

RESPONSIBLE SUPPLY CHAIN



WHY WE CARE

We view suppliers as key stakeholders of TM, therefore it is our duty to take care of their needs as they provide us with critical products and services that help us meet our nation building goals. However, with a network of 1,551 local and 89 international suppliers, our supply chain is exposed to a range of sustainability risks, including the exploitation of workers. This is an issue that TM takes seriously, as the rights of every person need to be respected, even beyond the boundaries of our operations. Therefore, we ensure that the concerns and expectations of our suppliers are always taken care of, as we strive to create an ecosystem that benefits everyone.

Our supply chain also presents opportunities to make progress in sustainable development. Working with suppliers who share our sustainability goals can improve our environmental and social performance. Our extensive supply chain also provides income opportunities and growth for local businesses, contributing to the nation's socioeconomic progress. By prioritising responsible, fair and sustainable procurement practices, we can build a resilient supply chain and continue our mission to enable a Digital Malaysia.

What Our Stakeholders Expect

- Contribution to local businesses
- Strong engagement and transparency
- Efficient and digital supply chain

WHAT IS OUR APPROACH

To ensure our suppliers uphold our high standards of sustainable and responsible practices, we screen them according to our sustainability criteria. Similarly, we include sustainability-related clauses in our supplier contracts, covering a range of topics such as occupational health and safety, environmental protection, ethics and integrity, business continuity management and other sustainability matters. We work closely with our suppliers to train and develop businesses on how they can improve their social and environmental impact. This ensures that they can transition towards a sustainable economy while supporting TM's sustainability aspirations.

Furthermore, we have established strong foundations to manage supply chain risks and minimise potential disruptions. This includes a proactively assessing and monitoring supply chain risks and subsequently delivering a quarterly report on Supply Sustainability Risk to TM's BRC.

TM's ESG Commitments

100% of
Mega-Partners
to comply with
ESG by 2024

50% of Mid-Tier
suppliers to comply
with ESG by 2030

Deployed
Capitals:  

Met Strategic
Aspirations:   

Stakeholders
Affected:  

Sustainability
Impact:    

HOW WE CREATED VALUE IN 2022

1 Empowering Local Suppliers

As part of our nation building agenda, we continued to prioritise sourcing from local businesses. In 2022, we indirectly contributed RM3.53 billion to the local economy through our supply chain, with 94.6% of suppliers made up of local businesses.

Local vs International Suppliers

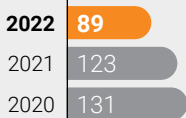
Total Suppliers



Local Suppliers



International Suppliers



Monetary Contributions to Suppliers

Total Contributions (RM billion)



Contribution to Local Suppliers (RM billion)



Contribution to International Suppliers (RM billion)



We also looked for opportunities to hire under-developed businesses, such as B40 entrepreneurs, Bumiputera companies and SMEs. These smaller businesses form the backbone of Malaysia’s economy and we strive to support them as much as possible.

Monetary Contributions to Bumiputera Suppliers

Total Contributions (RM billion)



2 Creating a Sustainable Ecosystem

As we progress on our sustainability journey, we encourage our suppliers to progress with us. We proactively worked with our suppliers in developing them towards compliance with our sustainable supply chain standards, in line with our ESG commitment of having 100% of Mega-Partners complied with ESG by 2024 and 50% of Mid-Tier suppliers in compliance by 2030.

To achieve these goals, we have enhanced our procurement processes to strengthen the integration of sustainability into the supply chain. We also delivered trainings to local suppliers on our new ESG requirements and TM’s ESG Roadmap to support them in the transition towards more sustainable practices.

SUSTAINABLE PROCUREMENT

Self-Assessment Questionnaire that is designed to assess suppliers' sustainability performance, as well as ensure their compliance to TM's ESG requirements.	Supplier ESG Report Card/Dashboard were developed to assess suppliers' improvement and development for easy monitoring on suppliers' progress and performance on ESG.
First-Tier Internal Validation to determine the accuracy of suppliers' self-declarations through internal validation, which involved reviewing their published sustainability disclosures and internal documents.	New Sustainability Clauses has been embedded in all contracts, covering six (6) main areas such as compliance with ESG principles, declaration of any offences and meeting environmental standards for the supplied product.
ESG Questionnaire in Supplier Registration Form , which must be answered by suppliers upon registration or renewal of contracts. Their answers will need to be uploaded onto our procurement portal before their registration/renewal is approved.	

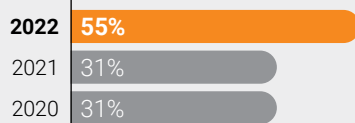
By the end of 2022, 84% of Mega-Partners and 72.5% of Mid-Tier Suppliers participated in the self-assessment questionnaires. Based on the first-tier validation done, we have exceeded our 2022 target on supplier ESG compliance and are currently on track to achieving our longer-term targets.

