

## MANAGED ACCOUNTS

TELEKOM MALAYSIA BERHAD

INTEGRATED ANNUAL REPORT 2016

BOX  
ARTICLE 012016  
– THE RISE OF WEBE

webe®

# WHAT A YEAR 2016 WAS!

Traditional businesses in entertainment, television, public and commercial transport, hospitality and banking were upended by the likes of Netflix, Uber, Airbnb, FinTechs and Malaysia's very own The Lorry. Malaysian authors and filmmakers made their mark, with Jess Teong's *A Kid From the Big Apple* drawing critical acclaim at international film fests, and Zen Cho walking away with the title of Best Newcomer at the British Fantasy Awards for her book, *Sorcerer to the Crown*. In short, it was a year for change.



Official webe launch on 16 August 2016 was officiated by YB Senator Datuk Seri Dr. Salleh Said Keruak, Minister of Communications and Multimedia and Tan Sri Dato' Sri Zamzamzairani, Group Chief Executive Officer, TM, together with Azizi A Hadi, Chief Executive Officer, webe

It was also the year of the non-telco as Malaysian consumers saw the birth of webe, a telco that wasn't.

webe – a digital mobility services provider that constantly listens to its community, and puts user experience at the forefront of everything it does. It wasn't trying to be digital, it just was. It wasn't vying to beat the incumbents, as it wasn't interested in anything that didn't help consumers. It wasn't even trying to be the biggest telco around. webe began and remains all about 'community'; and ensuring that Malaysian consumers get what they need in a way that makes sense.

As part of the TM Group, webe represents the solution to every consumer's connectivity needs as it provides the answer to the perennial question – how can I stay connected wherever I go? In a world of instant messaging, on-demand services, applications for almost everything in our lives, and an increasingly mobile online community ... being connected isn't a luxury. It's a need.

Our goal was to bring together a strong and vibrant digital community, as well as facilitate the adoption of a fully connected digital lifestyle by providing uninterrupted connectivity. By supplementing the services and coverage offered by other members of the TM Group, webe aims to play an integral part in providing the digital infrastructure needed to achieve the five pillars of Smarter Living, Businesses, Cities, Communities and Nations.

## MASS MARKET

This is why, 2016 saw the introduction and debut of webe community first. A community-led crowdfunding platform and initiative, it set us on a path to identify, support and guide innovative project champions who are focused on improving the lives of Malaysians in exciting, new ways. Supported by members of the webe community, these leaders – we call them Project Champions – are enabled to bring their projects to life. Ideas by Malaysians, supported by Malaysians, to benefit Malaysians – all brought together on one platform, webe community.

To date, five projects have already begun to make their presence felt. These include the Dengue Prediction and Alert app which will help predict deadly outbreaks before they happen so we can protect the communities we live and work in; Virtual Field Trips that allow children in remote areas to experience the world beyond their front door through Virtual Reality (VR); and the Container Classroom which is transforming shipping containers into classrooms for special needs children. Cycle to China project helps rebuild homes for the poor and KL24: Zombies which is a full length Malaysian Indie film on zombie outbreaks available online for free. All these projects embody different parts of our community as well as webe's own genuine desire to give back to society, empowering Malaysians for the future.

The introduction of webe to existing TM customers marked the next phase of our emergence in 2016. This included our '850 by webe' campaign, which was a huge success from a presence, talkability and awareness point of view. webe's QR code scanning interaction mechanism gave consumers a taste of being able to engage with a digital brand, with 4.6 million QR codes being scanned by the end of the campaign.

We also began addressing the need of Malaysians for effective and fast digital connectivity with the availability of webe mobile services on 30 June 2016 offering a 'never-ending' proposition of data, calls and SMSes without a cap – again a first in our industry. We dubbed this thinking 'Data Liberation' as



## To effectively leverage on TM's promise of Convergence, webe will continue to look for areas to support and improve digital connectivity and mobility in 2017.

it began to open minds to the possibilities of being free to express ourselves in a brave new digital world.

