Cloud and Alibaba Cloud expanded their Malaysian presence with partnerships in digital banking (e.g., Al Rajhi Bank, Bank Islam) and are gaining traction with large enterprises (e.g., Malaysian Airport, Axiata, Media Prima). Local providers, such as AVM Cloud (a subsidiary of Time), are addressing enterprise needs for sovereign cloud solutions.

### How did it Impact TM?

- The rise of hyperscalers in Malaysia fosters a competitive cloud market ecosystem, presenting growth opportunities for TM to expand our market presence and revenue through essential ICT services
- Multi-cloud strategies present TM with opportunities to become a key facilitator in integrating and managing diverse cloud environments
- The need to expand service capabilities through certifications and training to address the market demand

### How did We Respond?

- Continued investment in digital infrastructure to enable digital transformation
- TM continues to serve as the sole local provider for the Government's MyGovCloud initiative, offering unique services like data residency and sovereignty
- Assisted MSMEs in digitalisation through training programmes, tips, case studies and networking opportunities

### Outlook

- The ICT market is projected to grow at a CAGR of 17.5% from 2023-2027, reaching RM194.5 billion in 2027, fuelled by 5G services, hybrid business models, digital banking and consumer trends
- Cloud adoption in Malaysia is expected to grow at a 25.9% CAGR from RM12.3 billion in 2022 to RM31.7 billion in 2027, with hyperscalers' expansion expected to enhance market adoption through services like edge computing and vertical solutions
- Talent shortages in areas like multi-cloud management and Information Technology (IT) and Operational Technology (OT) convergence may challenge enterprises, potentially hindering technology implementation and optimisation
- Nonetheless, various Government programmes and grants for MSMEs are fostering digital adoption, offering support and resources to local businesses in navigating the digital landscape

Source: Malaysia Enterprise ICT, GlobalData, September 2023



## SMART SERVICES AND ARTIFICIAL INTELLIGENCE

### What Happened in 2023?

- The Smart Services (IoT) market grew by 18.0% YoY in 2023, driven by technological advancements and the Government's rapid adoption in areas like smart cities, Industry 4.0, healthcare and agriculture.
- Expanded initiatives and partnerships for smart services included smart industrial parks, AI and IoT in port management and collaborations in green tech and automation. Co-creation using 5G technologies also saw increased traction.
- AI is a key driver of technological advancement in Malaysia, aligned with the Government's vision outlined in the Malaysia National Artificial Intelligence Roadmap (AI-Rmap) 2021-2025. The establishment of the first AI faculty at the University of Technology Malaysia marked a significant step in leveraging AI for innovation across sectors like manufacturing, finance, healthcare and agriculture.
- YTL's partnership with Nvidia to build AI infrastructure aimed at introducing supercomputers in Malaysia reflects alignment with the NIMP 2030. This move focuses on deploying advanced AI technologies, including cloud-native frameworks for generative AI models.
- The formation of the Global Telco AI Alliance by leading telecom companies, including SK Telecom and Deutsche Telekom, signifies a collaborative effort to accelerate AI transformation in the telecom industry.

### How did it Impact TM?

- Increased initiatives and partnerships with service providers and industry leaders to co-develop enterprise IoT solutions
- AI plays a larger role in automating network functions and improving customer-facing features such as chatbots and self-serve applications

### How did We Respond?

- TM One partnered with NCT Group for the Selangor Smart Industrial Park, integrating various digital solutions with TM's infrastructure
- Strengthened the partner ecosystem through TM One's 5G Sphere, fostering collaborations for 5G use case co-creation from ideation to realisation
- Engaged with AI and hyperscaler partners to integrate AI-enabled functions and open to collaborate with large language models (LLM) players to develop tailored AI models

### Outlook

- The IoT service market is projected to grow at a 21.6% CAGR, reaching RM7.0 billion by 2027 in Malaysia
- Anticipated expansion of 5G-enabled IoT solutions in high-bandwidth, low-latency applications like smart surveillance and connected vehicles. Key sectors like energy, manufacturing, retail and smart city development are driving IoT evolution
- The Government's Kuala Lumpur 20 (KL20) initiative, which has been unveiled in February 2024, aims to position Malaysia as a regional AI hub
- The trend of localised generative AI models is gaining momentum, with Asian telecom companies leading in the development of services like customer support and network optimisation using localised GenAI
- Malaysia is progressing towards establishing an AI governance framework and code of ethics to promote and regulate the safe, ethical and responsible use of AI, expected to be ready in 2024. It is anticipated to drive the adoption of services like sovereign cloud, edge computing and managed security services

### Sources:

1. Mid-Year Market Review for TM, GlobalData, September 2023
2. AI in Telecoms, GlobalData, January 2024
3. State of Play of AI in Telecoms, Omdia, January 2024
4. Unlocking High Income Opportunities, NST, December 2023
5. YTL, NVIDIA to build AI infrastructure, bring fastest supercomputers to Malaysia by mid-2024, The Star, December 2023
6. Malaysia coming up with AI governance and code of ethics, NST, January 2024

## SUSTAINABILITY

### What Happened in 2023?

- The telco industry faced heightened focus on responsible business practices and its sustainability credentials. These mainly centred around managing risks related to cyber security and data privacy, supply chain, as well as ensuring the accessibility and inclusivity of communications services.
- In light of rising energy tariffs locally, as well as the renewed global momentum post 28<sup>th</sup> United Nations Climate Change Conference (COP28) to limit the average global temperature increase to 1.5 degrees above pre-industrial levels, the telco industry continued to expedite efforts to address its carbon footprint, primarily emissions arising from network and data centres.
- Telcos, including TM, adopted broad initiatives to increase social, economic and environmental efficiency of its business and network operations. This includes ensuring that its supply chains are resilient and sustainable.
- Within the broader digital technology industry, trends suggest a growing market for digital technology solutions that address sustainability goals. By 2030, there is an estimated USD118 billion market size for such solutions.
- Government-led policies, such as the National Energy Transition Plan (NETR), 12MP and the NIMP2030 have underlined the enabling role that digitalisation plays in achieving sustainability at a national level. This has increased public awareness and prompted customers to seek solutions that are both digital and sustainable.

