STAKEHOLDER PRIORITIES

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

Employees

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

How We Engage
- [D] Email announcements
- [M] Employee engagement events
- [Q] Townhalls
- [B] Organisational Health Index (OHI) Surveys

Concerns & Expectations
- Healthy work-life balance
- Safe and conducive working conditions
- Clear, inclusive and fair career development

Our Approach
- Provide hybrid and flexible working arrangements
- Strengthen employee well-being initiatives
- Provide robust skill and career development programmes

How We Measure Value
- OHI Score

Customers

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

How We Engage
- [D] Voice of customers
- [D] Customer touchpoints
- [D] Social media listening
- [D] Market research loyalty programmes
- [W] Virtual/physical meetings with customers
- [Q] Customer engagements/
- [A] Bilateral meetings
- [A] Sales conference/ networking
- [R] Proactive notifications through digital platforms

Concerns & Expectations
- Fast and reliable network coverage
- Seamless and personalised customer experience
- Value for money and competitive packages
- First-time-right resolution

Our Approach
- Deliver value for money services fit to customers' need with competitive offerings including attractive devices to improve quality and usage experience
- Enabled self-diagnostics and troubleshooting features to empower customer making decisions including performing service health check and creating tickets for faults through Easy Fix
- Proactive notifications on service fault upfront and prompted with proactive fixing
- Enrich MyUnifi app with new functions including making upfront appointment for installation and restoration visits, viewing usage pattern and trends enabled by analytics and attractive offers to improve quality and experience
- Replacement of customer's old modem to WiFi 6 modem to boost in-premise WiFi experience

How We Measure Value
- +39 Net Promoter Score (NPS)

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

Shareholders & Investment Communities

WHY THEY ARE IMPORTANT

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

How We Engage	Concerns & Expectations	Our Approach	How We Measure Value
[M] One-on-one engagement sessions [M] Investor conferences [M] Queries via email/phone [R]+ [Q] Quarterly analysts briefings [A] Annual General Meetings (AGM) [R] Site visits to TM One Experience Centre & TM data centres [R] Ad-hoc engagements on key announcements/updates	• Fair returns on investments • Transparent and regular communication with Management • Competency in financial & business management • Receiving prompt and useful feedback on any queries relating to the company • Understanding the drivers of the current business performance • Understanding the prospect and future growth of the company	• Providing fair distributions based on business performance • Establish clear communication plans and engagements with stakeholders • Providing in-depth sessions for stakeholders • Establishing groupwide base messaging to ensure consistent narrative and communications • Providing swift response on any issues or queries by the financial community	Shareholders: • Total Shareholders Returns (TSR) • Value Creation (ROIC > WACC) • Dividend payments • Financial performance Indicators (Revenue, EBIT, PATAMI and financial ratios) Analysts and Investment Communities • Target price • Valuation • Rating • Report narrative

Government & Regulators

WHY THEY ARE IMPORTANT

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

How We Engage	Concerns & Expectations	Our Approach	How We Measure Value
[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)	• Closing the digital divide in rural areas • Improve quality of service and coverage • Strong corporate governance and ethics	• Set targets that support JENDELA • Continuously improve our broadband services • Establish robust policies and frameworks	• Number of premises passed according to industry target for JENDELA by 2025 • Compliance to CMA 1998 regulations • Compliance to Putrajaya Smart City guidelines and policies

Suppliers

WHY THEY ARE IMPORTANT

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

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

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

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

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

Business Partners

WHY THEY ARE IMPORTANT

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

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

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

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

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

Media

WHY THEY ARE IMPORTANT

The media is an information bridge between TM and its various stakeholders, including the general public. It is important to maintain good media relations to shape a positive reputation that aligns with our purpose and gain the support of our other stakeholders.

How We Engage
- D News releases
- D Media coverage
- M Press conferences
- M Media engagements
- Q Media visits

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

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

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

Communities

WHY THEY ARE IMPORTANT

Communities and provide invaluable support to our strategic and nation building aspirations. By fostering strong relationships with local communities, we create trust and confidence in our ability to enable and improve socio-economy standards that benefit everyone.

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

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

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

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

Unions

WHY THEY ARE IMPORTANT

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

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

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

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

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

OUR MATERIAL MATTERS

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

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

MATERIALITY PROCESS:

Stakeholder Prioritisation
Identify and establish weightage to various stakeholder groups. This determines their level of impact on our business and strategic objectives.
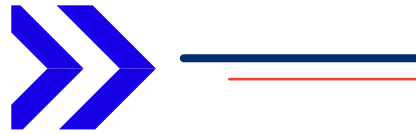
External Engagements
Conduct a multi-stakeholder engagement to capture their feedback and concerns. The stakeholders engaged in 2022 include customers, employees, suppliers, regulators, investors & shareholders and community members.