This approach has already shown our fast-growing community what freedom really is, even as we reinforced the core message behind TM Group's vision of 'Life & Business Made Easier For All Malaysians'.

While the initial launch of webe mobile targeted selected TM customers, it quickly generated significant interest among the general public, with many clamouring to find out how they could sign up for our service. Many others asked that we find a way to make even more available through our offerings.

Listening to voices from our community, we held true to our promise, as the webe mobile plan was simplified, standardised and then made available for any Malaysian who desired it! These enhancements are core to our commitment of being a community-led brand. Our message of simple, unencumbered mobility has struck a chord with modern consumers as they discover that signing up with webe mobile gives them

access to never-ending data, phone and SMS services – and more – at only RM79 a month.

2016 closed on a high as we brought to life our latest offering, webe broadband, allowing consumers who were yet to be empowered by fixed broadband solutions to enjoy high speed LTE mobile broadband in their homes. It was a taste of what 2017 would offer as we discussed service enhancements that includes new product offerings and greater integration with TM Group's vast array of solutions that would in turn empower Malaysians in new ways.

Our current service offerings combined with the vibrancy of webe community, have laid the foundation for a truly connected lifestyle by our members. To effectively leverage on TM's promise of Convergence, webe will continue to look for areas to support and improve digital connectivity and mobility in 2017. Our dynamic community-led proposition will drive continuous evolution of webe as a platform, a service and a way of life for our communities and the members who allow webe to help them Start Here, Go Anywhere.



# MANAGED ACCOUNTS



**Managed Accounts** delivers products and services designed specifically for our enterprise and public sector customers.



The business landscape is changing tremendously as new and more efficient digital technologies are being launched that help organisations connect better with their employees, business partners and customers, driving productivity and cost efficiencies. In Malaysia, we are powering the digital revolution within the private and public sectors through Managed Accounts.

### Facts at a Glance:



Launch of  
**VADS**  
Cloud eXchange  
and Marketplace



**16,044**  
medium and large  
enterprise customers  
from the region



**90%**  
market share  
of public university  
connectivity business



Reduced traffic  
waiting time by  
**65%**  
in Cyberjaya

## MANAGED ACCOUNTS

Through VADS, the 'intellectual hub' of Managed Accounts, we have been developing an increasingly more sophisticated suite of Information Communications Technology (ICT) services – including Cloud Computing, Internet of Things and Big Data – which are revolutionising the way businesses and government are able to communicate internally as well as with their customers and business partners.



In August 2016, we made significant headway by launching Malaysia's first Cloud digital marketplace catering to SMEs by providing more than 80 apps/packages for business productivity, collaboration, e-commerce, security and mobility together with server, storage and backup services. At the same time, we have invested in Twin Core Data Centres – in Iskandar Puteri and Klang Valley – to host our Cloud platform. The carrier neutral Data Centre in Iskandar Puteri will be operational in the first quarter of 2017, connecting to the internet via multiple diverse paths to cable landing stations in Malaysia and network nodes in Singapore. Development of the Klang Valley Data Centre will begin in 2017.

Further enhancing our product portfolio, we introduced VADS Unified Collaboration-as-a-Service (UCaaS) and VADS Contact Centre Technology-as-a-Service (CCaaS) to enable enterprise mobility and omni-channel customer engagement.

In 2015, VADS Lyfe Sdn Bhd, was established with the aim to improve Malaysian's quality of life through Smart Service solutions. VADS Lyfe aims to help organisations create safe and sustainable environments to improve service delivery to their end customers.

In Indonesia, our subsidiary PT VADS, was able to leverage on the Expansion Principle License received in end 2015 to secure multiple customers for the IT Service Desk. It also received a full-fledged Cloud services license to sell Managed ICT services.