### How did it Impact TM?

- Rising demand for sustainable practices and resilient networks and operations
- Rising demand for solutions that address sustainability goals amongst customers and business partners

### How did We Respond?

- Released the first TCFD report, two (2) years ahead of the 2025 requirement by Bursa Malaysia
- Increased disclosure of sustainable business practices, leading to an increase in our S&P Global ESG score from 41 points in 2022 to 46 points in 2023, placing TM among the top performing telcos in ASEAN
- Increased renewable energy usage in data centres and nodes, accounting for over 11% of total energy consumption in 2023
- Reduced our carbon emissions by 22% compared to our 2019 baseline and reported boundaries
- Expanded our Sustainability Framework to explore emerging business opportunities in the sustainability market

### Outlook

- Local telcos, including TM, will intensify efforts towards a more holistic approach to sustainability, focused on strengthening TM's long-term growth, while ensuring responsible and ethical business practices within TM and our value chain
- Fortify data privacy and cyber security across business operations
- Enhance innovation and services that incorporate digitalisation and technology into solutions for sustainability
- Emphasis on driving energy efficiency and reducing carbon intensity within the network and data centre operations, as well as across supply chains
- Continuous focus on addressing the digital divide, through digital inclusion initiatives such as the digitalisation of MSMEs and digital skills development amongst underserved communities
- Continuous focus on building a future-ready workforce through learning and development, health and well-being including mental health and ethical labour practices
- Strengthen governance in response to market changes and expanded partner ecosystems, with more telcos likely to seek third-party ESG ratings and industry certifications

#### Sources:

1. *Green Technology and Sustainability Market*, SNS Insider, June 2022
2. *Mid-Year Market Review for TM*, GlobalData, September 2023



# Market Trends

## EMERGING KEY MARKET TRENDS

Key Market Trends	→ How did it Impact TM?	Our Approach
Sustainability Factors	<ul style="list-style-type: none"> <li>• Growing awareness and expectation for telco companies to adopt sustainable practices</li> <li>• Growing market for digital solutions that address sustainability priorities of customers</li> </ul>	<ul style="list-style-type: none"> <li>• Established a holistic framework to enable sustainable growth amongst our customers and the community, while ensuring business resilience across our value chain</li> <li>• Embarked on a three-year plan to strengthen the integration of sustainability considerations across our material matters</li> <li>• Incorporated sustainability risks into the Enterprise Risk Management (ERM)</li> </ul>
Policy & Regulatory Developments	<ul style="list-style-type: none"> <li>• Dual network can accelerate 5G innovation and enable telcos to differentiate</li> <li>• Regulators are shifting their focus from broadband coverage to affordability</li> <li>• Dynamic regulatory development including access rules and Universal Service Provider (USP) clawback moratorium until 2025</li> </ul>	<ul style="list-style-type: none"> <li>• Developed unique propositions for early market opportunities</li> <li>• Maintained dedicated support for Government policies, including the fiberisation plan (JENDELA), nationwide 5G rollout and the launch of <i>Pakej RAHMAH</i> for Unifi fixed broadband and Mobile</li> <li>• Executed strategic and commercial arrangements with stakeholders for mutual benefits</li> </ul>
Changing Customer Expectations	<ul style="list-style-type: none"> <li>• Escalating costs influencing demand for essential services</li> <li>• Increased demand for digital services and personalised e-Commerce experiences</li> </ul>	<ul style="list-style-type: none"> <li>• Offered cost-effective broadband bundles including streaming services</li> <li>• Transitioned from transaction-based services to personalised customer experiences</li> </ul>
Changing Landscape & Competition	<ul style="list-style-type: none"> <li>• Convergence and blurring of industries with new entrants in the market</li> <li>• Shift towards AI-powered platform ecosystems</li> </ul>	<ul style="list-style-type: none"> <li>• Refocused from selling products to developing platform ecosystems</li> <li>• Built partnerships for growth via platform play and AI</li> </ul>

# Risks Linked to Value Creation

At TM, risk management is integral to our mission of creating stakeholder value and advancing our position as a Digital Powerhouse. Established in 1987, our Risk Management unit has evolved to not only identify risks but also to analyse their impact on our business, guiding decisions that align with our strategic goals and risk appetite.

## OUR RISK MANAGEMENT JOURNEY

- 1987** • Risk Management Unit Group Finance
- 1996** • Fraud Management Unit Group Finance
- 2003** • Revenue Assurance Unit Group Finance  
• Group Business Assurance (GBA)
- 2007** • Integration of Risk Management, Fraud Management and Revenue Assurance
- 2011** • Establishment of Corporate Compliance, Strategy & Governance and Insurance Management unit
- 2013** • Establishment of Business Continuity Management
- 2014** • Realignment of Contract Management
- 2015** • Risk Management System
- 2016** • Risk Maturity Survey
- 2019** • Group Risk Management  
• Establishment of Chief Risk Officer (CRO) position  
• Establishment of Sustainability unit  
• TM ERM Principles and Guidelines establishment based on ISO 31000:2018
- 2020** • Common Risk Profiling and Implementation – Corruption, OSHE, Right Skill and Cyber Security  
• ERM Risk Landscape – Corporate & Divisional  
• Operational Risk Data Profiling
- 2021** • Corporate Risk Management Policy and Risk Appetite Statement  
• Risk Certification for Risk Advisors  
• Launch of ERM Playbook
- 2022** • Risk Certification for Risk Fraternity  
• Divisional Risk Appetite Mapping and Control Prioritisation  
• Risk Management System and Process Improvement
- 2023** • Risk Maturity Assessment  
• Improvement in Strategic and Business Proposal Risk Assessment, Climate-Related Risk and Project Risk  
• TM Risk Radar comprises of Principal Risks including external and internal factors  
• Improvement of Divisional Risk Profiling  
• Won runner-up ASEAN Risk Award 2023

### A YEAR OF ENHANCED RISK MATURITY: ALIGNING WITH SUSTAINABILITY AND DIGITAL ASPIRATIONS

Our ERM has transformed from a standalone division managing risk to the formation of Group Risk Management (GRM). Alongside continuous monitoring of Principal Risks, GRM actively drives ERM programmes, addressing emerging risks and ensuring business resilience. This reflects our commitment to embedding sustainable practices and resilience in our journey towards digital innovation.

In 2023, TM's new Risk Maturity Assessment aimed to gauge our risk maturity level and establish an improved baseline elevating our risk management framework. To strengthen our risk management capabilities, we have engaged TM's Risk Fraternity (aka Risk Coordinators) through various programmes such as risk certification, training and knowledge sharing to enhance their skills and awareness.





## AWARDS & RECOGNITION



On 7 July 2023, TM was runner-up in the Risk Culture category at the ASEAN Risk Award event held in Singapore. This award is organised by the Enterprise Risk Management Academy, a Singapore-based global learning centre for professionals in ERM.

Overall, there were seven (7) categories and TM competed against more than 230 submissions from other organisations in ASEAN for the first time.

The winners and runner-ups are chosen based on ability to showcase exemplary dedication and innovation in navigating the intricate landscape of risk management in Southeast Asia.

This recognition allows us to measure our accomplishments and contributions against other outstanding companies in Southeast Asia. It is a testament to our dedication to excellence in risk management.

## Risks Linked to Value Creation

Our principal risks and key focus areas:

	<b>STRATEGIC</b>		<b>OPERATIONAL</b>
<ul style="list-style-type: none"> <li>Regulatory Policy Shift</li> <li>Mobile &amp; 5G</li> <li>Competition</li> <li>Loss of Reputation</li> </ul>		<ul style="list-style-type: none"> <li>Supply Sustainability</li> <li>Customer Experience</li> <li>Sales &amp; Marketing</li> <li>Compliance with Key Acts &amp; Regulations</li> </ul>	
	<b>FINANCIAL</b>		<b>TECHNOLOGY/SYSTEM</b>
<ul style="list-style-type: none"> <li>Cost Escalation</li> <li>Credit Risk</li> <li>Revenue Gap</li> <li>Revenue Leakage</li> <li>Forex Volatility</li> </ul>		<ul style="list-style-type: none"> <li>Cyber Security</li> <li>IT &amp; Digital Resiliency</li> <li>Business Support System Disruption</li> <li>Prolonged Network Disruption</li> </ul>	
	<b>SUSTAINABILITY</b>		
<ul style="list-style-type: none"> <li>Climate Change – Adverse Impact Due to Physical &amp; Transition Risks</li> <li>Workforce Development</li> </ul>		<ul style="list-style-type: none"> <li>Corporate Governance, Ethics &amp; Integrity</li> <li>Health &amp; Safety</li> </ul>	



## Strategic Risk

**Risk Rating:**

Significant - High

### WHAT IT MEANS

Challenges arising from internal and external factors, impacting the Group's strategic objectives and long-term vision as defined by leadership.