ESG Compliance of TM Suppliers

Suppliers	2022 Results	2022 Target	Longer-Term
Mid-Tier Suppliers	13%	10%	50% by 2030
Mega-Partners	70%	50%	100% by 2024

Our efforts in embedding sustainability into our supply chain has been rapid. Since the launching of our ESG commitments in 2021, we have already witnessed a significant rise in suppliers with environmental and social policies in place. This demonstrates the influence we have in driving positive change in Malaysia's business ecosystem.

Suppliers with Environmental Policies (%)



Suppliers with Social Policies (%)



3 Protecting Supply Chain Integrity

TM's zero-tolerance policy approach against all forms of corruption extends to our supply chain. Our suppliers need to adhere to the same code of ethics and policies enforced on our employees. Any suppliers found unethical conduct will face a due process and subject to investigation by GIG, whereby the end result will be deliberated during the Supplier Performance Committee (SPC) sitting, held on a quarterly basis or upon request. The consequences are assessed based on the severity of the incident, ranging from suspension to contract termination.

TM's Three (3) Tenets of Procurement Ethics



↳ For more details on TM's integrity policies, please see pages 141-145

4 Improving the Procurement Experience

TM’s digital efforts extend to our supply chain. We continue to digitally transform our supply chain to simplify processes, improve efficiencies by empowering our suppliers to own their part of the process.



Supplier Relationship Management (SRM)

How it works:

SRM is a web-based purchasing platform that enables end-to-end procure-to-pay procurement business processes. It reduces time and costs associated with procurement.



Online Tender & Digital Signing

How it works:

All tender evaluations and contract signing is done online, thus removing the need for printing and manual submissions. This reduces paper consumption with improved turnaround time.



Supplier Self-Registration & Renewal

How it works:

Through TM’s Supplier Self-Service portal, referred to as SUS Portal, suppliers can self-register or apply for renewals at their convenience. The platform empowers suppliers to easily manage the procurement process.



Supplier Self-Invoicing

How it works:

Suppliers can easily submit their invoices on the one-stop SUS portal, thus creating a seamless supplier experience and enabling them to receive payment in easily and promptly.

5 Promoting the Development of Suppliers

We engage regularly with our suppliers to capture their thoughts and concerns, as well as help them grow their business and excel in the long term. Throughout the year, we organised various engagement and training programmes designed to create a meaningful and thriving ecosystem.



Vendor Capacity & Capability Development Programme (PPKV)

Objective:

To assist BVDP vendors in expanding their capacity and capabilities to be competitive, sustainable and resilient.

What We Did:

We assess vendors to analyse training needs and propose appropriate training programmes with funding to enhance vendor capacity and capability which is provided by training providers such as SIRIM, SME Corporation, MRANT and TM L&D.

Impact:

23 suppliers reached
RM2,182,826 grants approved



Bumiputera Vendor Development Programme (BVDP)

Objective:

To develop and establish competitive, sustainable and high-performing Bumiputera vendors through various capacity building programmes in support of the National Development and Bumiputera Empowerment Agenda.

What We Did:

We conducted various engagement, development programmes, strategic collaboration and knowledge sharing sessions for Bumiputera vendors. These sessions covered:

- Improving employability
- Functionality enhancement
- Technology consultations and transfer through collaborations with key suppliers
- Building manufacturing programmes
- ESG-themed engagements with BVDP manufacturing vendors
- Business matching to expand the market beyond TM
- Commercialisation for ICT and digital solution vendors

Impact:

67 engagement sessions
69 suppliers reached



Hybrid Business Matching Week

Objective:

To connect registered SMEs with anchor companies, providing them with access to the participating GLCs' supply chain.

What We Did:

We conducted multiple sessions with potential vendors to increase the pool of supplier via educating them on how to register as a TM vendor as well as how to participate in TM's tender.

Impact:
42 suppliers reached



SME Bank Xcess 2022

Objective:

To provide SMEs with solutions on their financial and development needs through a national business matching event.

What We Did:

We conducted various programmes with an SME bank for our vendors to provide them access to financing, business matching and development.

Impact:
seven (7) suppliers reached

6 Overall Procurement Satisfaction

This year, we recorded a minor decline in both Supplier Satisfaction Index (SSI) and Procurement Maturity Index (PMI), which we have identified as an area of improvement. We are intensifying our efforts to improve our procurement process, especially on speed and timeliness. Nevertheless, we continue to meet or exceed our set targets in both indicators, reflecting our commitment to creating a conducive and nurturing work environment for suppliers.

Supplier Performance