### Serving Our Enterprise Customers

To better serve our business customers, TM Enterprise offers integrated Connectivity, ICT, Business Process Outsourcing (BPO) and Smart Service solutions tailored to the needs of different industry verticals, which now include Banking, Financial, Security & Insurance Institutions (BFSI), Key Accounts, Commercial Business, Real Estate, Retail, Global Enterprise and Medium Enterprise. In 2016, it enhanced its portfolio of offerings with the inclusion of In-Building Solutions (IBS) including Extra Low Voltage (ELV) services such as data network, CCTV, fire alarm system, PA system, access control, smart parking, HVAC (Heat Ventilation and Air-Conditioning), lighting, elevator operations, WiFi coverage and complete telco solutions for new real estate developments.

As a result of more targeted and converged product offerings, we were able to sign on new contracts during the year, especially in the Retail and Real Estate verticals. New as well as existing services contributed to RM1.10 billion worth of new businesses.

### Serving the Government

TM Government facilitates G2G, G2B and G2C communication, collaboration and transaction. In recent years, we have focused on developing two verticals – Education and Healthcare. In Education, with the acquisition of Connectivity contracts by two additional universities, we command 90% of the public university market share. Meanwhile, we are building our Healthcare platform to take advantage of the Public Healthcare Blueprint. Collaborating with internal and external partners, we are also securing more Big Data Analytics (BDA) opportunities, and in 2016 won the contract for a major government agency BDA project.

As part of Safe City Program for Public Security, TM Government also provides CCTV Solutions. In 2016, a total of 472 CCTVs for 24 local authorities nationwide were installed throughout our country under this initiative.

Intensified sales planning saw our government sales funnel grow by 200%, with more than half the interested parties making a purchase.


**BOX  
ARTICLE 02**
**BUSINESS SOLUTIONS  
IN THE ERA OF CONVERGENCE**

## TM IS RESPONDING TO THE OPPORTUNITY OFFERED BY DIGITALISATION BY EMBRACING IT WHOLEHEARTEDLY IN OUR OWN SYSTEMS AND IN THE SOLUTIONS THAT WE OFFER TO OUR CUSTOMERS.

Digital solutions are changing the way all our customers live and work for the better. Businesses stand to benefit from operational and cost efficiencies, as well as enhanced customer experience. This is well recognised by our Managed Accounts, which is leading the charge in taking our digital offerings to our business customers.

Leveraging on digital technologies, Managed Accounts is enhancing its suite of converged solutions for enterprise and public sector customers. With high-grade Connectivity, Data Centres, Cloud services, Unified Collaboration-as-a-Service (UCaaS), and Contact Centre Technology-as-a-Service (CCaaS), it is enabling our business customers in their own digital journey, making it easier for them to serve their end customers in Malaysia and globally.

### DATA CENTRE SERVICES

VADS is currently building two (2) data centres – its Twin Core Data Centres – to meet the most demanding business operations, offering unparalleled availability and redundancy at the highest level of security. Occupying more than 80,000 square feet in Nusajaya Tech Park, Johor, and Cyberjaya, the Twin Core Data Centres represent the nation's first and largest purpose-built data centres able to meet the most demanding business operations.

Designed with security measures to counter threats and malicious attacks, both Iskandar Puteri Core Data Centre (IPDC) and the Klang Valley Core Data Centre (KLDC) in Cyberjaya are certified with the ISO27001:2005 Information Security Management System (ISMS). They also meet Occupational Safety, Health & Environment (OSHE), Information Technology Infrastructure Library (ITIL), and TIA 942 Data Centre Infrastructure standards and the Uptime Institute Standard (Industry Standard Tier).

IPDC, nearing its completion, is strategically located to support the economic region of Iskandar Malaysia, while also being geographically close to Singapore. Targeting both local and global businesses looking to set up their regional data and content hub in South East Asia, IPDC connects to the internet via multiple diverse paths to TM cable landing stations in Malaysia and network nodes in Singapore.

Meanwhile, KVDC, its twin core data centre which also offers unparalleled availability and redundancy will begin construction in Q1 2017. KVDC is connected to the International Gateway for TM in Cyberjaya and it will provide high value Managed services, including Cloud Computing, virtualisation, workspace and collaboration services.