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

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

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

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

MATERIALITY MATRIX

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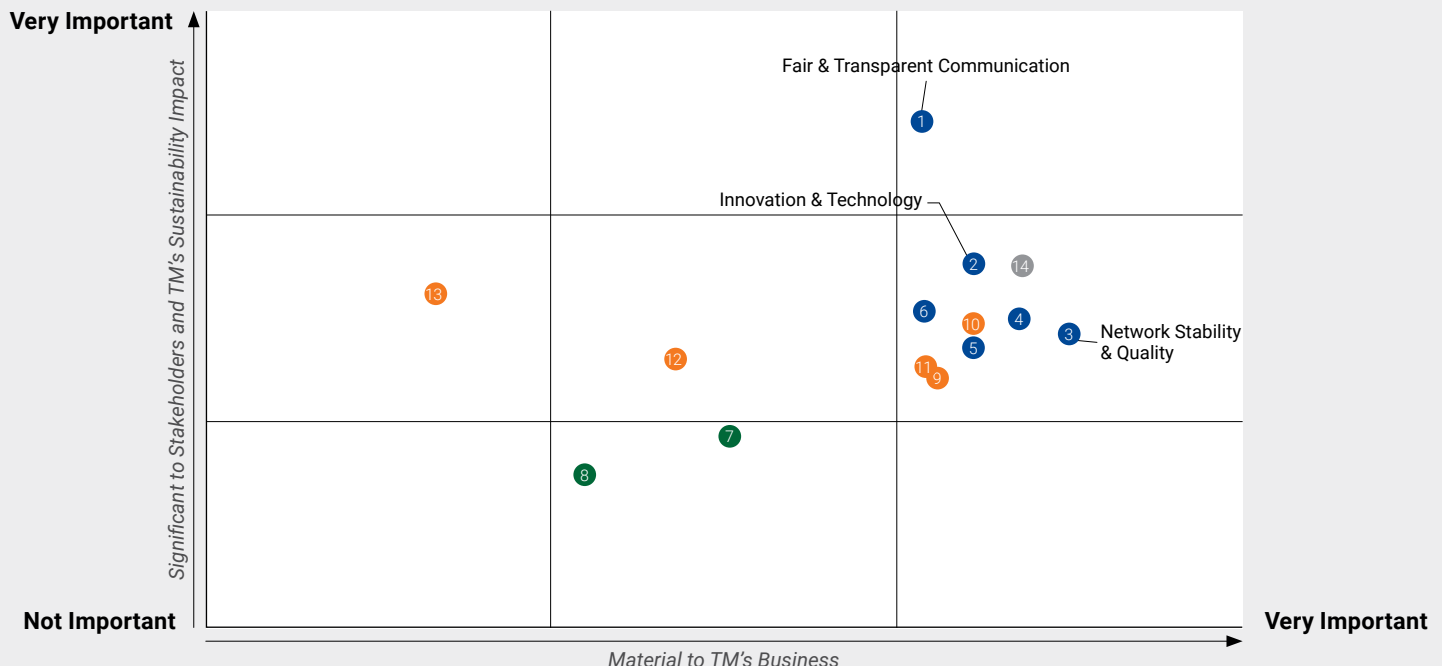
The material matters are categorised according to TM's four (4) sustainability pillars, reflecting our strategic focus on EESG contributions. The definition and scope for the material matters also cover how we can maximise stakeholder value and accelerate a Digital Malaysia.

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

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

MARKET TRENDS

Market Review & Outlook

THE ECONOMY

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

Real GDP Growth (Yearly)
Annual change %

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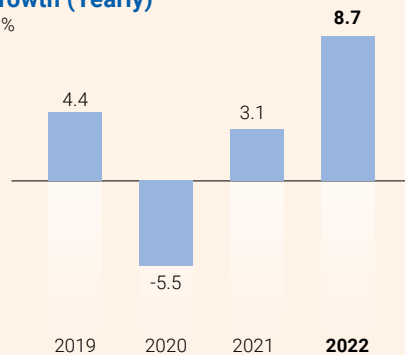
Source: BNM Quarterly Bulletin 4Q2022 , MoF Belanjawan 2023 – Malaysia Madani, World Bank – Malaysia Economic Monitor

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

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

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

THE ICT SECTOR

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

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

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

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

CONNECTIVITY

WHAT HAPPENED IN 2022?

