

# Corporate Governance Overview

The Board of Directors is committed to the highest standards of corporate governance which are crucial in delivering consistent financial performance, creating long term economic and sustainable value to all stakeholders. Despite the challenges in 2021, our Company delivered strong returns to our shareholders by embedding the principles of accountability, governance, ethics and integrity in the conduct of our business and continuously adhering to strong corporate best practices and values.

The Board continuously align TM's purpose in fulfilling its dual role as a Public Listed Company (PLC) and a Government-Linked Company (GLC). As a GLC, TM plays a key role in driving national initiatives towards Digital Malaysia, ensuring acceleration of digital adoption in the country and also provides support to the nation via various Corporate Responsibility initiatives.

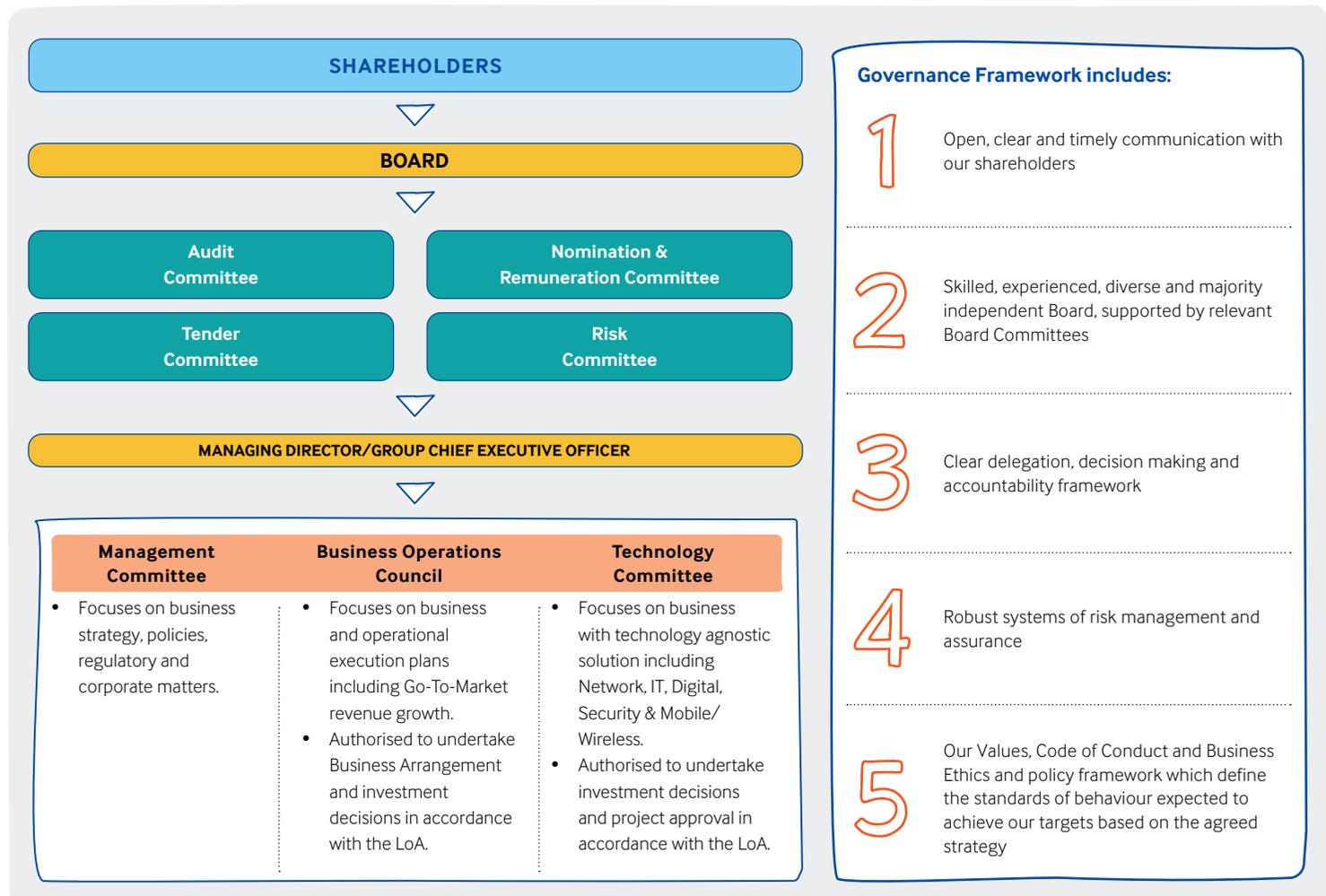
## OUR GOVERNANCE FRAMEWORK

TM's Governance Framework is guided by the principles and best practices of corporate governance as prescribed by the Main Market Listing Requirements (Main LR) of Bursa Malaysia Securities Berhad, the Malaysian

Code on Corporate Governance 2021 (MCCG), Corporate Governance Guide, international best practices and standards on corporate governance.

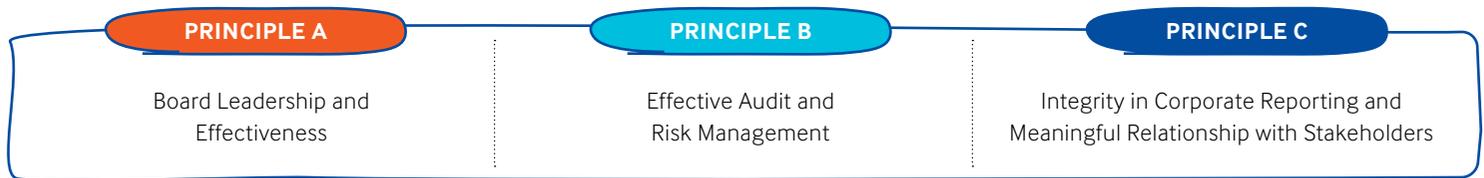
As part of the Group's Governance Framework, specific powers of the Board are delegated to the relevant Board and Management Committees.

The Governance Framework is supported by the Board Charter, Limits of Authority Matrix (LoA) and Business Policy and Governance (BPG). Annual review is conducted on the Board Charter, whilst the LoA and BPG are reviewed and updated as and when required to adapt to the business environment, changes in strategic direction and to reflect the Group's key business policies and governance.



During the year, the Board via the Nomination and Remuneration Committee (NRC) has reviewed the structure and composition of the respective board committees arising from the 2020 Board Effectiveness Evaluation (BEE). Taking into consideration the 2020 BEE result, in June 2021, the Board endorsed NRC's recommendation on the disbandment of the LTIP Committee whereby the duties and responsibilities as provided in its Terms of Reference (ToR) as well as the LTIP By-Laws, were assumed by the NRC. In addition, based on the assessment conducted by Ernst & Young Consulting Sdn Bhd, NRC and the Board in September 2021 agreed on the disbandment of the Board Investment Committee (BIC) and consequently, the expansion of the role of Board Risk Committee (BRC) to include the review of strategic investment proposals focusing on Management's identification of key risks and mitigation plans. This ensures all risk assessment is comprehensively deliberated for the Board's consideration in making strategic investment decisions.

The following sections outline how TM has applied the three (3) key principles of the MCCG:



As at 31 December 2021, TM has adopted 44 recommended practices in the MCCG. The CG Overview Statement is to be read together with the Corporate Governance Report (CG Report) 2021 which further elaborates on how the Practices of the MCCG are applied, as well as the departures and alternative measures adopted for the financial year 2021 and up to the date of the statements. The CG Report is available on the Company's website.

**PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS**

**DISCHARGING THE BOARD RESPONSIBILITIES**

The Board's principal focus is on the long-term success of our Company and the delivery of sustainable value to our shareholders. It is imperative for the Board to review and set the overall strategic direction, development and control of the Group in an effective and responsible manner. The Board takes collective responsibility and accountability for the smooth functioning of core processes involving Board governance, business value and ethical oversight. It also collectively assumes responsibilities for the Company's leadership and is responsible for meeting the objectives and goals of the Company.

Directors have fiduciary duties to act in good faith, exercise reasonable care, skill and diligence to safeguard the interest of the Company as well as ensuring high ethical standards are applied throughout the organisation. In discharging its roles and responsibilities, the Board is also mindful of the need to protect the interests of all stakeholders.

Board activities are structured to facilitate the Board in providing an effective management oversight to support the MD/GCEO and Management Team. As part of the ongoing transformation plans, three (3) Board Strategy Retreats were held in 2021 to re-assess the Group's business direction and strategy. In December 2021, the Board approved TM Group's mid-term strategic direction and Annual Operating Plans for 2022-2024.

In 2021, several changes to the leadership and Board composition were implemented, with the appointment of Tan Sri Mohammed Azlan Hashim as the new Non-Independent Non-Executive Chairman (NINEC), appointment of Muhammad Afhzal Abdul Rahman as a Non-Independent Non-Executive Director (NINED) and Rossana Annizah Ahmad Rashid as new Independent Non-Executive Director (INED). The Directors have extensive experiences and have complemented the board diversity, contributing to healthy, engaging and robust discussions during the Board meetings.

The Board has assessed its performance on execution of Board Responsibilities including General Responsibilities, Strategic Planning, Performance Management, Risk Management and Internal Controls, Sustainability, Human Capital Management and CG in the 2021 BEE.

The Board's deliverables were also monitored via the Board Performance Improvement Programme (BPIP) and reported to NRC.

**Board Charter**

The Board Charter comprises the ToR of our Board and Board Committees, practices, principles and guidelines. It is a primary source of reference for the Board on our governance practices and Board policies and guidelines. It serves as a comprehensive guide for Directors on matters relating their roles, power, duties, functions and processes.

The Board reviews the Board Charter from time to time to ensure it remains relevant to the Company's objectives and strategies in alignment with current rules and regulations. During the year, several revisions were made to the Board Charter arising from the disbandment of the BIC and LTIP Committee and enhancements to BRC's ToR. Several key changes were also made to the ToR of Board Audit Committee (BAC) primarily on the enhancement of its independent function. Reviews to the NRC's ToR were also made in line with the updated MCCG and Main LR.