One of the objective of the Twin Core Data Centres is to position Malaysia as a leading Data Centre hub in the region, providing businesses with a more competitive global edge and offering the market unrivalled and superior hosting facilities.

### CLOUD SERVICES

VADS offers a full suite of Public, Private and Hybrid Cloud services, as well as fully managed Cloud services including Infrastructure-as-a-Service (IaaS), Platform-as-a-Service (PaaS) and



Iskandar Puteri Core Data Centre (IPDC) Scale Model



Klang Valley Core Data Centre (KVDC) Scale Model

Software-as-a-Service (SaaS), to cater for businesses of all sizes, and across all sectors including government. Our ISO27001 Certified Cloud and Data Centre Facilities leverages on the two (2) core DCs out of 11 own Data Centres for redundant performance.

Along with Cloud services we have launched the VADS Marketplace, an online one-stop centre offering Business-to-Business (B2B) applications and Cloud-hosted solutions. The Marketplace provides business owners digital solutions that enhance operations efficiency and simplify IT resource management, thus increasing profitability. It currently makes available more than 80 application packages for business productivity, collaboration, e-commerce, security & mobility and server, storage and backup – all supported by our personalised customer engagement service.

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VADS Marketplace also caters for Business-To-Business-To-Consumer (B2B2C) and Business-To-Consumer (B2C) solutions.



Launch of VADS Cloud eXchange and VADS Marketplace

**UNIFIED COLLABORATION-AS-A-SERVICE (UCaaS)**

VADS UCaaS is a future-proof digitalised communication and collaboration solution bringing together telephone, mobile and conferencing services to deliver people-centric solutions via existing devices or through enterprise connectivity from a single provider. It forms an effective tool for customers to communicate within their own organisations, with business partners as well as customers.

With VADS UCaaS, businesses can improve their level of engagement with employees and also spur greater productivity, as employees will be able to work across multi-devices anywhere and anytime. Businesses will also be able to reduce their operational expenditure, as digitalised communication with single number reach maximises flexibility with price per user.

**CONTACT CENTRE TECHNOLOGY-AS-A-SERVICE (CCaaS)**

In a competitive market of agile start-ups and global enterprises, it is critical for businesses to equip their contact centres with the right tools to support an enhanced customer experience.

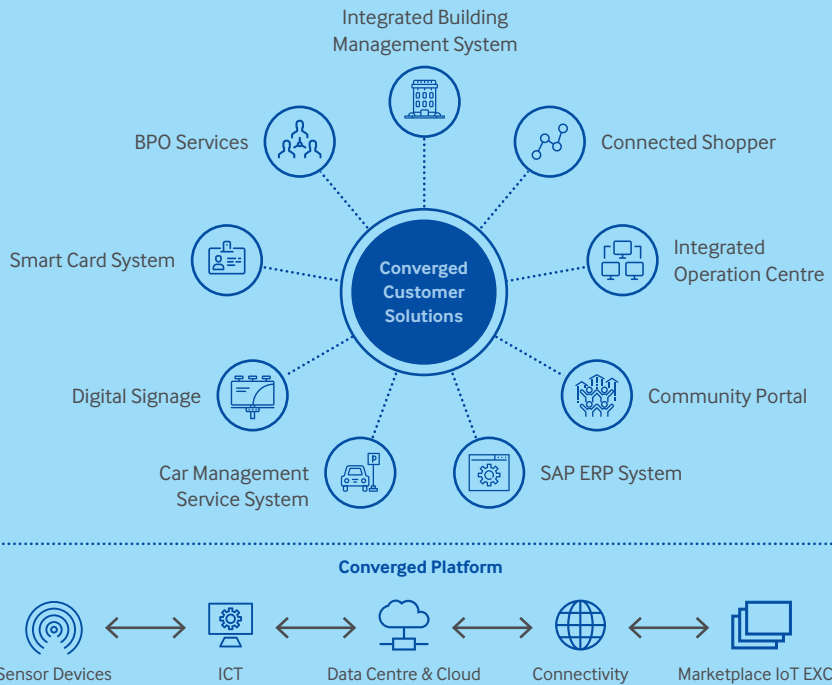
VADS CCaaS is a cloud-based offering of a full suite of contact centre functionalities to manage the Total Customer Experience (TCE), delivering an omni-channel experience across various contact channels. The solution enables businesses to exceed customer expectations in this digital era, driving sustained loyalty and business growth.