#### IMPACT ON VALUE

- Changes in MSAP, leading to heightened competition and price erosion
- Delays in market entry strategies
- Erosion of revenue, market share and investor confidence
- Threats to sustainable growth

#### IMPACT ON CAPITALS

- Financial Capital:** Internal and external factors threaten strong returns and affect our financial resources
- Social & Relationship Capital:** Strategic plan challenges may hinder our nation building agenda and weaken stakeholder trust

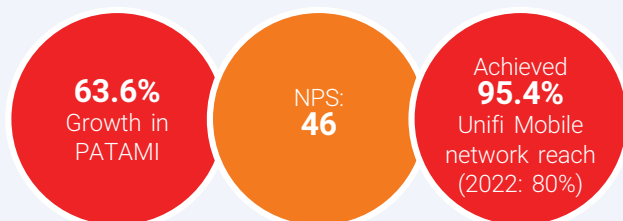
### MITIGATION STRATEGIES

- Actively engage with the customers to align with the business requirement
- Enhance market intelligence and Go-to-Market strategy
- Venture into new growth areas such as cloud, smart solutions and digital services, as well as enhance customer experience
- Effectively manage negative mainstream and social media sentiment

### TACTICAL OPPORTUNITIES

- Enhance regulator engagement and relationships
- Innovate products and services in new growth areas that are tailored to customer needs
- Explore untapped market through products and services innovation in new growth areas
- Advocate our strategic role in supporting the national agenda to maintain a strong reputation and boost credibility
- Strengthen partnerships and collaborations

### ACHIEVEMENTS



### RISK MOVEMENT

The risk remained between **Significant to High** due to intense competition in the telco industry and a challenging regulatory landscape, necessitating continuous engagement with regulators.

#### Strategic Pillars:



#### Stakeholders Affected:



#### Material Matters:



# Risks Linked to Value Creation



## Operational Risk

**Risk Rating:**  
Low - High

### WHAT IT MEANS

Risks that involve day-to-day activities in TM, focusing on threats that could hinder our ability to serve customers and fulfil stakeholder obligations.

### IMPACT ON VALUE

- Supply shortages impacting customer installations
- Unfavourable NPS scores
- Overruns in project timelines and costs
- Potential penalties and legal consequences

### IMPACT ON CAPITALS

- Financial Capital:** Operational disruptions can result in significant financial losses
- Social & Relationship Capital:** Service and operational disruptions may erode customers' and stakeholders' trust
- Intellectual Capital:** Challenges in operations can diminish our competitive edge

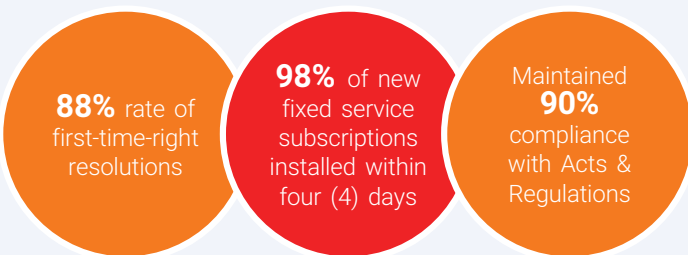
### MITIGATION STRATEGIES

- Enhance supply chain resiliency through proactive supplier engagement
- Improve service installation and restoration plans, launch competitive product campaigns and transform retail experience and customer service culture
- Monitor closely commercial and strategic project through effective project governance
- Ensure compliance with various regulations, standards and frameworks through divisional self-declaration activities as well as communication and awareness

### TACTICAL OPPORTUNITIES

- Continuous improvement for end-to-end material supply management
- Strengthen operational processes for enhanced service, infrastructure delivery and restoration
- Maintain and elevate customer experience, corporate reputation and stature
- Achieve early revenue realisation through timely project delivery
- Promote self-regulated compliance at divisional level

### ACHIEVEMENTS



### RISK MOVEMENT

The overall risk varied from **Low to High**, focusing on supply sustainability, customer service delivery and restoration, compliance with external acts/guidelines, consistently providing high quality network service and best customer experience.

#### Strategic Pillars:



#### Stakeholders Affected:



#### Material Matters:







## Financial Risk

**Risk Rating:**  
Moderate

### WHAT IT MEANS

Financial risks that directly impact TM's financial stability, including aspects like cash flow, debt management and overall fiscal health.

### IMPACT ON VALUE

- Increase of interest rate
- Escalation in bad debts and collection challenges
- Credit rating downgrade
- Elevated operational and capital expenditures (Opex/Capex)
- Revenue shortfall
- Profitability deficits
- Forex-related additional costs

### IMPACT ON CAPITALS

**Financial Capital:** These risks can erode revenue and capital, undermining growth objectives and shareholder returns

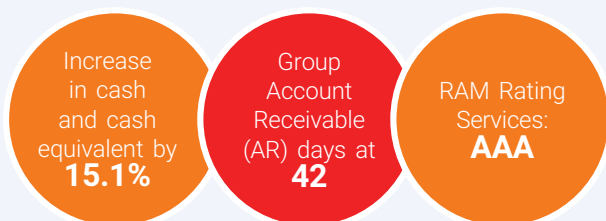
### MITIGATION STRATEGIES

- Manage capital and investment cost
- Continuously monitor customer credit rating and collection
- Operational cost management including price negotiation with vendor and suppliers
- Solid financials and ability to fulfil our financial commitments
- Enhance revenue assurance processes
- Implement dynamic sales campaigns
- Strategically hedge borrowings and monitor Forex

### TACTICAL OPPORTUNITIES

- Improve Accounts Receivable days through robust credit control
- Leverage economies of scale for competitive pricing
- Enhance revenue streams
- Restrict Forex-related expenses

### ACHIEVEMENTS



### RISK MOVEMENT

The risk remains at a **Moderate** level due to strategic cost management, vigilant credit monitoring, improved revenue assurance process enhancement, prudent sales planning, effective hedging on borrowings and regular Forex monitoring.

#### Strategic Pillars:



#### Stakeholders Affected:



#### Material Matters:



# Risks Linked to Value Creation



## Technology/System Risk

**Risk Rating:**  
Moderate - High

### WHAT IT MEANS

These risks involve potential failures or disruptions in network infrastructure, information systems, or processes, including external attacks or disruptions.