Please click [here](#) for more information about CG Report and Board Charter

**PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS**

**Demarcation of Responsibilities between the Board, Board Committees and Management**

The Board Charter clearly demarcates the roles and responsibilities of the Board, Board Committees and Management, and identify the specific roles and responsibilities of the Chairman, Senior Independent Director (SID), Non-Executive Director (NED) and the Executive Director (ED). Such clear demarcation of functions provides a balance of authority within the Board and safeguards against one individual or group dominating the decision-making process of the Company. The positions of Chairman and MD/GCEO at all times are held by different individuals with clear and distinct roles as documented in the Board Charter.

**ROLES AND RESPONSIBILITIES**

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1

**Chairman**

- Provides leadership to the Board and ensures its effectiveness.
- Leads the Board in providing oversight of the Management.
- Acts as liaison between the Board and Management and carries out other duties as requested by the Board as a whole, depending on need and circumstances.
- Maintains an effective communication channel that enables both the Board and Management to communicate effectively with stakeholders of our Company.

Given his extensive experience in the corporate sector and well known for upholding governance and integrity, Tan Sri Mohammed Azlan Hashim has been able to provide strong leadership to the Board, encouraging participation of all directors and allowing dissenting views for robust discussions at board meetings. He has been consultative but decisive to ensure effective decision making process. TM Chairman does not sit on any Board Committees.

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2

**Senior Independent Director**

- Leads confidential discussions with other NEDs in any concerns which may not have been considered by the Board as a whole.
- Provides an alternative channel of communication for shareholders and other stakeholders to convey their concerns and issues.
- Promotes high standards of corporate governance and ensures that the Company's obligations to shareholders are understood and complied with.

Tunku Afwida Tunku Dato' A.Malek continues to play a strong role as a SID in upholding integrity and governance. She is also a sounding board for the Chairman and acts as intermediary for other directors, when required.

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3

**Executive Director**

- Implements the broad policies approved by the Board and to report and discuss at Board meetings all material matters currently or potentially affecting the Group and its performance, including all strategic projects and regulatory developments.
- Ensures the smooth running of the day-to-day operations of the Company.
- Maintains an effective communication channel that enables both the Board and Management to communicate effectively with stakeholders of the Company.

Imri Mokhtar continues to lead the Management Team and focuses on the business and day-to-day management of the Company.

**Fostering Commitment of the Board**

The commitment of the Board is evidenced by the attendances and time spent at Board and Committee Meetings. The schedule for Board and Committee meetings and establishment of key board agenda was presented to the Board and shared with all Directors at the beginning of the year to ensure Directors' time commitment.

All Directors complied with the minimum attendance of at least 50% of Board and Board Committee meetings held during the financial year. Decisions made at Board Meetings were mostly on consensus or via majority votes where dissenting views were recorded. Whilst, resolutions in writing shall be valid and effective if signed by majority of Directors or the Alternate, majority of whom are Independent Directors.

## PRINCIPLE A

## BOARD LEADERSHIP AND EFFECTIVENESS

Summary of Board and Board Committees' memberships, number of meetings, attendance and time spent during 2021:

BOARD	
<b>Tan Sri Mohammed Azlan Hashim (Chairman)</b> <i>(Appointed on 1 August 2021)</i>	9/9
<b>Imri Mokhtar</b>	23/23
<b>Anis Rizana Mohd Zainudin &amp; Mohd Zainuddin</b>	22/23
<b>Dato' Mohamed Nasri Sallehuddin</b>	22/23
<b>Muhammad Afhzal Abdul Rahman</b> <i>(Appointed on 1 December 2021)</i>	1/1
<b>Tunku Afwida Tunku Dato' A.Malek</b>	23/23
<b>Balasingham A. Namasiwayam</b>	22/23
<b>Hisham Zainal Mokhtar</b>	23/23
<b>Saheran Suhendran</b>	21/23
<b>Datuk Siti Zauyah Md Desa</b>	23/23
<b>Rossana Annizah Ahmad Rashid</b> <i>(Appointed on 22 November 2021)</i>	2/2
<b>Iszad Jeffri Ismail</b> <i>(Alternate to Anis Rizana Mohd Zainudin &amp; Mohd Zainuddin)</i>	1/1
<b>FORMER DIRECTORS</b>	
<b>Tan Sri Dato' Seri Mohd Bakke Salleh (Chairman)</b> <i>(Resigned on 31 July 2021)</i>	14/14
<b>Dato' Mohd Naim Daruwish</b> <i>(Resigned on 16 October 2021)</i>	14/19
<b>Dato' Ibrahim Marsidi</b> <i>(Resigned on 16 October 2021)</i>	15/19
<b>Board Meeting Hours: 126 hours 5 minutes</b>	

BOARD AUDIT COMMITTEE (BAC)	
<b>Hisham Zainal Mokhtar (Chairman)</b>	10/10
<b>Tunku Afwida Tunku Dato' A.Malek</b>	10/10
<b>Balasingham A. Namasiwayam</b>	10/10
<b>PERMANENT INVITEE</b>	
<b>Imri Mokhtar</b>	7/10
<b>FORMER MEMBER</b>	
<b>Dato' Ibrahim Marsidi</b> <i>(Resigned on 16 October 2021)</i>	6/9
<b>BAC Meeting Hours: 30 hours 40 minutes</b>	

NOMINATION AND REMUNERATION COMMITTEE (NRC)	
<b>Tunku Afwida Tunku Dato' A.Malek (Chairperson)</b>	15/15
<b>Dato' Mohamed Nasri Sallehuddin</b>	14/15
<b>Balasingham A. Namasiwayam</b>	15/15
<b>Datuk Siti Zauyah Md Desa</b> <i>(Appointed on 24 September 2021)</i>	3/3
<b>PERMANENT INVITEE</b>	
<b>Imri Mokhtar</b>	15/15
<b>FORMER MEMBER</b>	
<b>Dato' Ibrahim Marsidi</b> <i>(Resigned on 16 October 2021)</i>	7/13
<b>NRC Meeting Hours: 38 hours 25 minutes</b>	

NUMBER MEETINGS HELD & ISSUANCE OF CIRCULAR RESOLUTION (CR)			
<b>Board</b>	<b>23</b> 7 DCRs	<b>BRC</b>	<b>7</b> 1 CR
<b>BAC</b>	<b>10</b> No CR	<b>BIC</b>	<b>7</b> 1 CR
<b>NRC</b>	<b>15</b> 3 CRs	<b>LTIP</b>	<b>2</b> No CR
<b>BTC</b>	<b>9</b> 1 CR		

**Total Board & Board Committees' Meeting Hours**  
**258 hours 10 minutes**

BOARD TENDER COMMITTEE (BTC)	
<b>Datuk Siti Zauyah Md Desa (Chairperson)</b>	9/9
<b>Anis Rizana Mohd Zainudin &amp; Mohd Zainuddin</b>	8/9
<b>Dato' Mohamed Nasri Sallehuddin</b>	8/9
<b>Balasingham A. Namasiwayam</b>	9/9
<b>Iszad Jeffri Ismail</b> <i>(Alternate to Anis Rizana Mohd Zainudin &amp; Mohd Zainuddin)</i>	1/1
<b>PERMANENT INVITEE</b>	
<b>Imri Mokhtar</b>	9/9
<b>FORMER MEMBERS</b>	
<b>Dato' Ibrahim Marsidi</b> <i>(Resigned on 16 October 2021)</i>	5/8
<b>Hisham Zainal Mokhtar</b> <i>(Resigned on 24 June 2021)</i>	5/5
<b>BTC Meeting Hours: 29 hours 35 minutes</b>	

**PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS**

### BOARD RISK COMMITTEE (BRC)

<b>Balasingham A. Namasiwayam</b> (Chairman)	7/7
<b>Tunku Afwida Tunku Dato' A.Malek</b>	7/7
<b>Anis Rizana Mohd Zainudin</b> @ Mohd Zainuddin <i>(Appointed on 24 September 2021)</i>	3/3
<b>Saheran Suhendran</b>	7/7
<b>Iszad Jeffri Ismail</b> <i>(Alternate to Anis Rizana Mohd Zainudin</i> <i>@ Mohd Zainuddin</i> <i>(Appointed on 24 September 2021)</i>	N/A

**PERMANENT INVITEE**

<b>Imri Mokhtar</b>	6/7
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**FORMER MEMBER**

<b>Dato' Mohd Naim Daruwish</b> <i>(Resigned on 16 October 2021)</i>	4/5
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**BRC Meeting Hours: 15 hours 30 minutes**

### BOARD INVESTMENT COMMITTEE (BIC) *(DISBANDED W.E.F. 23 SEPTEMBER 2021)*

<b>Tunku Afwida Tunku Dato' A.Malek</b> (Chairperson)	7/7
<b>Anis Rizana Mohd Zainudin</b> @ Mohd Zainuddin	7/7
<b>Dato' Mohamed Nasri Sallehuddin</b>	7/7
<b>Dato' Mohd Naim Daruwish</b>	6/7
<b>Hisham Zainal Mokhtar</b>	7/7
<b>Saheran Suhendran</b>	7/7
<b>Iszad Jeffri Ismail</b> <i>(Alternate to Anis Rizana Mohd Zainudin</i> <i>@ Mohd Zainuddin)</i>	N/A

**PERMANENT INVITEE**

<b>Imri Mokhtar</b>	6/7
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**BIC Meeting Hours: 15 hours 35 minutes**

### LTIP COMMITTEE (DISBANDED W.E.F. 24 JUNE 2021)

<b>Tunku Afwida Tunku Dato' A.Malek</b> (Chairperson)	2/2
<b>Balasingham A. Namasiwayam</b>	2/2
<b>Saheran Suhendran</b>	2/2

**PERMANENT INVITEE**

<b>Imri Mokhtar</b>	2/2
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**LTIP Meeting Hours: 2 hours 15 minutes**

### MEETING DATES

Month	BOD	BAC	NRC	BTC	BIC
<b>JANUARY</b>	18, 21, 22, 25	18	8, 14	22	7, 15, 18
<b>FEBRUARY</b>	24	22	15	10	3
<b>MARCH</b>	29	9, 10, 26		17	18
<b>APRIL</b>	6, 28	1, 20	15		
<b>MAY</b>	24, 27	20	11		5, 18
<b>JUNE</b>	14, 24	16	9		
<b>JULY</b>	22, 28	14			1, 15
<b>AUGUST</b>	5, 6, 25, 27	16, 19	25		
<b>SEPTEMBER</b>	23				
<b>OCTOBER</b>	11, 12, 22	14			
<b>NOVEMBER</b>	11, 18, 25	18			
<b>DECEMBER</b>	20, 21	15			

PRINCIPLE A

BOARD LEADERSHIP AND EFFECTIVENESS

KEY FOCUS AREAS DISCUSSED BY THE BOARD IN 2021



**Corporate Integrity**

The conduct of TM Board, Management, employees and all business partners of TM Group are governed by the Code of Conduct and Business Ethics (CBE) which sets out TM’s values on Uncompromising Integrity.