**SMART SERVICES**

Smart Services creates and delivers smart solutions for townships such as Smart Real Estate, Smart City and Smart Citizen. Leveraging on ICT, these solutions deliver safety and security, enhance energy and facility management, enable digital signage and provide 'citizen portals' for residents to access information and connect with each other.

**CONVERGED CUSTOMER SOLUTIONS**

Converged Customer Solutions group a number of solutions into a single, optimised and complex package, often carrying an attractive price tag. To date, we have developed a Converged Customer Solution for a real estate vertical project using a common platform to offer Cloud, Connectivity, Sensors and ICT services. We have since added new services to the platform including a community portal, car park system and connected shoppers. In this project, we enable the customers' infrastructure and provide managed services. The B2B2B model further enables our customer to empower its tenants and property owners to generate revenue. At the same time, the innovative services increase the value of the property.



**GOING REGIONAL**

Our 'Go Regional' strategy will primarily focus on Indonesia, where we already have a presence via PT VADS and other ASEAN countries. PT VADS is set to expand into the ICT business and we are looking to take the VADS Marketplace to Indonesia targeting SME businesses in the near future. In other ASEAN markets, we will work with Acasia, a communication company in ASEAN, to build a footprint in each country.

## MANAGED ACCOUNTS

### Better Service All Round

Managed Accounts continues to improve its service delivery, with VADS recording a 29% reduction in Mean Time To Restore (MTTR); 310% increase in proactive incident management; and 10% improvement in operations efficiency across its Contact Centres. Its Sarawak Contact Centre achieved the highest customer satisfaction rating through the Net Easy Score among all our customer touch points.

TM Enterprise had embarked on a comprehensive transformation programme in 2015, called Project Energized, to build a customer-centric work culture as well as creating greater operational efficiencies and employee competencies. The most significant outcomes of the project includes Medium Enterprise Business (MeB)'s ICT/ BPO revenue expansion by 134% and key lighthouse wins across the strategic verticals. Through this project, we also hope to unleash greater innovation among our employees to differentiate us in the marketplace.

Meanwhile, our government-facing divisions GITN Sdn Bhd (GSB), MERS999 and Special Network Service (SNS) collaborated in a pilot resource sharing initiative which led to reduced costs as well as improved response and resolution time. As a result, our customer satisfaction was enhanced.



### Connecting With Our Customers

During the year, various initiatives were undertaken to increase awareness of our products and services. These included a Digital Experience Forum in November on our Hosted Collaboration Services Platform and efforts to promote the Data Centres currently under construction at local and regional conferences and exhibitions. We are also building a TM Experience Centre (TMEC) in TM (Q Damansara) to provide potential customers the opportunity to 'try out' our products and services. The cluster as a whole, meanwhile, is undertaking a brand repositioning programme to integrate TM Enterprise, TM Government, VADS and VADS Lyfe under TM Business Solution.

### Financial Performance

During the year, Managed Accounts achieved 1.7% growth in revenue from RM4,825.3 million in 2015 to RM4,907.3 million in 2016 driven by the increase in revenue for internet and multimedia as well as other telecommunication services.

Of this, TM Enterprise contributed 34.3% of Managed Accounts revenue with 1.1% growth from RM1,667.3 million in 2015 to RM1,685.4 million in 2016 driven by increase in revenue for internet and multimedia and data services. Internet and multimedia services grew by 9.3% to RM308.2 million whilst data services increased by 7.6% to RM625.1 million.