### IMPACT ON VALUE

- Evolving cyber threats and risks of data leakages
- Challenges and complexities in adopting new technologies
- Business operation and service disruptions that can negatively impact customer experience
- Missed revenue opportunities due to system inefficiencies

### IMPACT ON CAPITALS

- Financial Capital:** Financial losses due to network downtime or outages
- Social & Relationship Capital:** Eroded stakeholder and customer trust due to service disruptions and cyber security issues
- Intellectual Capital:** Diminished competitive edge due to cyber security vulnerabilities
- Manufactured Capital:** Network and service delivery failure due to infrastructure network issues, such as fibre cuts

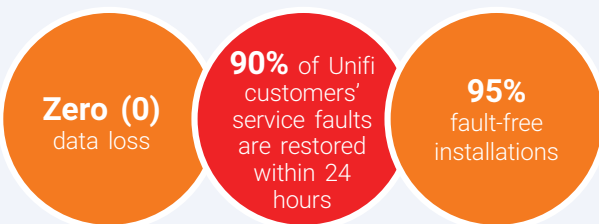
### MITIGATION STRATEGIES

- Managing cyber security via the Cyber Security Strategic Programme including enhancing endpoint control and access authentication, liability management, cyber security baseline, compliance certification and awareness among *Warga TM*
- Fortifying our collaboration with industry and commercial partners to gain insights into new technologies
- Develop new Business Support System and geo-redundant disaster recovery system and review network infrastructure design for improved diversity and resilience
- Regularly test and review Business Continuity and Disaster Recovery plans

### TACTICAL OPPORTUNITIES

- Enhance resilience against technology and cyber threat disruptions
- Strengthen security policy, requirements and controls across the organisation
- Enhance the robustness of network, systems and operations through technology transformation and modernisation
- Continuously build customer and market trust through transparent communication and robust cyber security measures

### ACHIEVEMENTS



### RISK MOVEMENT

The risk level is at **Moderate to High**, primarily due to increasing cyber attacks and security breaches impacting customer data and internal processes. However, we stay vigilant by strengthening our security policies, enhancing cyber security controls and uplifting technical and cyber security expertise.

#### Strategic Pillars:



#### Stakeholders Affected:



#### Material Matters:





## Sustainability Risk

**Risk Rating:**

Low - Significant

### WHAT IT MEANS

Sustainability risks associated with sustainable growth for customers and community while at the same time ensuring business resilience within TM and its value chain.

### IMPACT ON VALUE

- Reputational damage from unethical conduct leading to negative impact on ESG rating
- Operational disruptions and worker safety concerns due to natural disasters
- Challenges in workforce productivity and retention
- Dependency on a skilled workforce and challenges with new technology adoption and an ageing workforce

### IMPACT ON CAPITALS

- Financial Capital:** Financial consequences related to ESG issues, including climate change
- Social & Relationship Capital:** Loss of stakeholder trust due to ethical, environmental and social breaches
- Natural Capital:** Resource scarcity and environmental pollution
- Human Capital:** Reduced employee morale and productivity
- Manufactured Capital:** Infrastructure and asset damage from natural disasters

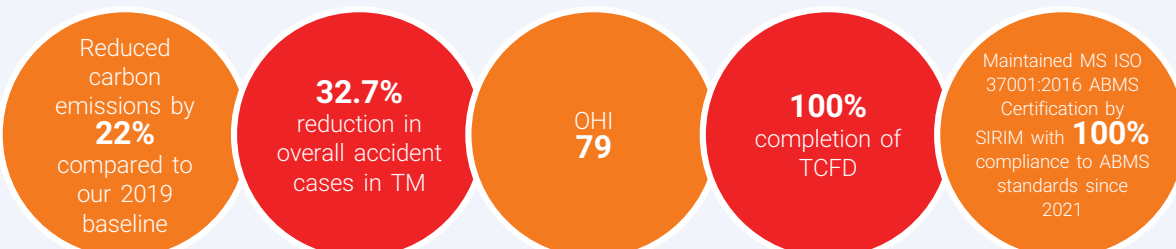
### MITIGATION STRATEGIES

- Establish transparent communication through public disclosure on TM's Sustainability Vision Commitment
- Strengthen the ABMS and implement the OACP
- Implement and regularly test TM's BCM and Disaster Recovery Plan (DRP)
- Foster a positive workplace through employee engagement, culture enhancement, competitive benefits and career growth opportunities
- Focus on developing subject matter experts for future-skilling, succession planning and enhancing staff benefits, rewards and recognition

### TACTICAL OPPORTUNITIES

- Enhance our corporate reputation and stature by improving our ESG rating as well as establish a comprehensive TM's Sustainability Framework and Roadmap to better align with evolving market, regulatory and business needs
- Support global and national climate commitments
- Enhance TM's visibility in the ESG space and among sustainability stakeholders
- Develop human capital equipped with future skills
- Lead innovation in the era of IoT
- Foster a highly productive and motivated workforce

### ACHIEVEMENTS



### RISK MOVEMENT

Sustainability risks are carefully managed, with improvement in risk levels ranging from **Low** to **Significant**. Notable progress in climate change risk management and robust BCM programmes help mitigate service disruptions. Ongoing efforts focus on adapting to a low-carbon economy and enhancing TM's sustainability practices to improve market alignment and operational resiliency.

#### Strategic Pillars:



#### Stakeholders Affected:



#### Material Matters:



# Value Creation Business Model

## OUR CAPITALS...

## ...ENABLE VALUE-ADDING

## ...ACTIVITIES THAT CREATE...

### INPUT



#### FINANCIAL CAPITAL

- RM21.30 billion market capitalisation
- RM22.94 billion total assets
- RM2.28 billion Free Cash Flow
- RM1.94 billion Capex



#### MANUFACTURED CAPITAL

- >720,000 km fibre optic cables nationwide
- >100 content delivery nodes (CDN) worldwide
- >340,000 km submarine cables
- 8 data centres
- >7,900 mobile sites



#### INTELLECTUAL CAPITAL

- 78 years' experience as a leading telco provider
- RM50.0 million in Research & Development (R&D)
- 186 researchers



#### HUMAN CAPITAL

- 18,891 *Warga TM*
- 1,339 programmes conducted to improve & upskill *Warga TM*



#### SOCIAL & RELATIONSHIP CAPITAL

- 1,966 active local suppliers
- RM38.4 million channelled to scholarships, financial assistance & community programmes



#### NATURAL CAPITAL

- 429,102 MWh energy consumption
- 131.5 megalitres water withdrawal from municipal water suppliers

### MARKET TRENDS

The Economy

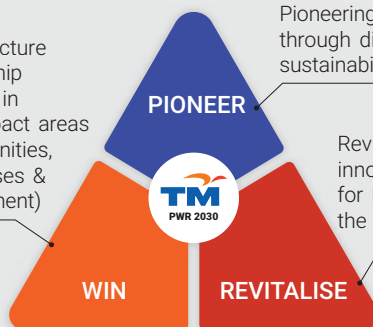
Connectivity

Digitalisation

Our strategic goals, ambitions and execution pillars for PWR 2030 are outlined below:

### PWR 2030: Digital Powerhouse for Malaysia & the Region

Winning Infrastructure Leadership position in high-impact areas (communities, businesses & Government)



Pioneering industry growth through digitalisation & sustainability

Revitalising talent & innovation ecosystem for Malaysia & the Region

### EXECUTION PILLARS

- ▶ Modernise Customer Relationships through Digital Ecosystem
- ▶ Entrepreneurial Digital Mindset
- ▶ Capability Revolution
- ▶ Commercially-Driven Strategic Partnerships
- ▶ Superior Infrastructure & Platform
- ▶ Holistic Stakeholder Engagements

### MATERIAL MATTERS

- |                                       |                                        |
|---------------------------------------|----------------------------------------|
| <b>M1</b> Innovation & Technology     | <b>M8</b> Fair Employment              |
| <b>M2</b> Customer Experience         | <b>M9</b> Health & Safety              |
| <b>M3</b> Network Stability & Quality | <b>M10</b> Learning & Development      |
| <b>M4</b> Affordability & Inclusion   | <b>M11</b> Sustainability Supply Chain |
| <b>M5</b> Community Development       | <b>M12</b> Responsible Communication   |
| <b>M6</b> Environmental Quality       | <b>M13</b> Cyber Security              |
| <b>M7</b> Carbon Emissions            | <b>M14</b> Good Governance             |



...VALUE FOR OUR STAKEHOLDERS.