Details of the above can be referred to the Integrity section of this IAR.

**Board Commitment to ESG**

In 2021, the following initiatives were implemented to bring TM’s ESG practices and maturity a step ahead that help to create positive impact and value to our business and stakeholders, amongst others:

- ESG embedded into New TM Compass
- Establishment of TM ESG Roadmap 2022-2024 covering TM’s visions, commitments and execution plans
- Establishment of TM’s Climate Change Risks
- Voluntary Disclosures in Carbon Disclosure Project
- CEO Action Network (CAN) active participation and involvement in roundtable discussion and summit

The Board has strengthened group-wide sustainability management through establishment of the Sustainability Blueprint for 2022-2024. The blueprint is aligned with TM’s Strategic Shift 2022-2024, to bring TM’s sustainability to the next stage, at par with other major players and create competitive advantage with transition to sustainable business practices.

Details of TM’s ESG targets and initiatives can be referred to the Sustainability section of this IAR.

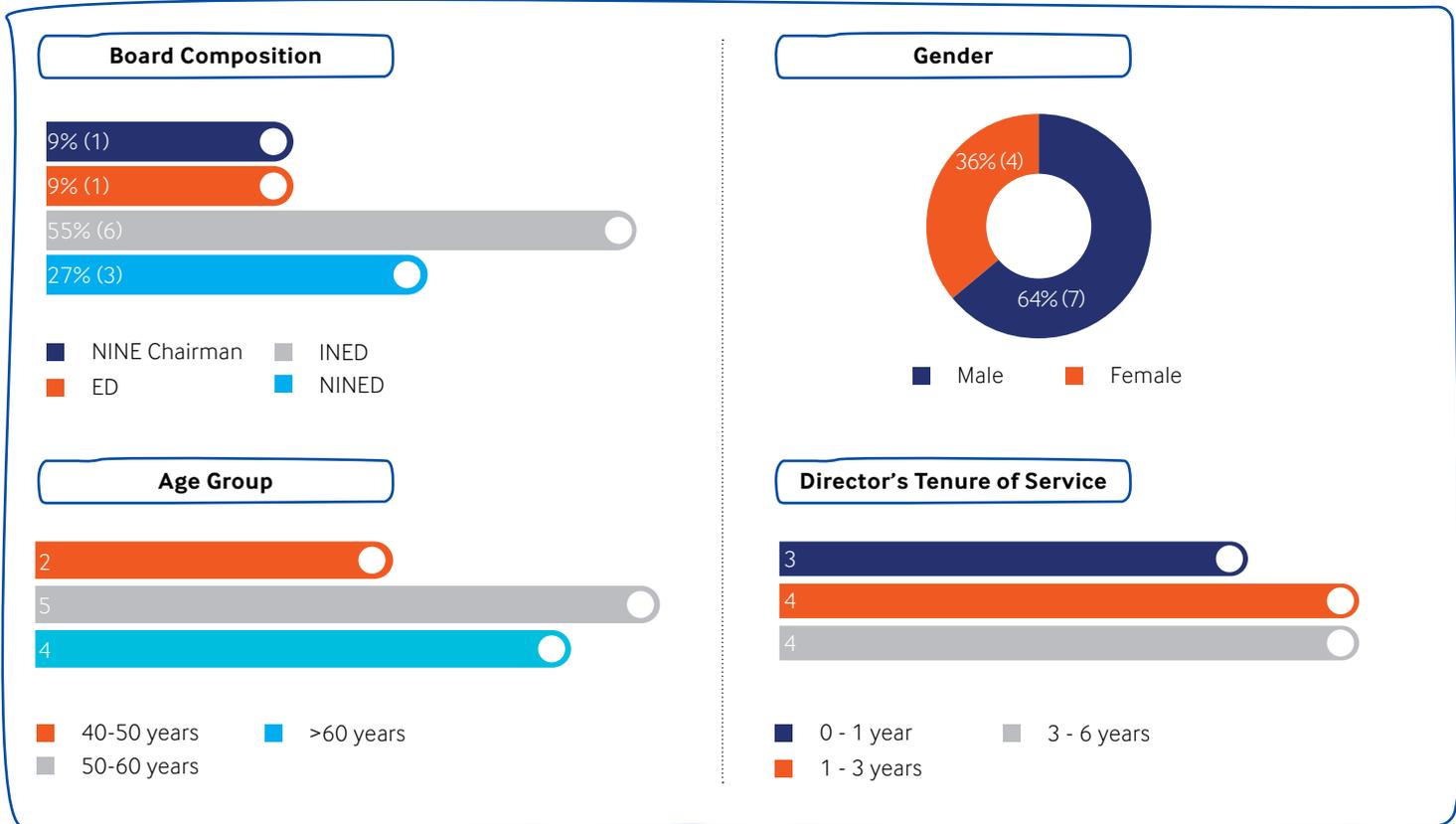
**BOARD COMPOSITION**

The Board composition represents a mix of skills, knowledge and expertise relevant to TM’s business. As at 16 March 2022, the Board comprises ten (10) NEDs and one (1) Executive Director who is also the GCEO of the Company. Of the 11 Directors, six (6) are INEDs. Other than the nominee of the Special Shareholder, none of the Directors appoint alternate director.

Details of the Directors, including their qualifications, experience and details on duration of their service (up to date of this report), can be referred to in the Profile of Directors section of this IAR.

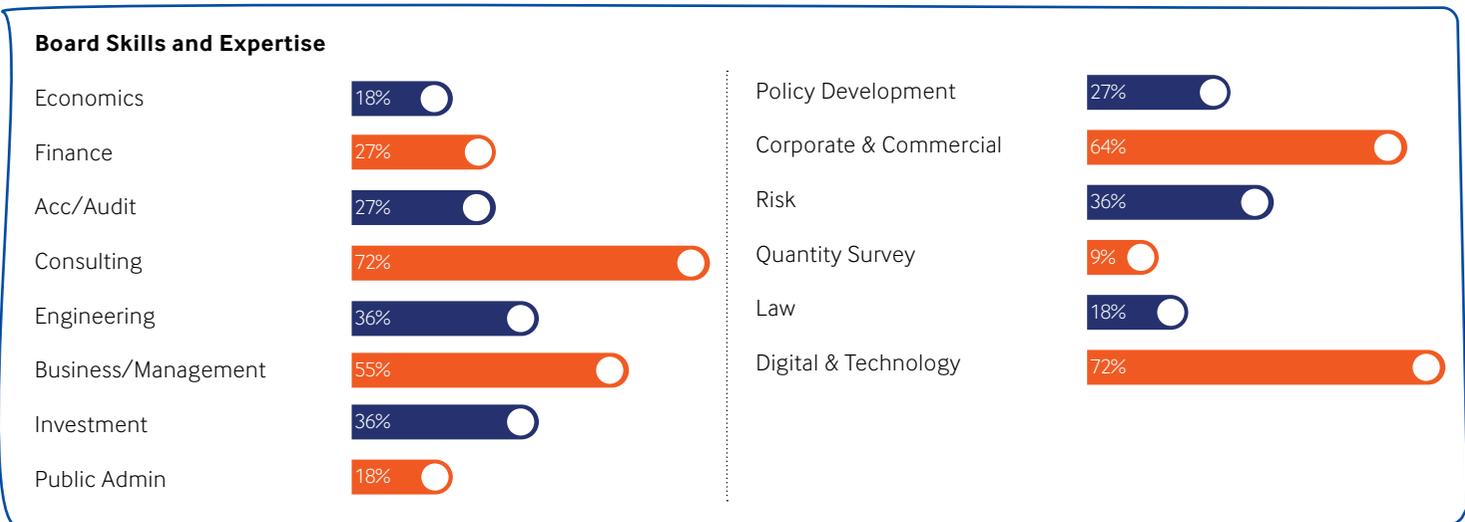


**PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS**



**Board Skills & Expertise**

NRC assists the Board in reviewing and ensuring the Directors possess the right mix of skills, competencies, experience and other qualities required in managing a highly regulated and competitive telecommunication environment. New directors appointed during the year have greatly contributed to the Board's competencies especially in mobile, digital and technology.



**PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS**

**Board Independence**

The Board with the advice from NRC assesses the independence of Directors, including the NEDs on annual basis and prior to their re-appointment vide the BEE. The NRC also assesses the independence and objectivity of new directors prior to appointment. The Directors' skills, experience, contributions as well as their backgrounds and family relationships are considered and NRC determines whether the Directors can continue to bring independence and objective judgement to the Board. The NRC also determines, according to the character and judgement, whether there are relationships or circumstances, which could affect, or appear to affect the INED's judgment.

**DISCLOSURE ON INTEREST**

Directors are well aware of the need to disclose their interest or any possible conflicts of interest on any matter put forth for the Board's consideration. Any interested Director shall not participate and abstain from deliberation to allow unbiased and free discussion and decision making.

**COMPLIANCE TO MCGG**

The Board has adopted Practice 5.4 of the MCGG on the limitation of nine (9) years cumulative tenure for INED without further extension. As at the date of this IAR, none of our INEDs' tenure exceed the cumulative term limit of nine (9) years.

**Board Diversity**

Diversity is not limited only to gender, but encompasses ethnicity/race, nationality, religious beliefs, cultural or socio-economic backgrounds, and age. Bringing together a diverse range of skills and experience is an important aspect of good governance and a pre-requisite for a constructive and challenging Board.

