

GOOD GOVERNANCE



WHY WE CARE

Strong governance over ethics and integrity is a fundamental tool in our nation building aspirations. It ensures that we conduct our business in a way that safeguards the rights and interests of all our stakeholders, thus contributing to sustainable value creation. Corporate governance enhances stakeholder trust and our reputation which in turn helps build our customer base, attract and retain employees and become a more attractive investment proposition to drive our growth and ambitions forward.

Integrity and ethics in business also protect us from the implications of corruption, bribery and malpractices, which can impact our overall performance. Breaches in conduct may lead to regulatory fines, damage to our reputation and other penalties. Therefore, we always strive to uphold the highest standards of ethics and integrity to protect our stakeholders and business.

What Our Stakeholders Expect

- Responsible ESG practices by suppliers
- Contributions to the local economy
- Protection of human/labour rights

WHAT IS OUR APPROACH

Our corporate governance is built on a strong foundation of TM's Core Values (KRISTAL), which is cascaded throughout our lines of business and is an expected practice by all workers within our operations. We protect the integrity of our business and value creation through robust policies and guidelines, as shown below:

KEY POLICIES FOR ETHICS & INTEGRITY

Code of Conduct & Business Ethics (CBE) and Anti-Corruption Guide (ACG)

Acts as a primary reference for employees when dealing with internal and external stakeholders, ensuring all interactions are conducted in an open, honest and ethical manner.

Whistleblowing Policy

Provides an avenue for employees and other stakeholders to safely report any improper conduct such as illegal, unethical or corrupt activities.

TM Ethics line: 1-800-88-2377 or ethic@tm.com.my

No Gift Policy

Articulates our strict rule against offering or accepting gifts from any of our stakeholders, including our suppliers, to maintain the integrity of our business relationships.

For more info, please refer to tm.com.my/ethics-integrity

Deployed Capitals:  

Met Strategic Aspirations:   

Stakeholders Affected:   

Sustainability Impact: 

WHAT IS OUR APPROACH

Our corporate governance system is designed to promote ethical behaviour, accountability, transparency and stakeholder value. It is built on the TRUST Principles, issued by the government in the Guidelines on Adequate Procedures.



We monitor the implementation and effectiveness of our ethics and integrity policies and corruption risk through TM's ABMS, which is based on the ISO 37001:2016 International Standard on ABMS

We have also developed an Organisational Anti-Corruption Plan (OACP), a comprehensive five (5) year plan that reinforces our governance and integrity practices. With a strong foundation in place, we continue to take steps to cultivate awareness and put anti-corruption monitoring and corrective measures in place, while creating a culture of integrity within TM through various initiatives. We measure our performance according to the Group Integrity and Governance (GIG) KPIs, which sets out goals, targets and indicators. These KPIs cover the OACP, ABMS, Awareness & Communication, Advisory, complaint management and investigation. The progress is reported to Board Audit Committee (BAC) on a quarterly basis.

Additionally, we undergo regular internal and external audits on the implementation of our anti-bribery processes. This gives an indication of the compliance of the business processes and integrity policies implemented in TM.

HOW WE CREATED VALUE IN 2022

1 Business Integrity Survey (BIS)

We conducted TM's Business Integrity Survey with all employees with the objective to measure the effectiveness of ethics and integrity practices in terms of education and awareness, understanding policies and implementation and to identify gaps for improvement. The overall index reflects an average of the score across all the five (5) domains;

- Attitude/Understanding
- Communication
- Leadership
- Investigation
- Policy & Guideline

Integrity Survey Score:
8.01 out of 10.00

2 Strategic Anti-Corruption Initiative

TM's OACP is committed to fortifying our ethics and integrity ecosystem by generating action plans based on corruption risk assessments across 20 divisions. To date, we've crafted 92 action plans. Since 2021, 90 of these action plans have been or are in the process of being implemented. Out of those, 32 are of a progressive nature and require yearly completion. We keep the BAC updated on the progress of all OACP action plan completions on a quarterly basis.

3 Strengthening Anti-Bribery Management System (ABMS)

This year, we expanded the ABMS certification to six (6) TM divisions and appointed 18 coordinators to oversee their respective divisions. We also trained 30 auditors to maintain the ABMS effectively. We are proud to maintain our MS ISO 37001:2016 ABMS certification for the second year, which shows our commitment to good governance and integrity.

4 **Transparency in Business Dealings**

To ensure transparency in all our business dealings, all TM management and employees are required to declare their assets, interests and make a pledge of integrity on annual basis. This is part of the requirement under TM CBE.

100%
compliance by employees

5 **Raising Awareness of Best Practices**

We provide regular training to all TM employees and relevant stakeholders to promote good ethics and behavior. This helps ensure that everyone understands our values and expectations for business conduct and that corruption in any form is not tolerated. Additionally, we offer mandatory virtual training to ensure compliance with applicable laws and regulations.

AWARENESS AND COMMUNICATION 2022

CIGO Engagement

What We Did:

We conducted various engagement sessions with *Warga TM* to reflect Top Level Commitment as part of leader's engagement session our Chief Integrity & Governance Officer (CIGO).