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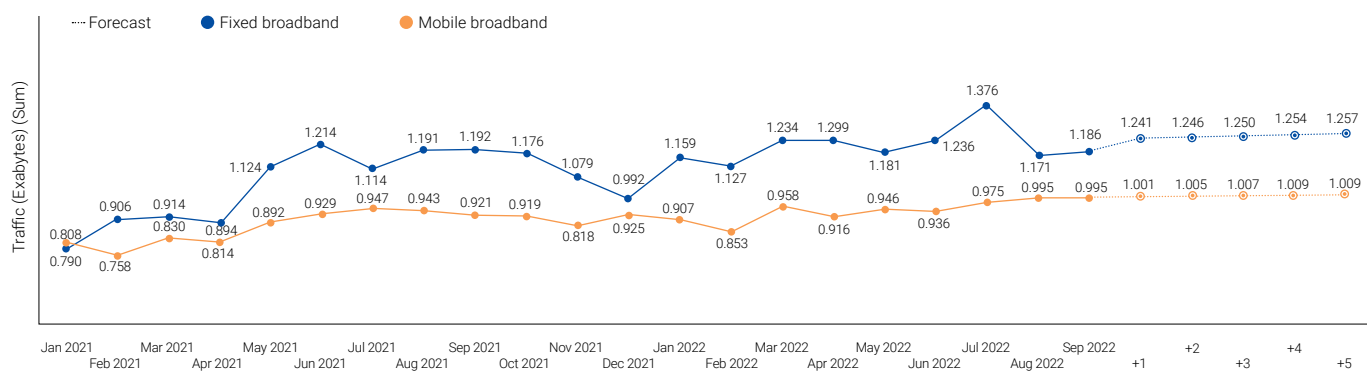
Source: MCMC Statistic of data usage trend, C&M as of 3Q 2022

HOW IT IMPACTED TM?

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

HOW DID WE RESPOND?

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

Future Outlook

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

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

DIGITALISATION

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

Findings of the survey are as follows:

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

46.9% Do not have a plan on digital strategy

42.0% Running business without a long-term recovery plan

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

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

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

Future Outlook

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

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

CLOUD

WHAT HAPPENED IN 2022?

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

Source: IDC, Unlocking Cloud Opportunities in Southeast Asia, Aug 2022
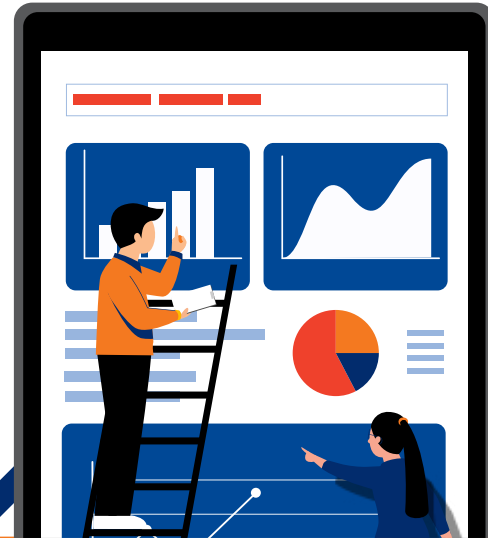
HOW IT IMPACTED TM?

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

HOW DID WE RESPOND?

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

Future Outlook

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

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

16% expected growth

in the cloud service market to
RM19.4 billion
in 2026

SMART SERVICES

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

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

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

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

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

DATA ANALYTICS

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

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

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

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

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

SUSTAINABILITY

WHAT HAPPENED IN 2022?

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

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

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

HOW IT IMPACTED TM?

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

HOW DID WE RESPOND?