The Board is committed in promoting boardroom diversity in terms of experiences, skills, competencies, race, gender, culture and nationality, to enable the Company to maximise business and governance performance. The Board believes the existing appointment process of new members is adequate, with relevant assessment on skills-set, experience, competency and knowledge of the individual candidate with gender diversity forming a vital consideration in the selection of potential candidates. The Board will identify suitable candidates as Directors on continuous basis to fulfil any vacancy as and when required. The existing number of female directors on the Board is four (4) comprising 36% of the total number of directors.

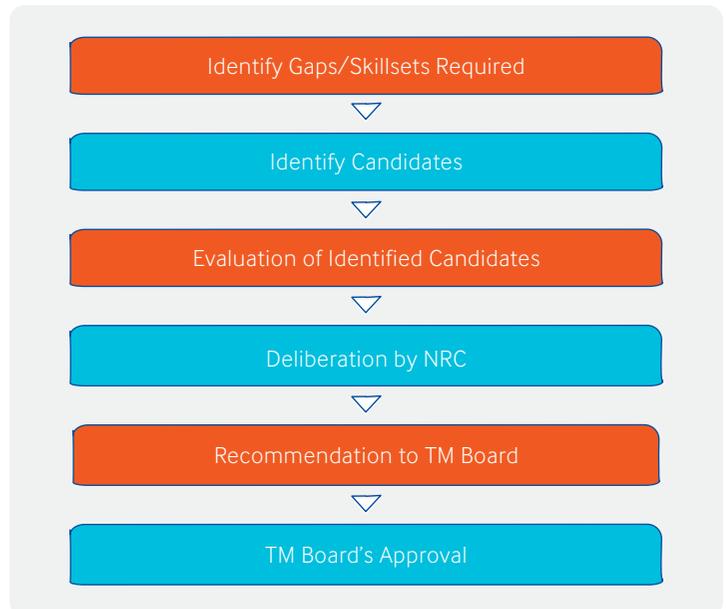
**Board Appointment**

Formal and transparent procedure for the appointment of new directors is embedded in the Company's Constitution. An effective board should include the right group of people, with an appropriate mix of skills, knowledge, experience, independent elements, age, cultural background and gender that fit the Company's objectives and strategic goals. All nominees to the Board are first considered by the NRC, taking into account the mix of skills, competencies, experience and other qualities required to manage a highly regulated communication business, before they are recommended to the Board.

NRC is delegated the role of screening and conducting an initial selection, which includes an external search, before making a recommendation to the Board. NRC evaluates the nominees' ability to discharge their duties and responsibilities before recommending their appointment as Directors to the Board for approval.

In year 2021, the NRC having considered their respective qualifications, skills, experience, areas of competency including their time and commitment, recommended to the Board the appointment of Tan Sri Mohammed Azlan Hashim, Muhammad Afhzal Abdul Rahman and Rossana Annizah Ahmad Rashid. These recommendations were then duly endorsed by the Board.

A typical TM Board appointment process is depicted below:



**Directors' Retirement and Re-election**

The Board has conducted an assessment on the Directors' performance and contribution based on the Self and Peer Assessment results via the 2021 BEE as well as the independence of the Independent Directors who are seeking re-election at this 37<sup>th</sup> AGM. The assessment includes the Directors' participation and contribution to the Board deliberations, their character, integrity, competency and commitment. The level of independence demonstrated by the Independent Director, and his/her ability to act in the best interests of the Company in decision-making were also considered. The Board is satisfied that they complied and satisfied the independence criteria as required by the Main LR which is also provided in the Board Charter.

<b>TM's Constitution</b>	
<p><b>Clause 106(2)</b> Any Director appointed shall hold office only until the next AGM and shall then be eligible for re-election</p> <p style="text-align: center;">▼</p> <p>The following Directors who were appointed since the last AGM and standing for re-election as Directors at the forthcoming AGM, have consented to be re-elected as Directors of the Company:</p> <ul style="list-style-type: none"> <li>• Tan Sri Mohammed Azlan Hashim</li> <li>• Rossana Annizah Ahmad Rashid</li> <li>• Muhammad Afhzal Abdul Rahman</li> </ul>	<p><b>Clause 112</b> All Directors shall retire from office once at least every three (3) years, but shall be eligible for re-election. At every AGM of the Company, one third of the Directors of the Company for the time being or if not a multiple of three (3), nearest to one third, shall retire by rotation.</p> <p style="text-align: center;">▼</p> <p>At the forthcoming AGM, 3 out of 8 eligible Directors are to retire in accordance with Clause 112 of the Constitution:</p> <ul style="list-style-type: none"> <li>• Dato' Mohamed Nasri Sallehuddin</li> <li>• YM Tunku Afwida Tunku Dato' A.Malek</li> <li>• Balasingham A. Namasiwayam</li> </ul>

The profiles of Directors seeking re-elections are set out in the Profile of Directors' section on pages 154 to 164 inclusive, of this IAR.

Tan Sri Mohammed Azlan Hashim, the NINEC, brings extensive experience from the corporate sector, including financial services and investment. He has demonstrated strong leadership to the Board, encourages participation of all directors for robust discussions, and drives open and consultative environment. He balances all views and summarise salient points of discussion to arrive at informed decisions. He has been able to commit his time to TM for Board meetings and other engagements, despite his senior positions in Khazanah, EPF and other listed and non-listed companies. Based on the BEE, Tan Sri Mohammed Azlan was rated favourably and the NRC and the Board recommended his re-election.

Rossana Annizah Ahmad Rashid, INED, brings with her more than 30 years' corporate experience to the Board. Being a career professional, she has fitted well in the boardroom environment, actively participates in discussions, meticulous in putting forth her arguments at the Board and Committee meetings. She also demonstrated strong principles in upholding governance and integrity. The NRC and the Board were of the opinion that Rossana is imperative to the board dynamics and recommended her for re-election.

Muhammad Afhzal Abdul Rahman, NINED, represents the interest of our Major Shareholder, EPF. Within a short period of time since his appointment, he has demonstrated good understanding of the telecommunication industry and TM's business which enabled him to actively participate in board's discussions. He is inquisitive in seeking clarification, objective and confident in raising any issues or views and able to provide independence of judgment. The NRC and the Board recommended Afhzal to be re-elected as Director of the Company.

Dato' Mohamed Nasri Sallehuddin, NINED, represents the interests of our Major Shareholder, Khazanah. He actively participates in discussions and is thorough in putting forth his views. He has demonstrated independence of judgement and provided valuable inputs for the Board's deliberation. Based on the BEE, Dato' Nasri was rated favourably and as such, NRC and the Board recommended his re-election.

Tunku Afwida Tunku Dato A.Malek, SID, has actively provided constructive opinion, critical feedback and insights at Board and Committee meetings. She continues to demonstrate her strong principle on governance and integrity related matters. Tunku Afwida was rated favourably in the BEE's peer assessment, and NRC and the Board recommended her re-election.

Balasingham A. Namasiwayam, INED, actively participates in discussions and is cohesive in making his points and arguments. He continued to demonstrate his capabilities, commitment, and dedication towards the Board and Company through the years. Based on the BEE's peer assessment, the NRC and the Board were of the opinion that Balasingham provides the required diversity to the board and recommended him for re-election.

**PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS**

**Board Effectiveness Evaluation (BEE)**

In August 2021, the Board adopted the recommendation of Practice 6.1 of the MCCG 2021 in relation to engagement of independent expert to conduct board assessment at least every three (3) years. This allows the Board flexibility to determine the appropriate time to appoint a suitable independent expert. Pursuant thereto, the Board has entrusted the Group Company Secretarial Division (GCSD) to conduct the BEE assessment for 2021.

The previous BEE for 2020 was conducted by an independent expert, Willis Towers Watson (WTW). Further to the findings and recommendation by WTW, action plans recommended were implemented and duly completed in 2021, namely:

- Strengthen the Board’s composition, structure and diversity;
- Optimising Board Committees to drive future goals; and
- Review the composition of Board Committees.

Save for the two (2) directors appointed by end 2021 and alternate director, nine (9) directors and eight (8) Senior Management participated in the 2021 BEE. GCSD has acted professionally and maintained an objective evaluation methodology in the 2021 BEE assessment. Candid assessment by the Directors are well kept to maintain the confidentiality of the feedback givers. The findings were then presented to the NRC and Board for discussion. The Board believes that the process was well managed without any due interference from Directors and Management.

The 2021 BEE was structured into three (3) sections for a holistic and balance evaluation:

<b>Section</b> <b>1</b>	<b>Board Leadership and Effectiveness</b> Evaluation on the overall performance of Board, Chairman and MD/Group CEO
<b>Section</b> <b>2</b>	<b>Board Committee Assessment</b> Evaluation on the effectiveness of Board Committees
<b>Section</b> <b>3</b>	<b>Board &amp; Directors’ Self/Peer Assessment</b> Evaluation on the Individual Board Member’s contribution to the Board and aspects on personal qualities and attributes

The 2021 BEE was designed to ascertain the overall level of effectiveness of the Board and identify areas of improvement for the Board. As part of the assessment, the following key areas were covered:

- Corporate Strategy & Direction Setting
- Board Governance & Oversight
- Board Composition
- Boardroom Conduct & Dynamics
- Board Management & Operation
- Board Remuneration

The 2021 BEE revealed that the Board is seen to be effective and provides effective governance and strategic execution monitoring. The Board ensures that the integrity of the Company is aligned to financial and regulatory requirements and internal processes. The Board is consistent on the need to continue to keep abreast of developments and initiatives in relation to ESG. The BEE also indicated that the Board Management and Operation have been sufficiently addressed in 2021.

The BEE also assesses the effectiveness of the Board Committees, particularly their structure and processes, accountability and responsibility. All Board Committees are rated more than 4.0 indicating that the Committee members have discharged their duties and responsibilities well with commitment and professionalism and areas of improvements were shared with the Committees. Directors have rated both Chairman and MD/GCEO favourably indicating they are effective in their respective roles.

Self and Peer Evaluation are conducted to assess each Director’s professional competency, attributes and personality. Directors’ Peer Evaluation overall results was rated above 4.0.

**Board Training Programme (BTP)**

Effective 2021, BTP has been accounted as part of Board Agenda at Board Meetings to provide equal opportunities for all Board members to keep them abreast with current developments in the marketplace. The relevant topics once identified was tabled to the Board in June 2021 to be approved as part of the Board Agenda.