Reach:
Targeted employees in various divisions

Reaching Out F2F

What We Did:

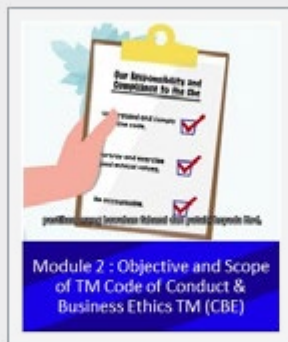
We organised eight (8) physical and 33 online sessions for 2022 CBE awareness session from various targeted employees and business partners.

Reach:
7,702 employees and business partners attended the CBE awareness session for 2022

e-Learning on Integrity

What We Did:

CBE e-Learning aims to provide continuous awareness on understanding and compliance to CBE by all *Warga TM*. The following three (3) modules were released in 2022:



Reach:
17,664 employees completed e-Learning modules

TM Integrity Day 2022

What We Did:

We recently held our annual TM Integrity Day 2022 in November, coinciding with the National Integrity Day. During this event, we celebrated our MS ISO 37001:2016 ABMS certification from SIRIM and recited a corruption-free pledge. The event also featured a forum titled "Uncompromising Integrity," which was led by Dato' Imri Mokhtar, Group Chief Executive Officer of TM and Tan Sri Mohammed Azlan Hashim, Chairman of TM, along with senior management, business partners and all TM employees nationwide.

Key attendees include:

- Datuk Seri Norazlan Mohd Razali, Deputy Chief Commissioner (Prevention), Malaysian Anti-Corruption Commission (MACC)
- Datuk Wan Suraya Wan Mohd Radzi, Chief Executive Officer, Malaysian Institute of Integrity (IIM)
- Dato' Allaudeen Abdul Majid, Deputy Director, Integrity and Standards Compliance Department (JIPS)
- Datuk Ir. (Dr) Khairul Anuar Tawi, Chairman of SIRIM QAS International Sdn. Bhd
- Dr. Muhammad Mohan, President Transparency International Malaysia (TI-M)

Reach:
100% employees
nationwide

The pledge is an oath voluntarily taken by TM's leadership and its employees proclaiming their commitment to carrying out their duties with transparency, responsibility and accountability.

Monthly Snippets Communication

What We Did:

We delivered monthly materials to employees to raise their awareness of their expected code of conduct. These were shared through various communication channels, including email blasts, digital screens and on our website.

6 Managing Potential Corruption Risks

We conduct regular corruption risk assessments to identify high-risk areas and implement appropriate controls. All 20 divisions within the Group continue to assess their corruption risk. In addition to our current systems in place, the GIG team proactively monitors any potential corruption risks that may occur within our operations.

In 2022, we conducted ABMS audit by third party and found one (1) potential case on false claim by vendor and action was taken based on consequence management. GIG provides strategic guidance to the management and employees regarding ethics & integrity with regards to their respective business activities and compliance to the TM's policies and procedures. This includes performing due-diligence (e-STK – Sistem Tapisan Keutuhan by MACC) to obtain sufficient information on corruption related background check on business partners and employees in key positions in TM.

7 Raising Concern via Whistleblowing Channel

Employees and stakeholders are also encouraged to report any misconduct and malpractice through the TM Ethics Line and other channels, as stipulated in TM's Whistleblowing Policy under TM CBE.

In 2022, we received 30 integrity-related issues from 74 feedbacks received via TM Ethics Line. For any reported or potential breaches, GIG will conduct a preliminary investigation before commencing a full investigation. If misconduct is found, GIG will escalate the allegation to the Industrial Relation (IR) unit for consequence management.

**8 Corporate Investigation**

TM carries out internal investigations on any misconduct and unethical business practices, including corruption-related offences such as Soliciting/Receiving Bribe, Offering/Giving Bribe, Abuse of Power, False Claim, Embezzlement, Conflict of Interest, Disclosure of Confidential Information, as well as investigations into offences under TM CBE and other policies committed by employees, business partners and/or parties dealing with TM.

30
reports received
(2021: 28)

26
number of
investigations
conducted
(2021: 21)

4*
confirmed incidents
of corruption
(2021: 5)

* Consequence actions taken include show cause letters, letters of reprimand, letters of termination, based on the severity of the case.

9 Telecommunications Fraud

TM carries out monitoring and investigations on telecommunications fraud via Fraud Management System. In 2022, the number of fraud losses decreased by 10% compare to year 2021 and the percentage of Telco Fraud loss is 0.01% against TM Revenue based on world standard benchmark from TeleManagement Forum (TM Forum) (1.5%) and Communication Fraud Control Association (CFCA) (2.22%).

10 Integrity, Governance and Anti-Corruption Award (AIGA)

TM was awarded the Gold Category in the AIGA 2022 by the Institute of Integrity (IIM). This award recognises organisations that demonstrate strong anti-corruption practices, integrity and good governance. After evaluation by IIM and an external party, TM emerged as the winner among 116 private and Government sector competitors. This achievement shows our dedication to maintaining high standards of integrity and governance and reflects the efforts of all TM employees in promoting these values.