Cloud    Smart Services    Sustainability



OUTPUT	RELATED STAKEHOLDERS
 <p><b>FINANCIAL CAPITAL</b></p> <ul style="list-style-type: none"> <li>• Total Dividend payout: RM957.9 million (25 sen per share)</li> <li>• Dividend increased 8.5 sen per share</li> <li>• Return of equity: 23.0%</li> </ul>	  
 <p><b>MANUFACTURED CAPITAL</b></p> <ul style="list-style-type: none"> <li>• &gt;3.1 million Home &amp; MSME customers</li> <li>• 1.0 million Mobile customers</li> <li>• 95.4% LTE population coverage nationwide with MOCN</li> </ul>	  
 <p><b>INTELLECTUAL CAPITAL</b></p> <ul style="list-style-type: none"> <li>• &gt;15 awards acquired</li> <li>• Five (5) smart solutions developed</li> </ul>	 
 <p><b>HUMAN CAPITAL</b></p> <ul style="list-style-type: none"> <li>• 18,788 employees trained with future-ready skills</li> <li>• 32.7% drop in health &amp; safety incidents</li> <li>• 33% women on the Board</li> </ul>	 
 <p><b>SOCIAL &amp; RELATIONSHIP CAPITAL</b></p> <ul style="list-style-type: none"> <li>• RM2.01 billion total contributions to local suppliers</li> <li>• &gt;110,000 community members reached through social impact programmes</li> </ul>	    
 <p><b>NATURAL CAPITAL</b></p> <ul style="list-style-type: none"> <li>• 26.7% reduction in water consumption</li> <li>• Improved TM's carbon emissions reduction to 22% from 2019 baseline</li> </ul>	   



# Our Capitals

Our journey to becoming a Digital Powerhouse is driven by strategically leveraging six (6) types of capitals. This approach allows us to balance immediate trade-offs with our long-term vision of growth and stakeholder value, aligning our business ambitions with our nation building commitment.



## HUMAN CAPITAL

Sustainability Impact:



Our *Warga TM* serves as our execution engine. We prioritise investing in our employees, empowering them to propel our strategic objectives forward.

### INPUT

- **18,891** *Warga TM*
- **1,339** programmes conducted to improve & upskill *Warga TM*

### OUTPUT

- **18,788** *Warga TM* trained with future-ready skills
- **32.7%** drop in health & safety incidents
- **33%** women on the Board

### ACTIONS TO ENHANCE OUTCOMES

- Implemented online on-demand training to support traditional learning and help develop skills for the company's new growth areas
- Improve communication between employee representatives and the management team to negotiate and create mutually beneficial collective bargaining agreements
- Enhance understanding of safety protocols, audits and corrective actions to minimise incidents, fatalities and LTI frequencies
- Incorporated integrated communications to minimise message fatigue, acknowledge *Warga TM*'s ideas and reward them for their achievements

### TRADE-OFFS

We have allocated resources for right upskilling initiatives to cultivate a future-ready workforce, alongside implementing well-being programmes to safeguard the physical and mental health of our employees. While this may have some impact on our Financial Capital initially, the enhanced productivity and acquisition of new skills will ultimately lead to increased profitability in the long-term.

Sustainability Impact:



## FINANCIAL CAPITAL



Our revenue and profits are channelled to both sustaining and growing our business operations. We allocate our financial resources towards compensating key stakeholders, funding various forms of capital and advancing our Digital Malaysia aspirations.

### INPUT

- **RM21.30** billion market capitalisation
- **RM22.94** billion total assets
- **RM2.28** billion Free Cash Flow
- **RM1.94** billion Capex

### OUTPUT

- Dividend payout: **RM957.9** million
- Dividend increased by **8.5** sen per share
- Return of equity: **23.0%**

### ACTIONS TO ENHANCE OUTCOMES

- Continuous revenue growth momentum from all LoBs across all product lines
- Improving cost efficiency to ensure higher profitability
- Maximised shareholder value and returns by optimising the cost of capital
- Ensured favourable distributions for shareholders

### TRADE-OFFS

We direct our Financial Capital towards nurturing other essential capitals, including investment in employee training (Human Capital), research and development (Intellectual Capital), resource optimisation (Natural Capital) and the expansion of our network infrastructure (Manufactured Capital). Although this may temporarily reduce our Financial Capital reserves, we are confident that it will drive our long-term success and contribute to the advancement of our nation.



## INTELLECTUAL CAPITAL

Sustainability Impact:  

We continuously lead in embracing every technological advancement within the country. We adopt new technologies and digital solutions that bolster our value proposition and enhance our competitive advantage.

### INPUT

- **RM50.0** million invested in research & development (R&D)
- **186** number of researchers

### OUTPUT

- **>15** awards acquired
- **5** smart solutions developed


### ACTIONS TO ENHANCE OUTCOMES

- Boosted process efficiency and staff productivity, resulting in decreased operational costs and enhanced customer experience (CX)
- Enhanced commercialisation efforts by partnering with the LoBs to introduce our smart solutions to the market, thereby driving revenue growth

### TRADE-OFFS

To address evolving customer needs and expectations, we have allocated our financial resources towards R&D initiatives and the implementation of smart technologies. While this has resulted in a reduction in our immediate Financial Capital, we are confident that it will enhance our competitive advantage and lead to improved overall performance in the long-run. Moreover, our recognition as a digital leader has bolstered customer trust, thereby enriching our Social and Relationship Capital.



Sustainability Impact:  

## NATURAL CAPITAL



Our operations depend on various resources such as energy, water, radio spectrum and other natural resources. As we progress on our sustainability journey, we are committed to consistently minimising the environmental footprint of our activities.

### INPUT

- **429,102** MWh energy consumption
- **131.5** megalitres water withdrawal from municipal water suppliers

### OUTPUT

- **26.7%** reduction in water consumption
- Improved TM's carbon emission reduction to **22%**, from 2019 baseline

### ACTIONS TO ENHANCE OUTCOMES

- Continuous effort to decrease energy consumption through collaborative initiatives involving multiple departments across TM
- Compensate for brown energy by introducing green energy solutions in designated buildings
- Conducted assessments of physical and transition risks aligned with the TCFD framework

### TRADE-OFFS

Committed to sustainability, we persist in investing in green technologies and low-carbon solutions, despite the initial financial outlay. We firmly believe that adopting resource-efficient operations not only conserves both Natural and Financial Capital in the long-term but also reinforces stakeholder trust, thereby enriching our Social and Relationship Capital.