Directors were also provided with opportunities to attend TM programmes, and other external programmes/seminars on the areas related to their functions/roles for continuous development and to facilitate them to discharge their duties effectively.

In addition to the above, the aforesaid programme has also been tailored for Board committees as part of knowledge sharing programme to enhance members’ skillset based on the requirements of the respective Committees. For the year 2021, the BRC and BTC have spearheaded this to be followed by the other Board Committees, NRC and BAC in 2022.

Details of the training attended by the Board are further elaborated in the CG Report.

## PRINCIPLE A

## BOARD LEADERSHIP AND EFFECTIVENESS

## DIRECTORS AND SENIOR MANAGEMENT'S REMUNERATION

The Board ensures that the Group's remuneration policy remains competitive and equitable. The remuneration packages have been carefully aligned with industry practices taking into account the appropriate calibre of each talent, while upholding the interest of our shareholders.

The policy and framework for the overall remuneration of the ED and NEDs are reviewed against market practices by the NRC, following which recommendations are submitted to the Board for approval.

## Non-Executive Directors (NEDs)

NEDs' remuneration package is determined by the Board as a whole. Director's fee is based on a standard fixed fee while meeting allowances are paid based on attendances at Board and Committee meetings.

NEC	NED	SID*
<b>Fee:</b> RM360,000 per annum @ RM30,000 per month	<b>Fee:</b> RM240,000 per annum @ RM20,000 per month	<b>Fee:</b> RM27,000 per annum @ RM2,250 per month

Note: \* On top of NED fees.

The above fee was approved by the shareholders at the 36<sup>th</sup> AGM, from the date of the 36<sup>th</sup> AGM until the next AGM of the Company. No revision is proposed to the existing Directors Fees. NEDs are not entitled to participate in any employees share scheme or variable performance linked incentive schemes.

In January 2022, a single consolidated Subsidiary Tiering Framework (STF) was adopted which categorises TM subsidiaries into tiers based on its business importance, shareholding structure and profit contribution. Based on the STF, the revised Tier 1 subsidiaries currently comprise Webe Digital Sdn Bhd (webe), TM Digital Innovation Sdn Bhd and GITN Sdn Berhad. The STF also governs the remuneration for TM subsidiaries whereby Directors' Fee for Tier 1 Subsidiaries has been maintained at 50% of TM Board Remuneration Framework. At the previous 36<sup>th</sup> AGM, shareholders had approved the payment of fees for NEC and NEDs appointed on the Boards of Tier 1 Subsidiaries of RM15,000 per month and RM10,000 per month, respectively until the 37<sup>th</sup> AGM.

The Board has ascertained that subsidiaries that are no longer categorised as Tier 1 Subsidiaries such as Universiti Telekom Sdn Bhd (UTSB), Fibrecomm Network (M) Sdn Bhd (FCN) and Fiberail Sdn Bhd (FSB) are allowed to retain its respective remuneration structures.

The benefits payable applicable to NEC and NEDs based on the Board Charter are meeting fee, emoluments and claimable benefits. In the effort to alleviate the BAC's independent function and to recognise its oversight role, the Board has endorsed NRC's recommendation for BAC Chairman not to be a member or chairman of any Board Committees or directors of TM subsidiaries. In view of the enhanced function and responsibility of BAC Chairman, the Board agreed on the revision to his meeting fee. The meeting fee for NEC was also revised to reflect his roles and responsibilities. The Chairman and BAC Chairman recused themselves from deliberating on the proposals at Board Meetings.

The updated quantum for the said benefits are as below:

- (i) Meeting fee structure for Board and Board Committees:

	Meeting Allowance per Attendance (RM)				
	Board	BAC	NRC	BTC	BRC
<b>Chairman</b>	5,000	4,750	2,500	3,250	2,500
<b>NED</b>	3,000	2,500	2,000	2,500	2,000

Note: Board is authorised to determine the fees for ad-hoc Board Committee

## PRINCIPLE A

## BOARD LEADERSHIP AND EFFECTIVENESS

(ii) Meeting fees for TM subsidiaries:

CATEGORY OF TM SUBSIDIARIES	NEC	NED	Committee Fee	
	Meeting Fee (RM)	Meeting Fee (RM)	Chairman Meeting Fee (RM)	Member Meeting Fee (RM)
Tier 1	1,500	1,000	500	300
Tier 2	1,500	1,000	Nil	Nil

(iii) Customary benefits such as claimable benefits on annual overseas business development trips, leave passage, business equipment, telecommunication bills, insurance and medical coverage.

(iv) Meeting attendance allowances are payable to NEDs only and payable for each Board and/or Board Committee meeting held on per meeting basis. The said allowances are payable to Alternate Director who attend meetings in the absence of his substantive Director.

Shareholders' approval will be sought at the coming 37<sup>th</sup> AGM for the payment of Directors' fees and any benefits payable to NEDs according to Section 230(1) of the CA 2016.

Details of the total remuneration of each Director of the Company received from TM Group of Companies, categorised into appropriate components for the financial year ended 31 December 2021, are as follows

NAME OF DIRECTORS	SALARY (RM)	VARIABLE PAY (RM)	ALLOWANCE (RM)	BENEFIT IN KIND (RM)	TOTAL AMOUNT (RM)
			TM		
<b>NON-INDEPENDENT AND EXECUTIVE DIRECTORS</b>					
Imri Mokhtar	2,294,446.00 <sup>a</sup>	178,662.30 <sup>b</sup>	60,000.00 <sup>c</sup>	239,664.28	2,772,772.58
<b>TOTAL AMOUNT (RM)</b>	<b>2,294,446.00</b>	<b>178,662.30</b>	<b>60,000.00</b>	<b>239,664.28</b>	<b>2,772,772.58</b>

NAME OF DIRECTORS	DIRECTOR FEE (RM)		BENEFITS PAYABLE		BENEFIT IN KIND (RM)	TOTAL AMOUNT (RM)
			ALLOWANCE (RM)			
	TM	SUBSIDIARY	TM	SUBSIDIARY		
<b>NON-INDEPENDENT AND NON-EXECUTIVE DIRECTORS</b>						
Tan Sri Mohammed Azlan Hashim (Appointed on 01/08/2021)	150,000.00	-	28,000.00	-	24,499.47	202,499.47
Anis Rizana Mohd Zainudin (Q Mohd Zainuddin)	240,000.00	-	105,000.00	-	65,631.24	410,631.24
Dato' Mohamed Nasri Sallehuddin	240,000.00 <sup>d</sup>	-	130,000.00 <sup>d</sup>	-	11,211.07	381,211.07
Muhammad Afhzal Abdul Rahman (Appointed on 01/12/2021)	20,000.00 <sup>e</sup>	-	-	-	189.75	20,189.75
<b>INDEPENDENT AND NON-EXECUTIVE DIRECTORS</b>						
Tunku Afwida Tunku Dato' A.Malek	360,000.00 <sup>f</sup>	120,000.00	210,000.00 <sup>f</sup>	4,000.00	98,460.65	792,460.65
Balasingham A. Namasiwayam	420,000.00 <sup>f</sup>	120,000.00	179,500.00 <sup>f</sup>	9,000.00	72,584.90	801,084.90
Hisham Zainal Mokhtar	240,000.00	180,000.00	133,000.00	-	99,773.38	652,773.38
Suhendran Sockanathan	240,000.00	-	98,000.00	-	142,947.67	480,947.67
Datuk Siti Zauyah Md Desa	240,000.00	-	105,250.00	-	112,056.80	457,306.80
Rossana Annizah Ahmad Rashid (Appointed on 22/11/2021)	26,000.00	-	3,000.00	-	485.50	29,485.50
<b>ALTERNATE DIRECTOR (NON-INDEPENDENT AND NON-EXECUTIVE DIRECTOR):</b>						
Iszad Jeffri Ismail (Alternate to Anis Rizana Mohd Zainudin (Q Mohd Zainuddin))	-	-	5,500.00	-	18,501.45	24,001.45
<b>FORMER NON-INDEPENDENT AND NON-EXECUTIVE DIRECTORS</b>						
Tan Sri Dato' Seri Mohd Bakke Salleh (Resigned on 31/07/2021)	210,000.00	105,000.00	49,000.00	4,500.00	94,866.94	463,366.94
Dato' Mohd Naim Daruwish (Resigned on 16/10/2021)	190,322.58 <sup>e</sup>	-	63,000.00	-	61,442.50	314,765.08
<b>FORMER INDEPENDENT AND NON-EXECUTIVE DIRECTOR</b>						
Dato' Ibrahim Marsidi (Resigned on 16/10/2021)	190,322.58	95,161.29	93,500.00	3,000.00	71,609.70	453,593.57
<b>TOTAL AMOUNT (RM)</b>	<b>2,766,645.16</b>	<b>620,161.29</b>	<b>1,202,750.00</b>	<b>20,500.00</b>	<b>874,261.02</b>	<b>5,484,317.47</b>

Notes:

a Inclusive of Company's contribution to provident fund

b Bonus payment

c Car allowances in lieu of provision of company car

d Director's fees and allowances paid directly to Khazanah

e 50% of director's fees paid directly to EPF

f Inclusive of fees and allowances received from TM on behalf of a subsidiary

**PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS**

**MD/GCEO and Senior Management**

MD/GCEO and Senior Management are paid salaries, allowances, performance based incentives including bonus and other customary benefits as appropriate to Senior Management. A significant portion of the Senior Management’s compensation package has been made variable depending on the Company’s performance during the financial year, which is determined based on the individual KPIs, and aligned to TM Group’s Scorecard. The MD/GCEO is not paid Director’s fees or meeting allowances for Board and Board Committee meetings that he attends.

The NRC reviews the performances of the MD/GCEO as well as that of the Pivotal Positions (PP) and the Group Company Secretary on annual basis, and recommends to the Board suitable adjustments to their remuneration and/or reward payments, reflecting their contributions for the year. The performance assessment considers both, quantitative and qualitative perspective via the KPI Scorecard, face-to-face performance review and leadership competencies (SUCCESS) rating. These payments are competitive in line with the Group’s corporate objectives and strategy.

The definition of PP was updated to include direct reports to GCEO and positions that are critical to TM’s business, namely C-Suite Management members, Executive Vice Presidents of Lines of Business (LOBs). NRC may also determine any other positions that are deemed strategic to the Company from time to time.

