

OUR REPORTING JOURNEY

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

Scope & Boundaries

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

Reporting Frameworks

This report was developed according to the following standards, guidelines and best practices:

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

Reporting Principles

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



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



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



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



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



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



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

REPORTING ON VALUE

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

UNDERSTANDING OUR CONTEXT

Operating Landscape: What is happening outside?

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

↳ See page 32

Stakeholder Engagement: What do our stakeholders need?

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

↳ See page 26

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

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

↳ See page 38

DEVELOPING OUR STRATEGIC PURPOSE

Material Matters: How do we prioritise?

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

↳ See page 30

Strategic Direction: Where are we headed?

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

↳ See page 49

Independent Assurance

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

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

*Within our sustainability chapter from pages 84 to 145

Forward-Looking Statements

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



Leadership Role

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

Statement from the Board of Directors

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

Tan Sri Mohammed Azlan Hashim
Chairman



Scan the QR code for our three years Sustainability Performance Data

How to Navigate This Report

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

Capitals

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

Strategic Pillars

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

Material Matters

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

Stakeholders

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

Sustainability Impact

- Economic
- Social
- Environmental
- Governance

EXECUTING OUR STRATEGY

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

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



Financial Capital

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



Human Capital

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



Intellectual Capital

Our rich 77-year history as an industry pioneer is what stakeholders trust. We embrace new technologies and digital solutions that strengthen our value proposition and competitive edge.



Natural Capital

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



Social & Relationship Capital

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



Manufactured Capital

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

↳ See pages 46-48

DELIVERING MEANINGFUL VALUE

Value Creation

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

↳ See pages 26-52

TM THE ENABLER OF DIGITAL MALAYSIA

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

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

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

TM continues to evolve to meet the needs of its stakeholders and the demands of the future and lead the industry in innovation, customer centricity and value creation; driven by its vision of becoming a human-centred TechCo. In its transformation journey, TM’s business and solutions are evolving to put people at the core of everything. The Group remains steadfast to innovating and implementing technologies that have the potential to enhance the lives and experiences of Malaysians, in multiple ways.

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

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



A SNAPSHOT OF 2022

KEY ACHIEVEMENTS

- GROUP REVENUE**
● **RM12,118.1** million
- GROUP PATAMI**
● **RM1,143.3** million
- EBIT**
● **RM2,090.2** million
- TOTAL DIVIDEND PAYOUT**
● **RM627.5** million

ESG PERFORMANCE

FTSE4Good Bursa Malaysia

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

Carbon Disclosure Project (CDP)

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

FTSE Russell – Rated 3.6


- Improved total scoring to **3.6** in 2022 (2021: 3.1)

Environmental Footprint

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

OUR CUSTOMERS


TOTAL CUSTOMERS NATIONWIDE

 **3.5 million**

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



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



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

OUR NETWORK

CABLES GLOBALLY INCLUDING:

- ▶ **>690,000 km** domestic cables
- ▶ **>340,000 km** submarine cables with 32 submarine cable systems

OUR PEOPLE

WARGA TM

19,499



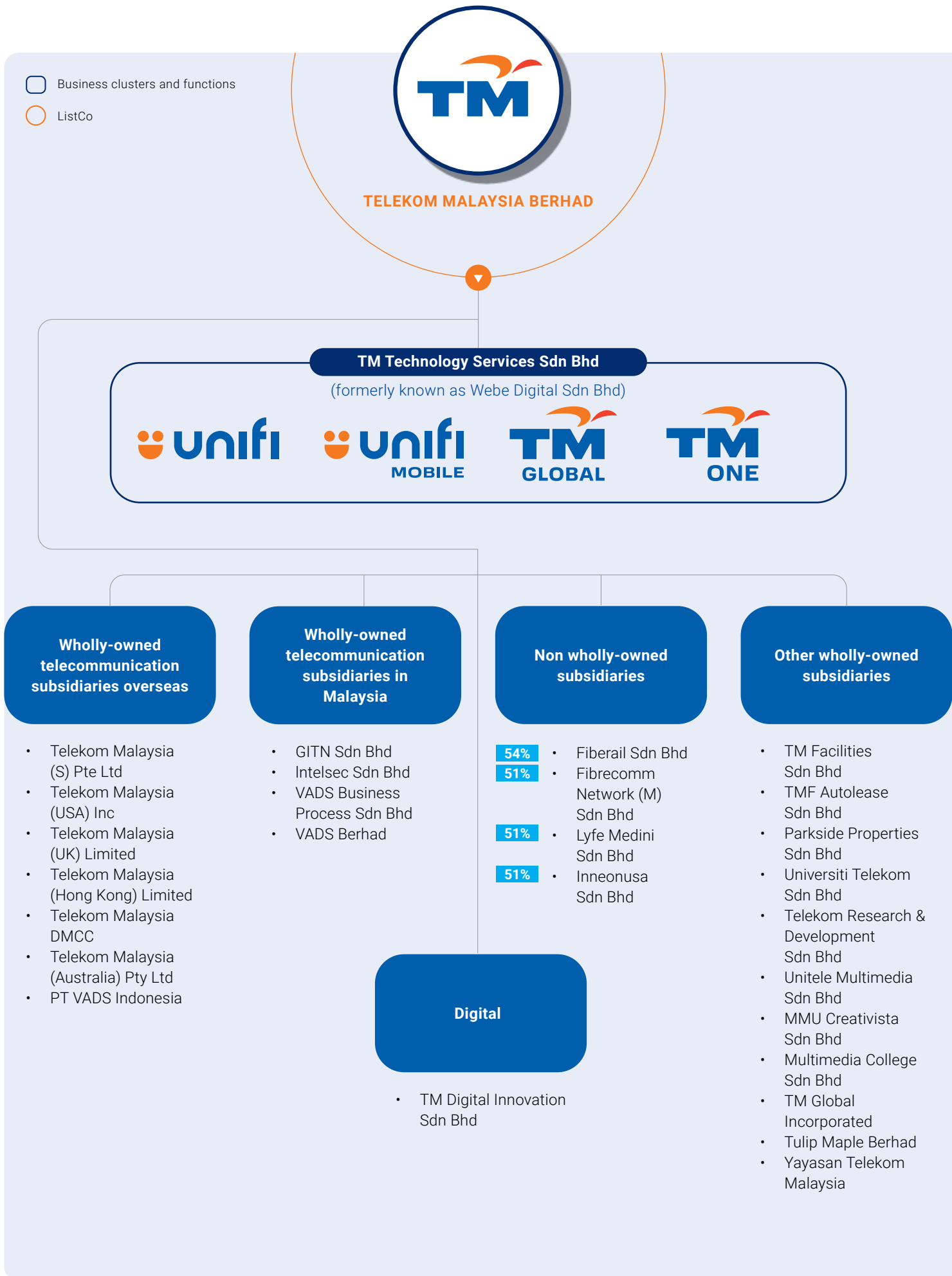
DIVERSITY:

36% women on the Board

31% women in Senior Management



GROUP CORPORATE STRUCTURE



GROUP ORGANISATION STRUCTURE