# Our Capitals



## SOCIAL & RELATIONSHIP CAPITAL

Sustainability Impact:



Our robust and meaningful relationships with stakeholders enable us to advance our nation building agenda. We take pride in fostering connections that contribute to building a resilient and prosperous society.

### INPUT

- **1,966** active local suppliers
- **RM6.2** million total invested in community initiatives

### OUTPUT

- **RM2.01** billion total contributions to local suppliers
- **>110,000** community members reached through social impact programmes

### ACTIONS TO ENHANCE OUTCOMES

- Continuous effort to upskills our suppliers through the BVDP
- Offered targeted initiatives to improve business capabilities and market presence of entrepreneurs
- Conducted various industry-relevant training programmes for our future talent

### TRADE-OFFS

Over the year, we dedicated investments to community and stakeholder engagement programmes, which entailed a short-term expenditure of Financial Capital. Nevertheless, we believe that the trust fostered by these initiatives will pave the way for the growth of our Human and Intellectual Capital, leading to an improved long-term Financial Capital performance.

Sustainability Impact:



## MANUFACTURED CAPITAL



Our extensive infrastructure network, encompassing data centres and base stations, is vital for connecting Malaysians nationwide. Additionally, our portfolio includes retail outlets, office buildings and other physical assets that significantly contribute to our growth and operational capabilities.

### INPUT

- **>720,000 km** fibre optic cables nationwide
- **>100** Content Delivery Nodes (CDN) worldwide
- **>340,000 km** submarine cables
- **8** data centres
- **>7,900** mobile sites

### OUTPUT

- **3.1** million Home & MSME customers served
- **1.0** million Mobile customers
- **95.4%** Long-Term Evolution (LTE) population coverage nationwide with MOCN

### ACTIONS TO ENHANCE OUTCOMES

- Expanded our network through targeted investments
- Provided digital upskilling initiatives for the MSMEs

### TRADE-OFFS

Our investments assist in expanding our network infrastructure (Manufactured Capital), demonstrating our dedication to bridging the digital divide. Although this temporarily decreased our Financial Capital, we anticipate that enhancements in other capitals will ultimately replenish and bolster our long-term financial standing. By extending connectivity across Malaysia, we foster greater trust and support, thereby contributing to our Social and Relationship Capital.



# Our Strategy

With the completion of TM's initial transformation phase (2021-2023), we have solidified TM's position in both the local and global telecommunication landscape and successfully strengthened our financial performance. We are now moving into the next phase of growth as we accelerate our journey to become a **Digital Powerhouse by 2030 (PWR 2030)**.

## STRATEGIC EVOLUTION: REVIEW OF THE TRANSFORMATION PLAN (2021-2023)

The past three (3) years have been pivotal in redefining what greatness means to TM. As we stand on the precipice of a new era, we reflect on our evolution from a traditional telecommunications company to a forward-thinking technology company, unleashing greatness and empowering all the potentials of enabling a Digital Malaysia.

Through various strategic initiatives, we have enhanced our core connectivity with advancements in 5G to enrich our mobile network experience, strengthening our leadership position as a converged telco. We have moved forward to unlock growth Beyond Connectivity such as cloud, cyber security and smart services, marking significant strides towards delivering a more comprehensive digital ecosystem for the nation.

In 2023, we are proud to share our achievements across our four (4) strategic pillars as we set a solid foundation for future growth:

### Our Purpose

#### WHAT IT MEANS

At the core of TM's strategy lies our purpose to ensure we can continue playing a dual role as a Public Listed Company (PLC) and Government-Linked Company (GLC) to create a better tomorrow for all Malaysians.

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.

#### WHAT WE DID IN 2023

**As a PLC:** We invested in and provided healthy and sustainable returns to our shareholders, advancing our role as a responsible corporate institution.

**As a GLC:** We contributed to nation building through ubiquitous connectivity, bridging the digital divide and creating opportunities for the communities, businesses and Government.

#### PERFORMANCE & ACHIEVEMENTS

Performance Metrics	2021	2022	2023
Dividends Payout (RM million)	490.6	627.5	957.9
S&P Global ESG	N/A	41	46

#### Environmental

- Published Taskforce on Climate-related Financial Disclosures (TCFD) report
- Maintained Carbon Disclosure Project (CDP) rating at B

#### Social

- Achieved 73% of premises with high-speed Internet connection
- Achieved 33% of women on the Board

#### Governance

- Achieved S&P Global ESG rating of 46 points, putting us among telcos with the highest sustainability ratings in the ASEAN region

Material Matters: M1 M2 M3 M4 M5 M14

Sustainability Impact:

# Our Strategy



## Our Customers

### WHAT IT MEANS

Our shift to a Digital Powerhouse by 2030 focuses on creating new digital experiences by leveraging on analytics and technologies designed to improve the daily lives and work environments of both present and future customer generations.

### WHAT WE DID IN 2023

**Fast and Effective Issue Resolution:** Implemented strategies to resolve customer issues swiftly and accurately, ensuring restoration within 24 hours

**Service Availability Enhancement:** Increased service reliability through predictive and proactive fault management, minimising disruptions and enhancing user experience

**Digital Experience Innovation:** Built new functions and capabilities in our MyUnifi app and portal, offering personalisation and new digital experiences

**Network Expansion:** Expanded coverage for our mobile network thereby enhancing connectivity and service quality for better browsing and streaming experience

**Proactive Management:** Leveraged software, predictive analytics and Robotic Process Automation (RPA) for proactive fault and performance management, setting a new standard for service assurance

For more information on how we future-proof our customer experience, please see page 103.

### PERFORMANCE & ACHIEVEMENTS

Performance Metrics	2021	2022	2023
TM Group Net Promoter Score (NPS)	23	39	46
Population Coverage for Mobile (%)	82%	83%	95%
Premises Passed with Fibre Connectivity (%)	140%	142%	139%
Customer Issues Resolved within 24 Hours (%)	67%	88%	93%

Material Matters:

Sustainability Impact:





## Our People

### WHAT IT MEANS

*Warga TM* is the execution engine of the Group, thus playing a critical role in our successful transformation to a Digital Powerhouse by 2030. 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.

### WHAT WE DID IN 2023

**Productivity & Manpower Optimisation:** Implemented strategic cost-saving and control measures to enhance organisational efficiency without compromising the quality of work or employee satisfaction.

**Capability Development:** Rolled out extensive development programmes focused on future skills, leadership, current business skills and culture/mindset training, reaching over 15,000 staff members. These initiatives were aimed at preparing our workforce for the challenges and opportunities of the digital age.

For more information on how we future-proof our people, please see page 146.

**Culture & Agile Way of Working:** Scaled agile methodologies across the organisation, involving 1,750 cross-functional team members and 181 squads, particularly focusing on the Unifi ecosystem and TM One. This approach fostered a culture of flexibility, collaboration and rapid response to change.

**Career Pathing & Succession Planning:** Enhanced job satisfaction and retention through clear career pathing, which provided employees with visibility into their career advancement opportunities within TM. Introduced various development programmes, such as ASPIRE, Graduate Programmes, LEAD and training for middle management and supervisory roles, to bolster leadership, elevate talent and improve succession depth.