GCEO has recused himself during deliberations on his performance rewards and remuneration review at NRC and Board meetings.

TM has adopted Practice 8.2 of the MCCG and disclosed the remuneration components of the top five (5) senior management on named basis since 2018. For the financial year 2021, the disclosure of the remuneration packages of the top five (5) senior management as approved by the NRC and the Board (including fixed and performance-related elements) in year 2021 are reflected below:

Range of Remuneration (RM)	Name of Top 5 Senior Management
1,650,000 – 1,700,000	▶ Ir Ts Azizi A Hadi, Chief Operating Officer (Commercial and Technology)
1,450,000 – 1,500,000	▶ Razidan Ghazalli, Group Chief Financial Officer
1,250,000 – 1,300,000 <sup>1</sup>	▶ Shanti Jusnita Johari, Chief Marketing Officer
1,100,000- 1,150,000	▶ Tengku Muneer Tengku Muzani, Chief Strategy Officer
600,000 – 650,000 <sup>2</sup>	▶ Sarinah Abu Bakar, Chief Human Capital Officer

Note:  
<sup>1</sup> Appointed on 1 February 2021  
<sup>2</sup> Appointed on 15 June 2021

TM has in place a Long-Term Incentive Plan (LTIP) for all eligible employees and ED as approved by the shareholders at the Extraordinary General Meeting of the Company held on 28 April 2016. The main objectives of the LTIP are to encourage performance culture and as a retention tool. The LTIP comprises Restricted Share (RS) and Performance Share (PS) grants, whereby the main differences are on the eligibility of the employees in terms of their job grades in the Group, the performance metrics to be met which will be determined prior to the grant being made and the vesting periods of the Grant to the Eligible Employees.

There were no granting or vesting of the LTIP during the financial year ended 31 December 2021 and no PS grants accorded to the MD/GCEO to-date. Further details on the grants status to-date are disclosed under Financial Statements on pages 81 to 86.

## PRINCIPLE A

## BOARD LEADERSHIP AND EFFECTIVENESS

## NOMINATION AND REMUNERATION COMMITTEE (NRC)

## Chairperson:



**Tunku Afwida Tunku Dato' A. Malik**  
Senior Independent Director

## Members:

**Dato' Mohamed Nasri Sallehuddin**  
Non-Independent Non-Executive Director

**Datuk Siti Zaayah Md Desa**  
Independent Non-Executive Director

**Rossana Annizah Ahmad Rashid**  
Independent Non-Executive Director

## Former Members who served during the year under review:

**Dato' Ibrahim Marsidi**  
Independent Non-Executive Director

**Balasingham A. Namasiwayam**  
Non-Independent Non-Executive Director

## Key Objectives

The NRC carries both nomination and remuneration roles since its inception. Both roles were combined for the purpose of expediency and practicality, whereby the same members are entrusted with both functions. In addition to the nomination and remuneration roles, NRC also oversees board governance matters.

## Membership

Since the last report, there were several changes to NRC's membership arising from the review of composition of Board Committees as approved by TM Board. The existing number of four (4) members was maintained, all of whom are Non-Executive Directors, with majority being independent directors. Tunku Afwida, being the SID, continues her role as Chairperson, effectively providing the required leadership to the NRC.

Changes in NRC's composition since the last report were as follows:

- Appointment of Datuk Siti Zaayah Md Desa on 24 September 2021
- Resignation of Dato' Ibrahim Marsidi on 16 October 2021
- Resignation of Balasingham A. Namasiwayam on 1 February 2022
- Appointment of Rossana Annizah Ahmad Rashid on 1 February 2022

## Responsibilities

In executing its nomination function, NRC's primary role is to assist the Board in reviewing and determining its appropriate size and balance, and ensuring the Directors bring characteristics to the Board which provide the required mix of responsibilities, skills and experiences. NRC ensures the Board composition meet the needs of the Company and develops, maintains and reviews the criteria to be used in the recruitment process and annual assessment of directors. NRC also considers the nomination of PP, prior to making any recommendation to the Board.

NRC's primary remuneration function is to support the Board in maintaining, assessing and developing policy framework on all elements of the remuneration for EDs and PP including terms of employment, reward structure and benefits, with the aim to attract, retain and motivate, as well as maintaining and administering remuneration entitlements of the NEDs.

NRC also support the Board in ensuring efficiency and transparency of board governance matters primarily on BEE, Board Performance Improvement Programmes and Board Operations, including other matters as may be directed by the Board.

## Overview

Throughout the year in review, NRC continues to be active and has provided critical support to the Board, especially on the changes in the Board and Senior Management. Key matters deliberated were on the succession plan for the Board and PP. Supported by independent search consultants, NRC has undertaken rigorous assessments in identifying and recommending new candidates as INED and PP. NRC also deliberated on the succession plans for PP and their remuneration, in the effort to strengthen the leadership bench. Other key issues deliberated by NRC are the performance assessment and evaluation of the respective PP as well as the review of the Company's Scorecard and KPIs. Arising from the results of the 2020 BEE, NRC recommended the disbandment of BIC and the proposal was endorsed by the Board. Arising thereto, the role of assessing risk for strategic investments has been assumed by BRC. NRC also deliberated on the merits of collapsing the LTIP Committee. Upon endorsement by the Board, the LTIP Committee was disbanded on 24 June 2021 and its roles and responsibilities as provided in its ToR and LTIP By-Laws, were assumed by NRC moving forward.

## NOMINATION AND REMUNERATION COMMITTEE (NRC)

## Main Activities of NRC in 2021

The Board recognised NRC's contributions and its role in providing valuable advice and recommendation in regards to nomination, remuneration and board governance matters. During the year, the NRC have undertaken the following activities:

## Nomination Function

Considered and where applicable, made recommendations to the Board, on the following matters:

- Re-appointment and re-election of Directors at the 36<sup>th</sup> AGM.
- Appointment of new Chairman of the Company.
- Appointment of new NINED and INED.
- Engagement of independent search consultants for Board and Senior Management succession plan.
- Succession Plan for the Board.
- Succession Plan and appointment of PP.
- Annual assessment and review of composition of all TM Board Committees.
- Disbandment of BIC and enhancement of BRC ToR.
- Disbandment of LTIP Committee and assumption of the function by NRC.
- Annual assessment of independence status of the INEDs.
- Review of board membership of TM Group of companies.
- Adoption of new Subsidiary Board Representation Framework.

## Remuneration Function

Considered and where applicable, made recommendations to the Board on the following matters:

- Performance evaluation of MD/GCEO, PP as well as the Company Secretary against pre-set KPIs.
- Performance Reward Pool and Salary Increment for TM employees.
- Adoption of 2021 TM Group Scorecard and KPIs for PP.
- Remuneration for new PP.
- Eligibility for vesting of PS pursuant to the LTIP.
- Consolidated STF framework.

## Governance Function

Considered and where applicable, made recommendations to the Board on the following matters:

- Conduct of the 36<sup>th</sup> AGM pursuant to relevant guidelines and best practices.
- Status of Directors' continuing education programme in compliance with the Board Training Programme (BTP).
- Observance and monitoring of governance requirements by the Directors pursuant to the Main LR.
- BEE assessment for 2021.
- Periodic review of the Board Charter.
- Assessment on the application of the new MCCG 2021.
- Amendments to NRC's ToR.
- CG Overview Statement and CG Report.

## NRC Effectiveness Review and Performance

Based on the 2021 BEE findings, Board acknowledged that NRC has performed its duties efficiently, providing significant value in assisting the Board. NRC's composition provides the appropriate balance in terms of skills, knowledge and experience to uphold the interests of all stakeholders and to meet the needs of the Group.

## PRINCIPLE A

## BOARD LEADERSHIP AND EFFECTIVENESS

## LTIP COMMITTEE (LTIP)

## Chairperson:



**Tunku Afwida Tunku Dato' A. Malik**  
Senior Independent Director

## Members:

**Balasingham A. Namasiwayam**  
Independent Non-Executive Director

**Saheran Suhendran**  
Independent Non-Executive Director

## Key Objectives

LTIP Committee was established as a sub-committee to the NRC to implement and administer TM's LTIP in accordance with the LTIP By-Laws as approved the shareholders during inception of the scheme in 2016, and supported by its own ToR as approved by the NRC and the Board.

## Membership

There was no change to the LTIP Committee's composition prior to its dissolution on 24 June 2021.

## Main Activities prior to Disbandment

Two (2) meetings were held in 2021. LTIP Committee considered the proposed maximum LTIP grant allocation for MD/GCEO for recommendation to NRC, and was endorsed by the Board. However, the proposal was reviewed in line with the revised Total Remuneration Framework for TM employees. LTIP Committee also deliberated on the proposed enhancement to the existing granting and vesting LTIP parameters.

PRINCIPLE A

BOARD LEADERSHIP AND EFFECTIVENESS

BOARD TENDER COMMITTEE (BTC)

Chairperson:



**Datuk Siti Zauyah Md Desa**  
Independent Non-Executive Director

Members:

**Anis Rizana Mohd Zainudin  
@ Mohd Zainuddin**  
Non-Independent Non-Executive Director

**Muhammad Afhzal Abdul Rahman**  
Non-Independent Non-Executive Director

**Balasingham A. Namasiwayam**  
Independent Non-Executive Director

**Iszad Jeffri Ismail**  
Alternate Member to Anis Rizana Mohd  
Zainudin @ Mohd Zainuddin

Former Members who served during the year under review:

**Hisham Zainal Mokhtar**  
Independent Non-Executive Director

**Dato' Ibrahim Marsidi**  
Independent Non-Executive Director

**Dato' Mohamed Nasri Sallehuddin**  
Non-Independent Non-Executive Director

Key Objectives

BTC is tasked to consider all procurement proposals in TM Group based on the approved LoA in line with the Board's delegation of powers. BTC facilitates the Board in ensuring more transparent, efficient and faster decision making process, whilst ensuring all procurement policies and procedures are fully adhered to.