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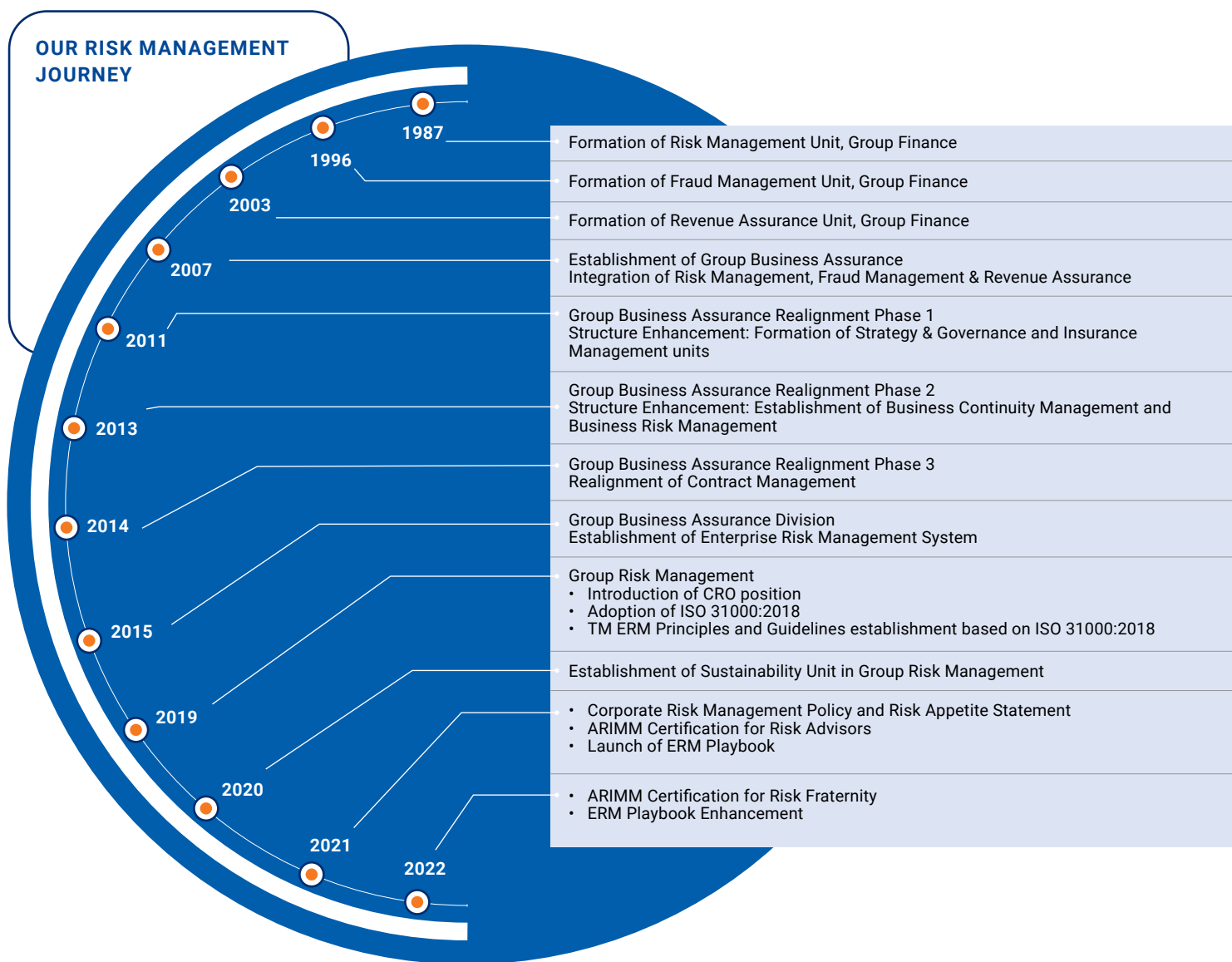
Future Outlook