### PERFORMANCE & ACHIEVEMENTS

Performance Metrics	2021	2022	2023
Organisational Health Index (OHI)	82	80	79

The slight decrease in OHI reflects the natural adjustments inherent in TM's transformation. During periods of profound change, temporary shifts in established work patterns and employee perceptions are expected. This transition underscores our *Warga TM*'s resilience as they adapt to new strategic directions. Despite this minor fluctuation, our OHI score remains strong, indicating a robust foundation of organisational health that continues to support our ambitious goals.

Material Matters: Sustainability Impact:



## Our Performance

### WHAT IT MEANS

This pillar focuses on our ability to navigate the complexities of the telecommunications market, driving revenue growth, optimising investments and maintaining a sustainable cost structure. Our performance is a testament to our effective strategy execution, innovation capabilities and commitment to enhancing shareholder value.

### WHAT WE DID IN 2023

**Revenue Growth & Operational Efficiency:** Implemented strategies to drive revenue growth while optimising operational efficiency, ensuring we remain competitive and responsive to market demands

**Investment in Innovation & Technology:** Continued investments in cutting-edge technology and innovation to enhance our service offerings, customer experience and infrastructure capabilities

**Cost Management & Sustainability Initiatives:** Focused on strategic cost management and sustainability initiatives to ensure long-term financial health and corporate responsibility

### PERFORMANCE & ACHIEVEMENTS

Performance Metrics	2021	2022	2023
Revenue (RM million)	11,529.0	12,118.1	12,255.6
EBIT (RM million)	1,710.1	2,090.2	2,088.4
Capex (% of Revenue)	14.7%	20.0%	15.9%

Demonstrated solid financial performance with a focus on revenue growth, improved EBIT and strategic Capex allocation, reflecting our robust strategy execution and operational excellence.

Material Matters: Sustainability Impact:

# Our Strategy

## NEXT PHASE: PAVING THE WAY FOR PWR 2030

This transformative phase marks a pivotal shift in our identity, transitioning from a leading telecommunications provider to a formidable Technology Company. This strategic evolution positions Malaysia as a Digital Hub in the Asia-Pacific region, signifying our commitment to driving national digital transformation and regional digital leadership.

In our next phase of transformation, we are set on becoming a Digital Powerhouse by 2030 (PWR 2030), while enabling Malaysia's evolution into the region's digital hub. Our efforts align with the national ambition of becoming an interconnected digital society, positioning both TM and Malaysia as leaders in digital innovation.

Our strategy is built on three (3) core principles of PWR:

P

**PIONEERING INDUSTRY GROWTH THROUGH DIGITALISATION & SUSTAINABILITY**

We are committed to leveraging digitalisation as a tool for sustainable growth across various sectors. By integrating sustainability into our digital initiatives, we aim to foster the nation's economic development while minimising environmental impact.

---

W

**WINNING INFRASTRUCTURE LEADERSHIP POSITION**

Our focus is on leading the charge in critical areas (communities, businesses and Government), establishing ourselves as the go-to provider for cutting-edge infrastructure and platform play, coupled with converged and digital offerings.

---

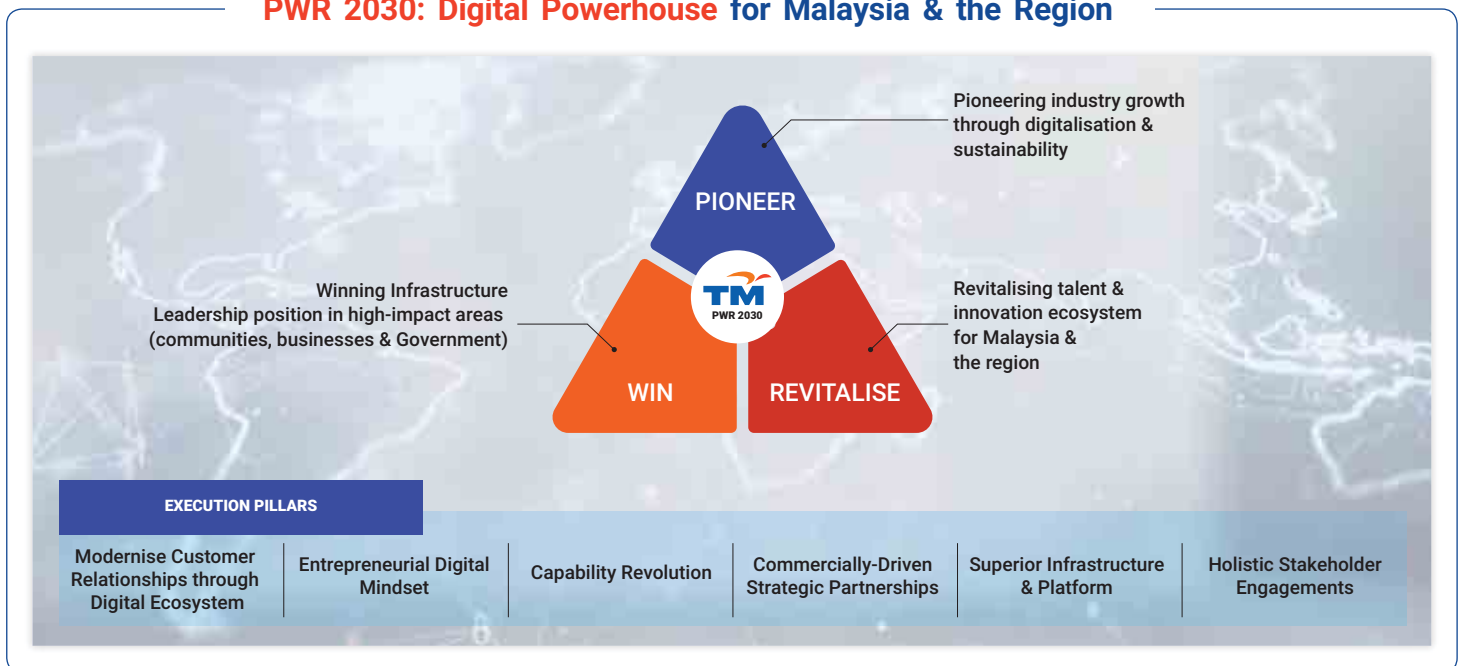
R

**REVITALISING TALENT & INNOVATION ECOSYSTEM**

Central to our strategy is nurturing a vibrant ecosystem of talent and innovation, not just for Malaysia but also the region. By fostering creativity and providing support for budding entrepreneurs and innovators, we aim to position Malaysia as a hub for technological innovation.

Our core principles bolstered by our six (6) execution pillars for PWR 2030 are outlined below:

### PWR 2030: Digital Powerhouse for Malaysia & the Region



## STRATEGY DEVELOPMENT

The formulation of TM's PWR 2030 strategy was an extensive process, undertaken to ensure that our strategic blueprint is robust, relevant and resilient amidst the rapidly evolving digital landscape. This comprehensive approach underscores our dedication to future-proofing our business and our nation against the backdrop of global digital advancements.