Membership

BTC currently comprises four (4) members. Since the last report, the following changes to BTC's composition were recorded:

- Resignation of Hisham Zainal Mokhtar on 24 June 2021
- Resignation of Dato' Ibrahim Marsidi on 16 October 2021
- Resignation of Dato' Mohamed Nasri Sallehuddin on 1 February 2022
- Appointment of Muhammad Afhzal Abdul Rahman on 1 February 2022

Responsibilities

The key responsibilities of BTC are summarised as follows:

- Ensure the procurement process is in accordance and complies with all applicable procurement ethics, policies and procedures.
- Verify the validity of technical and financial capabilities of tenderers including their registration certificates with relevant authorities.
- Consider and approve or recommend offers which will benefit the Company and Group taking into consideration various factors, such as pricing, utilisation of goods/services, quantity, delivery/commissioning timeframes and other relevant factors.
- Ensure the objectives of the Bumiputera Entrepreneurship Development Programme and Vendor Programme are achieved through strict monitoring of the performance and track records of the companies/vendors under these programmes.

Overview

The powers, duties and responsibilities of BTC are stipulated in the Board Charter available in the Company's website at [www.tm.com.my](http://www.tm.com.my).

BTC is supported by management procurement committees chaired by the MD/GCEO, GCFO and CPO, depending on the level of authority accorded to them. The COO and CPO are invited to attend throughout the BTC meeting and relevant process owners are invited to present Management's justifications for their respective procurement proposals to BTC.

Main Activities of BTC in 2021

During the year, BTC has deliberated on the following matters:

- Procurement proposals in accordance with LOA.
- Procurement risk profiles based on procurement categories.
- Procurement Framework for Bumiputera Empowerment Agenda.
- Technology updates, procurement plans and strategies.
- Performance reports, updates and status summaries.
- Identified procurement issues to be addressed.

BTC Effectiveness Review and Performance

BTC has identified and addressed the gaps on procurement issues on continuous basis. Based on the BEE 2021 results, BTC has effectively discharged its roles as per the ToR and adds significant value to the Board.

## PRINCIPLE A

## BOARD LEADERSHIP AND EFFECTIVENESS

## BOARD INVESTMENT COMMITTEE (BIC)

## Chairperson:



**Tunku Afwida Tunku Dato' A. Malek**

Senior Independent Director

## Members:

**Anis Rizana Mohd Zainudin**

**@ Mohd Zainuddin**

Non-Independent Non-Executive Director

**Dato' Mohamed Nasri Sallehuddin**

Non-Independent Non-Executive Director

**Dato' Mohd Naim Daruwish**

Non-Independent Non-Executive Director

**Saheran Suhendran**

Independent Non-Executive Director

**Hisham Zainal Mokhtar**

Independent Non-Executive Director

**Iszad Jeffri Ismail**

Alternate Member to Anis Rizana Mohd Zainudin (@ Mohd Zainuddin)

## Key Objectives

BIC was established to consider and evaluate strategic equity investment and/or divestment related proposals of TM Group for recommendation to the Board. It is also tasked to consider, deliberate and recommend to the Board proposals relating to TM Group's properties (i.e. land and buildings) and funding plans.

## Memberships

There was no change in BIC composition prior to its disbandment on 23 September 2021.

## Main Activities prior to Disbandment

Seven (7) meetings were held in 2021. BIC has deliberated and recommended to the Board, where applicable, the following matters:

- Proposals on strategic investments and opportunities.
- Moving forward, rationalisation and/or monetisation of non-core assets and business units.
- Updates on strategic projects.
- Considered and reviewed proposed amendments to BIC's governance.
- Land and property matters.

**BOARD AUDIT COMMITTEE (BAC)**

**Chairperson:**



**Hisham Zainal Mokhtar**  
Independent Non-Executive Director

**Members:**

- Tunku Afwida Tunku Dato’ A.Malek**  
Senior Independent Director
- Saheran Suhendran**  
Independent Non-Executive Director
- Rossana Annizah Ahmad Rashid**  
Independent Non-Executive Director

**Former Members who served during the year under review:**

- Dato’ Ibrahim Marsidi**  
Independent Non-Executive Director
- Balasingham A. Namasiwayam**  
Independent Non-Executive Director

**Key Objectives**

BAC plays a crucial role in assisting the Board in fulfilling its oversight responsibilities through independent review of financial information and provides an unbiased review on the effectiveness and efficiency of the Group’s internal control as well as overseeing ethics, integrity and governance matters within the Group under the purview of Group Integrity and Governance (GIG).

**Membership**

BAC currently comprises of four (4) members, majority of whom are INEDs. Since the last report, the following changes in BAC composition were recorded:

- Resignation of Dato’ Ibrahim Marsidi on 16 October 2021.
- Resignation of Balasingham A. Namasiwayam on 1 February 2022.
- Appointment of Saheran Suhendran on 1 February 2022.
- Appointment of Rossana Annizah Ahmad Rashid on 1 February 2022.

BAC continues to be chaired by Hisham Zainal Mokhtar, a Chartered Financial Analyst. In line with the updated guiding principles on Directors’ participation in Board Committees, the Board has agreed that BAC Chairman is not to sit on other Board Committees, save for the BAC, to maintain his objectivity oversight. Following this and as at the date of this report, Hisham has relinquished his membership in other Board Committees.

Tunku Afwida is a member of the Malaysian Institute of Accountants (MIA) and a qualified Chartered Accountant with the Institute of Chartered Accountants in England and Wales (ICAEW), whilst Rossana Annizah is a member of CPA Australia. Both complies with the requirement of Paragraph 15.09(1)(c)(i) of the Main LR. Saheran Suhendran, an experienced legal practitioner further strengthened the BAC’s composition. None of the BAC members are alternate Directors.

All BAC members, as shown by their profiles on pages 159 to 164, are financially literate. They have sound judgement, objectivity, independent attitude, management experience, professionalism, integrity and knowledge of the industry. With diverse skills and experience, they were able to discharge their duties responsibly.

**Responsibilities**

The powers, duties and responsibilities of BAC are stipulated in the Board Charter available in the Company’s website at [www.tm.com.my](http://www.tm.com.my).

BAC has reviewed and TM Board has accordingly approved the amendments to BAC ToR to ensure compliance with relevant changes in the Main LR and MCCG. The independence of CIA and Group Internal Audit (GIA) functions were also enhanced to provide clarity in providing their independent assurance of the Group’s internal controls and risk assessments.

**How the Committee operates**

BAC held ten (10) meetings in 2021. Members attendances are as per provided in page 131 of this IAR.

Attendance at all BAC meetings in 2021 met the requisite quorum as stipulated in its ToR. The BAC meetings were structured into two (2) deliberation clusters namely financial results and other audit matters, ensuring efficient planning by Management and sufficient time spent for the members to deliberate and discuss the various matters.

The Company Secretaries act as the Secretary in all BAC meetings. The BAC invites the MD/GCEO, Group Chief Financial Officer (GCFO), CIA and the external auditors to attend each meeting where the quarterly, half-yearly and year-end results are discussed. BAC holds its private sessions twice a year separately with the external auditors without the presence of management and private sessions with GIA, as and when necessary. BAC Chairman also meets regularly with each of the GCEO, GCFO, CIA, external auditors and the Chief Integrity and Governance Officer (CIGO) when required.

## PRINCIPLE B

## EFFECTIVE AUDIT AND RISK MANAGEMENT

Reports on the proceedings of the BAC are presented to the Board while minutes of BAC meetings are circulated to all members and extracts of the decisions made are escalated to relevant process owners for action. Any significant matters reserved for the Board's approval are tabled at TM Board meetings.

**Main Activities of BAC in 2021 (and up to the date of this report)****1. Financial Reporting**

- a) Reviewed the quarterly financial statements of TM Group in compliance with Malaysian Financial Reporting Standards (MFRS) 134 and the Main LR prior to recommending the same for approval by TM Board.
- b) Reviewed the draft announcements of the quarterly financial results to Bursa Securities, to ensure compliance with applicable accounting standards in Malaysia and other legal and regulatory requirements prior to tabling to the Board for approval.
- c) Discussed the quarterly internal audit reviews to ensure compliance with MFRS 134.
- d) Reviewed and recommended for the Board's approval, the audited financial statements of TM Group for the financial year ended (FY) 31 December 2021. BAC concluded that the financial reports presented a true and fair view of the Company's financial performance for the year and complied with regulatory requirements.
- e) Reviewed and recommended the dividend pay-outs, in ensuring compliance with the provisions of the Companies Act 2016 (CA 2016).

**2. Internal Control**

- a) Deliberated on the Directors' Statement on Risk Management and Internal Control (SORMIC), which was reviewed by the external auditors, in February 2021 and 2022 for inclusion in the IAR 2020 and 2021.
- b) Reviewed the reports on the adequacy, effectiveness and reliability of internal control systems based on controlled self-assessments performed annually by the Management of the Lines of Business and subsidiaries.
- c) Deliberated and monitored the progress and status of the audit issues for TM Group raised by both internal and external auditors, respectively.
- d) Deliberated on the reports from the Best Practice Committee (BPC), a BAC sub-committee headed by the GCFO, in ensuring compliances and best practices for TM Group in terms of statutory, regulatory and financial standards in TM Group's disclosures.
- e) Monitored specific issues or concerns affecting the Company's efficiency and performance until BAC is satisfied sufficient controls are in place.

**3. External Audit**

- a) Reviewed the external auditor's report for the FY 31 December 2020 and FY 31 December 2021, and the respective 2020 and 2021 SORMIC in February 2021 and February 2022, before recommending to TM Board for approval.
- b) Reviewed the Internal Control Memorandum (ICM), together with Management's response to the findings. The audit issues raised by the external auditors were deliberated and monitored by GIA and Group Finance. The activity, status and progress thereof were reported on a quarterly basis to BAC by CIA and GCFO.
- c) Recommended the re-appointment of external auditors for FYE 31 December 2020 and 31 December 2021.
- d) Reviewed the 2020 and 2021 external auditor's audit plan for TM Group.
- e) Reviewed and monitored the non-audit engagement of the external auditors, whilst ensuring there was no impairment of independence or objectivity.

BAC has authorised the GCFO to approve the proposed non-audit engagement valued below 50% of the cumulative value of the statutory audit fee for the current year and to report such engagement to BAC at every quarter.