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

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

Emerging Key Market Trends

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

MITIGATING RISKS TO VALUE CREATION

OUR RISK MANAGEMENT JOURNEY

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

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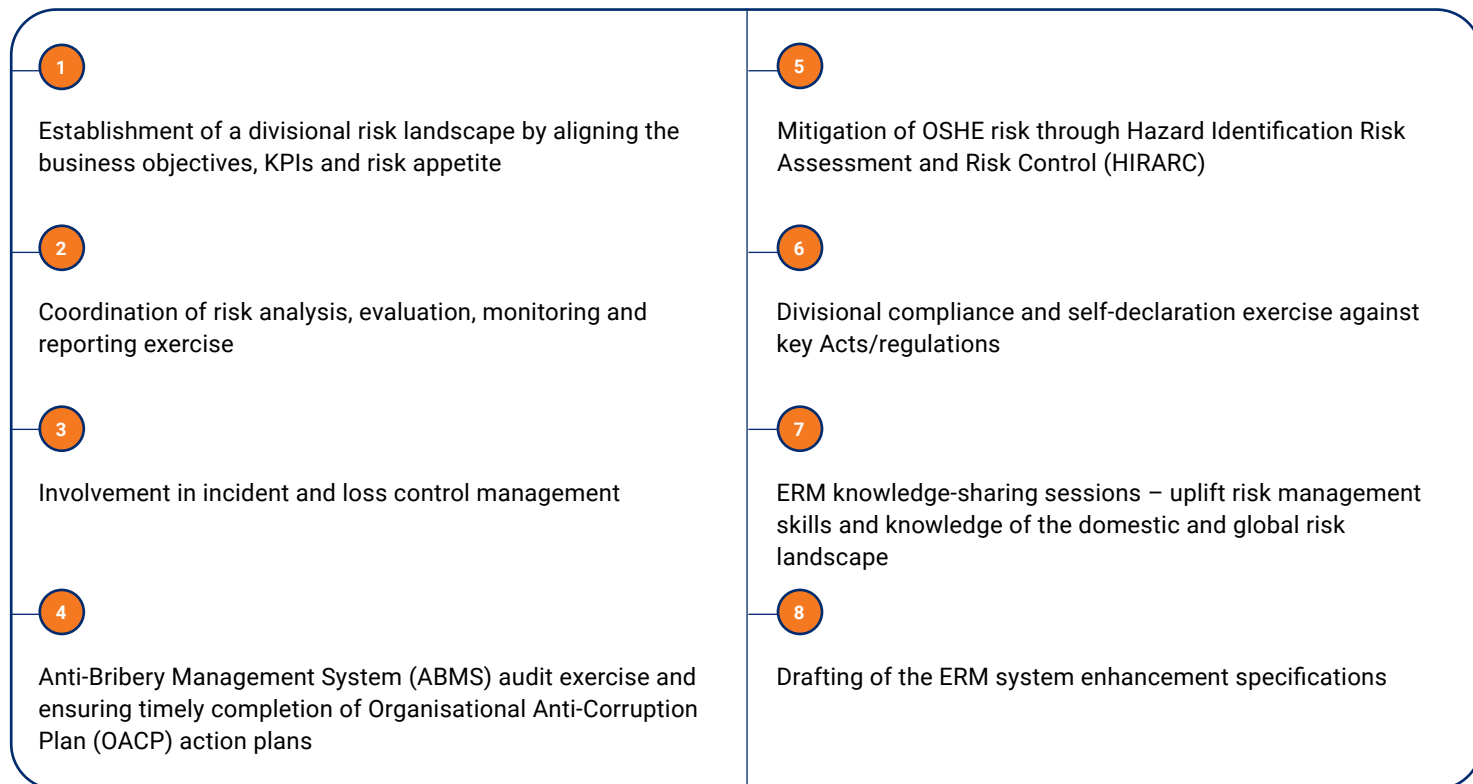
TM has a long-standing commitment to risk management, which began in 1987. Over the years, we have made great strides in advancing our approach, evolving from the management of corporate insurance programmes to establishing a comprehensive ERM practice. The establishment of TM's Group Business Assurance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

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

CULTIVATING A RISK MANAGEMENT CULTURE

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

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

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

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

3 Involvement in incident and loss control management

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

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

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

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

8 Drafting of the ERM system enhancement specifications

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

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

DRIVING RISK INNOVATION

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

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

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

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

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

Type of Risk	How It Impacts Value	Impact on Capitals
Strategic Risks affecting the achievement of the Group's overall objectives and long-term direction as set out by the Management and the Board, arising from both external and internal factors	• Revenue erosion • Deterioration of market share and investor's confidence • Non-sustainable business growth	**Financial Capital:** Internal and external factors undermine our capacity to realise strong returns and impact our pool of funds **Social & Relationship Capital:** Challenges to our strategic plans may impact our nation building agenda and erode stakeholder trust

How We Mitigate Risks	What We Have Achieved	Tactical Opportunities
• Proactive engagement with regulators to align service providers and customer interests • Advocate our strategic position in supporting the national digital agenda • Develop strategic partnerships with mobile operators to improve mobile quality and coverage • Expand into new growth areas beyond connectivity i.e. mobile and digital • Increase promotional campaigns • Effective management of negative sentiments on mainstream and social media	• 5.1% growth in Revenue • 22.2% growth in EBIT • 27.7% growth in PATAMI • RAM Rating Services: AAA • NPS: +39	• Increase innovation by offering products and services tailored to customers' needs • Improve engagement and relationship with regulators • Maintain good reputation and increase company's credibility • Creating a level playing field in the mobile space to increase our competitiveness

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

Strategic Pillars:

Stakeholders Affected:

Material Topics:
M1 M2 M6 M8 M13 M14

MITIGATING RISKS TO VALUE CREATION

Type of Risk

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

How It Impacts Value

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

Impact on Capitals

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

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

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

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

How We Mitigate Risks

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

What We Have Achieved

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

Tactical Opportunities

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

Risk Movements

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

Strategic Pillars:

Stakeholders Affected:

Material Topics:

M2 M3 M4 M5 M10 M11 M12 M14

Type of Risk

Financial
Risks directly impacting our financial performance or liquidity

How It Impacts Value

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

Impact on Capitals

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

How We Mitigate Risks

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

What We Have Achieved

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

Tactical Opportunities

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

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

Strategic Pillars:

Stakeholders Affected:

Material Topics:
M2 M5

Type of Risk

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

How It Impacts Value

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

Impact on Capitals

Financial Capital: Financial implications related to network downtime/outages

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

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

How We Mitigate Risks

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

What We Have Achieved

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

Tactical Opportunities

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

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

Strategic Pillars:

Stakeholders Affected:

Material Topics:
M2 M3 M4 M5 M7 M8 M11 M14

Type of Risk

Sustainability
ESG risks that negatively impact sustainable value and growth

How It Impacts Value

- Unfavourable ESG rating leading to negative reputation
- Disruptions to operations, services and worker safety due to natural disasters
- Unskilled or non-future-ready employees
- Manpower productivity and turnover
- Reputational damage due to unethical conduct

Impact on Capitals

Financial Capital: Financial implications related to ESG issues i.e. climate change

Social & Relationship Capital: Loss of stakeholder trust from corruption and environmental and social breaches

Natural Capital: Scarcity of natural resources or pollution of the natural environment

Human Capital: Poor employee morale and engagement, resulting in lower productivity

Manufactured Capital: Damages to infrastructure network and physical assets from natural disasters

How We Mitigate Risks

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

What We Have Achieved

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

Tactical Opportunities

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

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

Strategic Pillars:

Stakeholders Affected:

Material Topics:
M2 M5 M7 M8 M9 M10 M12 M13 M14

VALUE CREATION BUSINESS MODEL

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

OUR CAPITALS ▶ DELIVER CUSTOMER OUTCOMES

INPUTS

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

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

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

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

INTELLECTUAL
- RM62.3 million invested in R&D
- 77 years of experience as a leading telco provider

HUMAN
- 19,499 *Warga TM*
- RM24.3 million invested in employees training & development

KEY RISKS
→ Read more on pages 211-216

MATERIAL MATTERS
→ Read more on pages 30-31

unifi
Enriching customers' lives through digital lifestyles

TM ONE
Creating value for businesses through digital technologies and solutions

TM GLOBAL
Connecting Malaysia to the world through borderless opportunities

BUSINESS OPERATIONS

OUR STRATEGY

From a Converged Telco ▽ to a human-centred TechCo

→ Read more on pages 56-73

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

→ Read more on pages 32-37

VALUE CREATION BUSINESS MODEL

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

- For communities, we enrich everyday moments by enabling converged lifestyle solutions
- For businesses, we enable growth by providing integrated solutions and strategic collaborations that accelerate business transformation
- For Government, we accelerate the nation's aspiration towards becoming a Digital Malaysia with holistic connectivity, platform and digital solutions

▶ THROUGH BUSINESS ACTIVITIES THAT CREATE

▶ VALUE FOR OUR STAKEHOLDERS.

