

# Chairman's Statement

## Dear Stakeholders,

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

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### Tan Sri Mohammed Azlan Hashim

Chairman

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

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



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

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

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### CREATING VALUE FOR OUR STAKEHOLDERS

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

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

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

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

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### LEADING WITH INTEGRITY & PURPOSE

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

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

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

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

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

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

### CHAMPIONING A SUSTAINABILITY CULTURE

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

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

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

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

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

### DRIVING A DIGITAL & SUSTAINABLE FUTURE

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

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

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

### APPRECIATION

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

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

  
Tan Sri Mohammed Azlan Hashim  
Chairman