Non-audit fees paid to the external auditors and member firms of EY during the year and the value relative to the statutory audit fees are as follows:

Particulars	RM ('000)	
	Company	Group
<b>2021 Audit Fees</b>		
• Statutory Audit	1,367.9	2,800.0
• Other Audit Related Services	400.0	400.0
Total Audit and Audit Related Services	1,767.9	3,200.0
<b>2021 Non-Audit Fees</b>		
• Other services approved in previous financial years	-	206.0
• Consultancy services approved in current financial year	118.8	121.7
<b>Total Non-Audit Fees</b>	<b>118.8</b>	<b>327.7</b>
Percentage of Non-Audit Fees over Statutory Audit & Other Audit Related Services & Fees	6.7%	10.2%

The Company engaged the external auditors and its affiliates for the following non-audit work:

- Consultancy on projects including review of BIC scope, identity management systems and IT compliance tools; and
- Tax advisory and compliance services.

## PRINCIPLE B

## EFFECTIVE AUDIT AND RISK MANAGEMENT

**4. Internal Audit**

- a) Reviewed the internal audit plan and its budget to ensure adequate scope and comprehensive coverage of the Group's activities.
- b) Reviewed the 2021 and 2022 KPIs target, performances, competency and resources of the internal audit functions to ensure that, collectively, GIA has the required expertise and professionalism to discharge its duties.
- c) Recommended the performance evaluation of CIA and CIGO for FY2021 for Board's approval.
- d) Deliberated on the internal audit reports, audit recommendations and Management's action plan.
- e) Reviewed Management's implementation of the internal audit recommendations on outstanding issues on a quarterly basis to ensure that all key risks and control weaknesses were properly addressed.
- f) Ensure the internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence.
- g) Reviewed the assistance and co-operation given by TM's officers to the Internal Auditors.

**5. Related Party Transactions (RPTs), Recurrent Related Party Transactions (RRPTs) and Conflicts of Interest**

- a) Reviewed reports of RPTs and possible conflict of interest transactions, ensuring they were in the best interest of TM, fair and reasonable, on normal commercial terms and not detrimental to the interest of the minority shareholders.
- b) Reviewed the estimated RRPT Mandate for the ensuing year and Circular to Shareholders on the Renewal of Shareholders Mandate and Additional Shareholders Mandate for RRPT, and recommended the same for TM Board's approval.
- c) Periodically reviewed the RRPTs that were mandated at the 36<sup>th</sup> AGM and tracked the transactions against their mandated amount.

**6. Integrity, Ethics and Governance**

- a) Reviewed 2021 and 2022 KPI's target performances, competency and resources of GIG to ensure that, collectively, GIG has the required expertise and professionalism to discharge its duties.
- b) Deliberated on GIG reports on performance and operational matters at every quarter.
- c) Deliberated and monitored the status of the Organisational Anti-Corruption Plan (OACP).

**7. Annual Reporting**

- a) Reviewed the IARs 2020 and 2021 and recommended their adoption by the Board.

**8. Training**

During the year as part of the BTP, BAC members attended various conference, seminar and training programme to enhance their knowledge in order to efficiently discharge their duties as Directors of the Company.

**BAC Effectiveness Review and Performance**

The review of the effectiveness of BAC, including its structure and process, performance, accountability and responsibilities as well as the member's term of office and performance was duly assessed as part of the annual BEE.

Based on the 2021 BEE, BAC has been rated effective in assisting the Board in discharging its duties.

PRINCIPLE B

EFFECTIVE AUDIT AND RISK MANAGEMENT

BOARD RISK COMMITTEE (BRC)

Chairperson:



**Balasingham A. Namasiwayam**  
Independent Non-Executive Director

Members:

**Tunku Afwida Tunku Dato' A. Malek**  
Senior Independent Director

**Anis Rizana Mohd Zainudin  
@ Mohd Zainuddin**  
Non-Independent Non-Executive Director

**Dato' Mohamed Nasri Sallehuddin**  
Non-Independent Non-Executive Director

**Saheran Suhendran**  
Independent Non-Executive Director

**Iszad Jeffri Ismail**  
Alternate Member to Anis Rizana Mohd Zainudin (@ Mohd Zainuddin)

**Former Member who served during the year under review:**

**Dato' Mohd Naim Daruwish**  
Non-Independent Non-Executive Director

Key Objectives

BRC was established to assist the Board with the followings:

- providing oversight of the effectiveness of the Company's Enterprise Risk Management (ERM) framework and policies.
- ensuring adequate processes and systems for identifying and reporting risks and deficiencies including emerging risks.
- ensuring the execution and implementation of sustainability strategy, in order to continue generating economic value.
- managing other stakeholders' concerns on risks matters.

Following the disbandment of BIC on 23 September 2021, BRC's role has been expanded to include the review of strategic investment proposals focusing on the assessment and identification of related key risks and mitigation plans.

Membership

BRC currently comprise five (5) members, majority of whom are INEDs. Since the last report, the following changes in BRC composition were recorded:

- Appointment of Anis Rizana Mohd Zainudin @ Mohd Zainuddin and Iszad Jeffri Ismail as her alternate on 24 September 2021.
- Resignation of Dato' Mohd Naim Daruwish on 16 October 2021.
- Appointment of Dato' Mohamed Nasri Sallehuddin on 1 February 2022.

Responsibilities

Key responsibilities are:

- Enhance Corporate Governance practices of TM Group with focus on risks issues.
- Ensure Management maintains a sound and robust ERM framework and policies to safeguard shareholders' interest and the Group's assets.
- Oversee risk appetite and risk tolerance appropriate to the business.
- Oversee compliance with the stated risk appetite and policies and procedures related to risk management governance and the risk controls framework.
- Monitor the principal risks and emerging risks affecting the business.
- Review, evaluate and deliberate on risk assessment for strategic investment proposals, prior to the proposals being tabled for approval by the Board.
- Monitor the progress of our sustainability initiatives against the targets set.

Overview

The powers, duties and responsibilities of BRC are stipulated in the Board Charter available in the Company's website at [www.tm.com.my](http://www.tm.com.my).

BRC continues to work closely with the GIA and BAC and cross-reference information and issues to ensure better monitoring of risks in TM Group.

BRC has assisted the Board to continuously review and improve the monitoring systems and processes. It continues to be proactive in highlighting corporate, strategic and emerging risk issues, and was open in discussing its views, concerns and/or reservations and provided guidance to Management on the risk controls to mitigate and/or pre-empt the risks.

Management is more aware and mindful of the possible risks under BRC's guidance in managing and monitoring the Group's risks impacting the Group's operations, business direction and reputation.

Main Activities of BRC in 2021

- Reviewed and approved TM's updated Corporate Risk Management Policy and Risk Appetite Statement.
- Reviewed and approved the establishment of Corporate/Operational Risk Tolerance & Measures.
- Reviewed the proposed amendments to the ToR of BRC and made recommendation to the Board on the proposed amendments.
- Continued its monitoring of the ERM and Corporate Risk Report on quarterly basis to ensure that the risks are monitored and mitigated to improve the risk movements.
- Requested Management to enhance focus on strategic and emerging risks including cybersecurity, credit management, climate change and sustainability.
- Continued reviewing of TM Sustainability Programmes Update and Cybersecurity Update.
- Reviewed key risks and mitigation plans for strategic investment and divestment.
- Reviewed report on a high-risk project and endorsed the moving forward recommendation.

BRC Effectiveness Review and Performance

BEE 2021 results indicated that BRC is effective in facilitating the Board in addressing and managing risks.

### COMMUNICATION, INTERACTION AND RELATIONSHIP WITH STAKEHOLDERS

The Board acknowledges the importance of an effective communication channel between itself and stakeholders, institutional investors and the investing public at large to provide a clear picture on the Group's performance and position. TM has continued to disseminate relevant and material information on the Group in order to maintain effective, comprehensive, timely and continuing disclosure of information. An Internal Communication Policy and Best Practices was established to facilitate the handling and disclosure of material information. The Policy, based on openness and transparency, two-way communication, accountability, timeliness, accuracy and simplicity, ensures compliance with the disclosure requirements of the Main LR and other relevant laws.

Since the pandemic, TM has utilised all virtual platforms (MS Teams, Zoom, Webex) and teleconferences to engage with investors and shareholders. Aside from this, TM also communicated with investors and shareholders using various other tools including direct email service to our investor mailing list for any updates & events from TM Investors Relations.

In 2021, TM has held various types of engagement with key shareholders, institutional investors, analysts, fund managers and other market participants including the general public. These include organizing quarterly analyst briefing via teleconferencing with presentation from the MD/GCEO and Group CFO, hosting investor spotlight sessions, participating in external conferences/group meetings and providing feedback to the general public from queries received through our investor relations email.

### CONDUCT OF GENERAL MEETING

The 36<sup>th</sup> AGM was again held virtually due to the COVID-19 pandemic, in line with the guidelines per the Guidance Note from the Securities Commission. The Chairman, BAC Chairman, NRC Chairman, MD/GCEO, Group CFO and Group Company Secretary were present in person at the Broadcast Venue whilst the rest of the directors attended the meeting remotely. Shareholders, corporate representatives and proxies participated in the 36<sup>th</sup> AGM remotely via live streaming and online voting using Remote Participation and Electronic Voting (RPEV) Facilities.

A total of 935 shareholders and proxies registered and participated remotely via the Boardroom Lumi AGM system. The proceedings of the 36<sup>th</sup> AGM included the GCEO's presentation of the Company's 2020 performance and long term strategies as well as responses to the points raised by the Minority Shareholders Watch Group. Questions raised by shareholders during the meeting were relayed to the Chairman and GCEO via an online system and relevant responses were provided live and also via email after the AGM. CIA was assigned as the independent adjudicator to oversee that all pertinent questions posed by the shareholders during the AGM have been responded accordingly for an interactive and meaningful engagement.

The results of the online voting were scrutinized by the independent scrutineers, Sky Corporate Services Sdn Bhd, before the results were announced by the Chairman.

### COMPLIANCE STATEMENT

This Statement together with the CG Report set out the manner in which the Company observes the Intended Outcome as prescribed in MCCG. The Board remains committed and steadfast in strengthening the Group's governance practices to protect the interest of all its stakeholders.

This Statement is made in accordance with the resolution of the Board of Directors duly passed on 6 April 2022.