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

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

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

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

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

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

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

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

OUTCOMES

STAKEHOLDERS

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

Shareholders & Investment
Government & Regulator

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

Shareholders & Investment
Customers

NATURAL
- 12.45% reduction in carbon emissions since 2019

Shareholders & Investment
Communities
Media

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

Suppliers
Communities
Media

INTELLECTUAL
- 3 international awards acquired
- 4 smart solutions developed

Shareholders & Investment
Government & Regulator
Customers

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

Employees

OUR CAPITALS

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

HUMAN CAPITAL

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

INPUTS

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

OUTPUTS/OUTCOMES

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

ACTIONS TO ENHANCE OUTCOMES

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

TRADE-OFFS

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

FINANCIAL CAPITAL

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

INPUTS

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

OUTPUTS/OUTCOMES

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

ACTIONS TO ENHANCE OUTCOMES

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

TRADE-OFFS

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

INTELLECTUAL CAPITAL

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

INPUTS

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

OUTPUTS/OUTCOMES

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

ACTIONS TO ENHANCE OUTCOMES

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

TRADE-OFFS

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

NATURAL CAPITAL

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

INPUTS

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

OUTPUTS/OUTCOMES

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

ACTIONS TO ENHANCE OUTCOMES

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

TRADE-OFFS

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

SOCIAL & RELATIONSHIP CAPITAL

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

INPUTS

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

OUTPUTS/OUTCOMES

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

ACTIONS TO ENHANCE OUTCOMES

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

TRADE-OFFS

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

MANUFACTURED CAPITAL

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

INPUTS

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

OUTPUTS/OUTCOMES

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

ACTIONS TO ENHANCE OUTCOMES

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

TRADE-OFFS

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

VALUE CREATION STRATEGY

Strategic Roadmap

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

We are now in our final year of TM's Transformation Programme (2021 - 2023) which has proven success with good results. We will continue to strengthen our core businesses, while ensuring connectivity and customer experience. This includes changes in our business profile, CX transformation, modernising our network and IT and future-proofing the organisation for a more sustainable future. We need to be commercially sustainable for us to play our role as a GLC and fulfill our nation building aspirations, with all TM stakeholders remaining at the heart of the transformation.
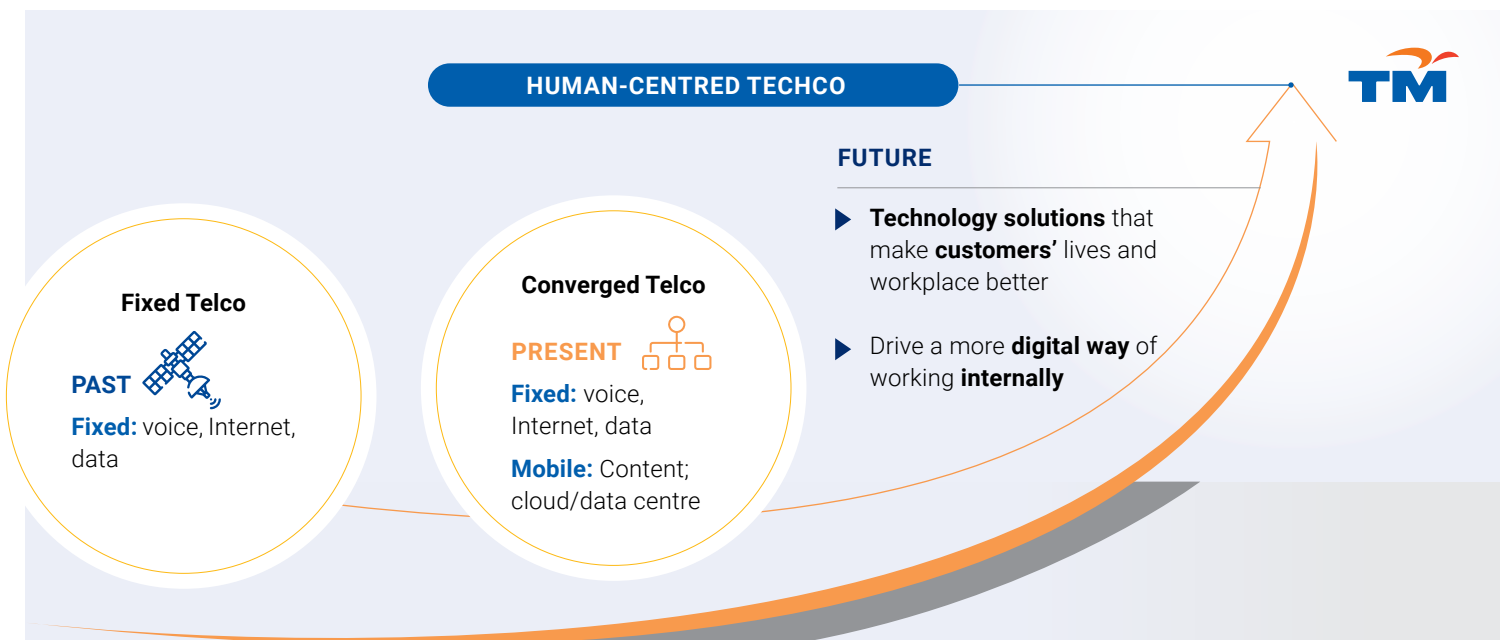
Our strategic approach focuses on two (2) key areas:

Strengthen Our Core

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

Invest for Growth

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

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

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

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

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

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

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

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

Consumer & SMEs (B2C)

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

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

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

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

Enterprise & Public Sector (B2B)

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

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

7 Cloud
New market offerings to serve B2B digital transformation needs

Global (C2C)