COLLABORATIVE STRATEGY DEVELOPMENT	ALIGNMENT WITH NATIONAL ASPIRATIONS	EXPERT INSIGHTS & BENCHMARKING	EQUIPPING THE LEADERSHIP
We initiated our strategy formulation by collaboratively engaging with TM's Management and Strategy teams. This was crucial for crafting tailored strategies for each business cluster and setting clear strategic priorities.	A key element of our strategic formulation was aligning our objectives with national aspirations, embracing the Malaysia MADANI vision. This ensures that we contribute to Malaysia's broader digital agenda, reinforcing our role in the nation's digital transformation.	To ground our strategy in practicality and excellence, we benchmarked our strategies against global standards and validated them with global experts and industry specialists for best practice.	We ensure our Board members and leaders are equipped with the necessary insights and skills to navigate the evolving market challenges, not only in the digital realm but across various domains.



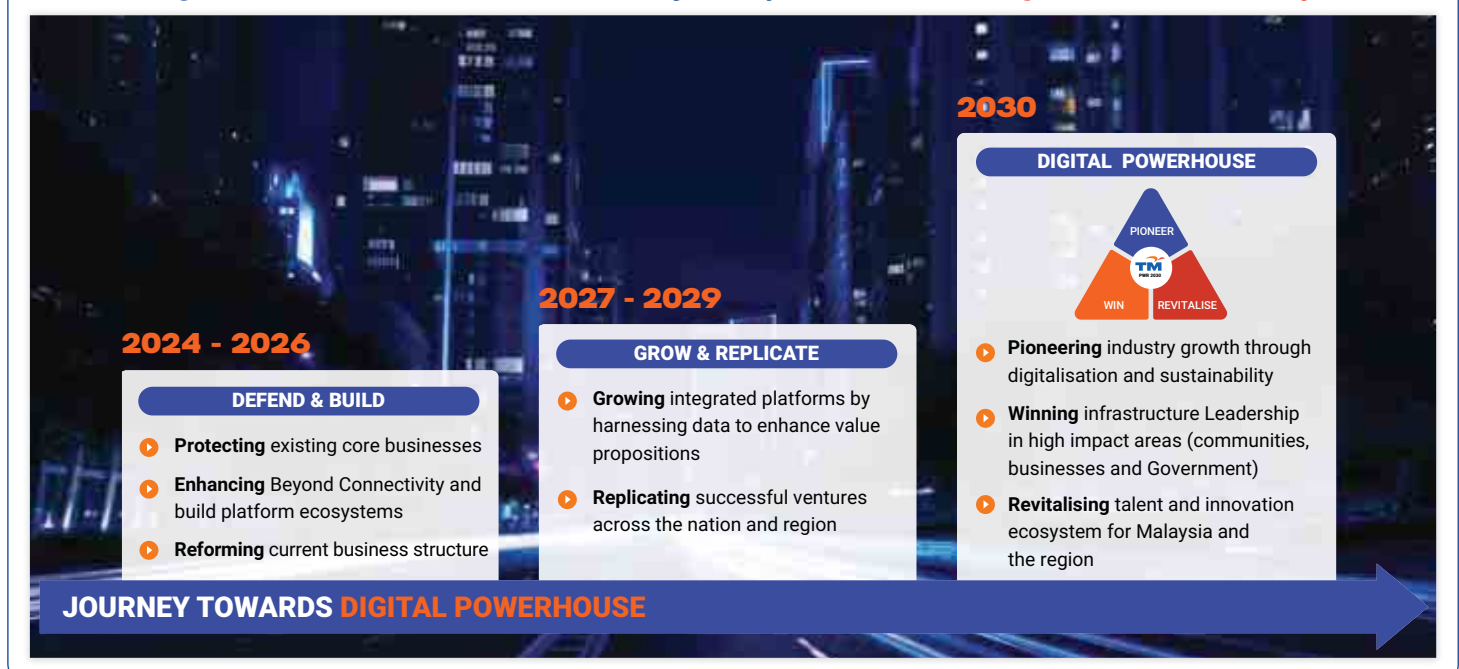
### The Board's Role

The Board played a pivotal role in the strategy development process, providing guidance, reviewing strategic options and managing stakeholder engagement to address challenges and seize opportunities. At the year-end Board retreat, the Board reviewed and adopted the strategic plan for the TM Group, setting the stage for the future phases of strategic execution.

## OUR STRATEGIC DIRECTION

Structured around defined timeframes, our strategy outlines specific objectives and execution plans across short, medium and long-term horizons to realise the PWR 2030 aspiration.

### The stage is set for us to accelerate the journey to become a Digital Powerhouse by 2030



# Our Strategy

## Short-Term Strategy: 2024-2026

### DEFEND & BUILD

In the short-term, we will strive to protect our leadership in our core businesses and enhance beyond connectivity services for growth and customer stickiness. Each TM business cluster is well synergised and has specific roles to carry towards achieving our PWR 2030 aspiration:



Aiming to revolutionise Digital Home & Society through convergence play strategy

Unifi offers converged solutions with improved mobile coverage, content, digital lifestyle and business solutions for consumers and MSME segments. In addition, Unifi Business continues to accelerate MSMEs' digital adoption by providing tailor-made solutions, tools and support needed to thrive in the digital economy.



Spearheading innovation for Government & Enterprises by leveraging superior infrastructure

TM One focuses on managed services with next gen connectivity, sovereign cloud, Private 5G, Smart Services, Platform and cyber security solutions for industrial digital growth. With a focus on innovation and strategic partnerships, TM One is set to play a significant role in Malaysia's digital transformation journey.



Positioning Malaysia as a digital hub for the region pioneering wholesale platform play capabilities

TM Global is expanding its domestic fibre network and international wholesale platform ecosystem with new strategic submarine cables, data centres, media delivery, edge computing and forging strategic alliances with global carriers to facilitate seamless digital connectivity and services beyond borders.

### These objectives will be achieved through the following key enablers:

#### Platform Ecosystem Development

Creating more convenient and integrated platform experiences through enhanced Enterprise Architecture

#### Telco-as-a-Service (TaaS)

Improving customer experience with faster go-to-market strategies

#### Network Modernisation

Utilising AI and Autonomous Networks (AN) for efficiency

#### IT System Upgrades

Modernising legacy systems and enhancing API capabilities

#### Cyber Security

Ensuring robust security measures across operations

## Medium to Long-Term Strategy: 2027-2030

### GROW & REPLICATE

We are poised to expand our integrated platform capabilities, utilising data to amplify our value proposition and replicate our successes on a national and regional scale. This mid-term phase lays the groundwork for our aspiration to be recognised as a Digital Powerhouse by 2030. Our long-term strategy envisions propelling Malaysia to the forefront of the digital era, solidifying its status as a major digital hub in the region.

As we embark on our next wave towards becoming a Digital Powerhouse by 2030, we continue to strengthen our position in the market while driving significant advancements to enrich Malaysia's digital ecosystem. This path is not just about TM's expansion; it is a strategic move towards elevating Malaysia's stature in the global digital economy. Through this journey, we underscore our dedication to national progress and the realisation of Malaysia's digital potential.

# YOUR NEXT MOMENT

Enriching your daily life, your way, to make it truly amazing – we are just the medium that makes it happen.