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

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

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

STRATEGIC MILESTONES IN OUR TRANSFORMATION JOURNEY TO BECOME A TECHCO

1 TM

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

2 Credence

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

LEADERSHIP'S ROLE IN STRATEGY DEVELOPMENT

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

Strategic Progress

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

PILLAR 1

OUR PURPOSE

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

Our Role as a PLC

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

Our Role as a GLC

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

Strategic Performance

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

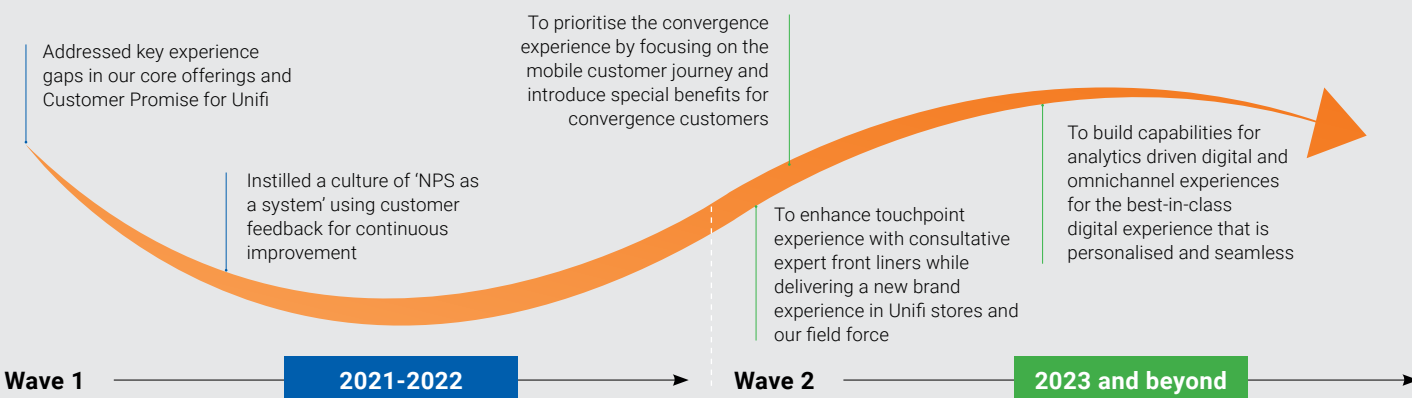**ESG** Index Rated by **FTSE Russell** score improved from 3.1 to 3.6 in 2022

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

Total Dividend Payout to Shareholders
(RM million)

Year	Amount
2020	539.6
2021	490.6
2022	**627.5**
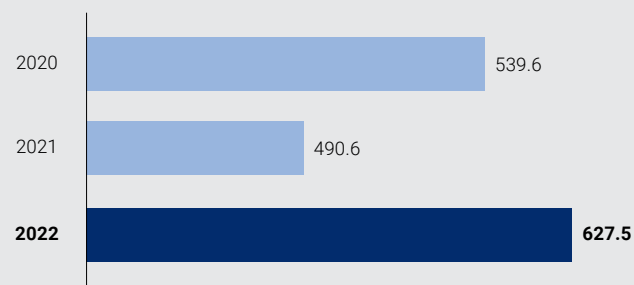
PILLAR 2

OUR CUSTOMERS

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

Addressed key experience gaps in our core offerings and Customer Promise for Unifi

Instilled a culture of 'NPS as a system' using customer feedback for continuous improvement

To prioritise the convergence experience by focusing on the mobile customer journey and introduce special benefits for convergence customers

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

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

Wave 1 ——— **2021-2022** ——→ **Wave 2** ——— **2023 and beyond** ——→

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

Net Promoter Score (NPS)

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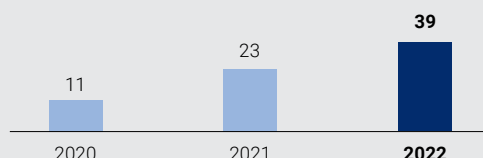
PILLAR 3 — **OUR BUSINESS**

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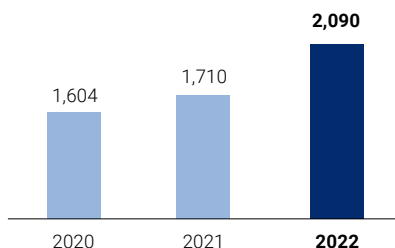
Strategic Performance

Revenue (RM million)
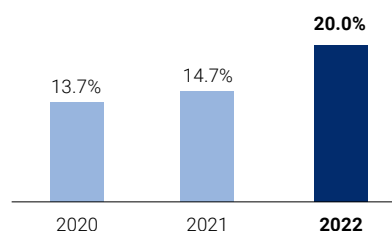
Target: Mid to high single digit growth

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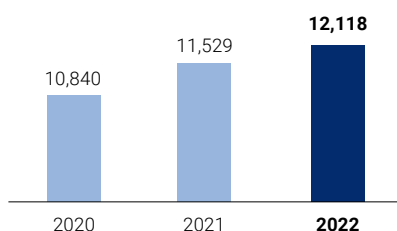
EBIT (RM million)

Target: More than RM2.3 billion

2020	2021	2022
1,604	1,710	**2,090**

CAPEX (%)

Target: Between 14% - 18%

2020	2021	2022
13.7%	14.7%	**20.0%**

PILLAR 4 — **OUR PEOPLE**

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

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

Strategic Performance

Organisational Health Index (OHI)

Targets 84

2021	82
2022	**80**

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

↳ *For more information on our Employee Well-Being and Development, please see pages 121-126*