Revenue at TM Government grew by 5.2% from RM2,139.4 million in 2015 to RM2,251.7 million in 2016, representing 45.9% of Managed Accounts revenue. The growth was driven by internet and multimedia and other telecommunication services which grew by 26.1% to RM161.6 million and 20.4% to RM888.6 million respectively.

VADS recorded revenue of RM1,403.1 million, contributing 21.3% of Managed Accounts revenue. The revenue is derived from Information and Communications Technology (ICT) RM454.5 million, Business Process Outsourcing (BPO) RM437.7 million Managed GSP RM146.2 million and others RM4.6 million.

MANAGED ACCOUNTS

Key Risks & How They Are Managed



Enterprise:	
Fragmented and competitive market	<ul style="list-style-type: none"> <li>Solidify position through core strength as a base for vertical industries, e.g. banking, education &amp; healthcare</li> </ul>
Market is receptive to global players such as Amazon Web Services, CSC, Dimension Data, Red Hat and Huawei, with customers looking for the most cost-effective communications solutions	<ul style="list-style-type: none"> <li>Provide access agnostic solutions with value-add services</li> <li>Provide cost-effective and agile alternatives to support customers' business growth</li> <li>Enhance go-to-market strategy with key partners within ASEAN to support Malaysian MNCs abroad and regional customers</li> </ul>
Pressure on price as connectivity is highly commoditised	<ul style="list-style-type: none"> <li>Value creation through industry solutions</li> <li>Consultative selling and continuous education</li> <li>Enhance customer experience from pre- to post-sales</li> </ul>
The number of data line services, after long period of high revenue growth, is slowing down	<ul style="list-style-type: none"> <li>Collaborate with GLCs and Khazanah subsidiaries to position TM as platform of choice for data centre and cloud services</li> </ul>
Declining voice revenue as internet, mobile and unified communications reduce usage and price of traditional voice	<ul style="list-style-type: none"> <li>Promote innovative packages for voice, VoIP and unified communications</li> <li>Cross bundling</li> </ul>
Disruptive technologies and business models such as IoT, digitalisation, Big Data, cloud and fintech are changing the market and customer behaviour	<ul style="list-style-type: none"> <li>Innovate offerings and business models in the shortest time possible through partnerships with principal, delivery partners and IT start-up companies</li> <li>More emphasis on data, cyber security and business continuity solutions that are becoming critical to enterprises</li> <li>Provide customers with quality information on customer digitalisation journey</li> <li>Embrace disruptive technologies as part of integrated solutions</li> </ul>
Government:	
Intensity of competition among telcos and ICT players as TM expands into ICT business space	<ul style="list-style-type: none"> <li>Differentiate by offering converged customer solutions with a focus on cloud services with 1Gov*Net as the key connectivity platform</li> <li>Offer better cost structure via joint go-to-market and partnerships with technology principals and local system integrators</li> <li>Provide professional engineering and business consulting</li> <li>Converged industrial solutions (that go beyond technology), combined with industry programme management, will help customers sustain their service</li> <li>Pricing based on value proposition rather than cost</li> </ul>
The speed of technological change	<ul style="list-style-type: none"> <li>Invest in stable technology in connectivity and cloud platform</li> <li>Partner with technology principals and system developers who are experts in their fields</li> <li>Offer holistic solutions, from realisation stage to performance review</li> </ul>
Global uncertainties affecting Malaysian economy	<ul style="list-style-type: none"> <li>Shift in business model to respond to the Government's new spending approach</li> </ul>
VADS:	
Weaker ringgit is expected to lead to stringent operational spending by businesses	<ul style="list-style-type: none"> <li>Support customers' cost management via outsourcing, Cloud adoption and digitalisation</li> </ul>
Demand for excellent customer service	<ul style="list-style-type: none"> <li>Customer service is enhanced by omni-channel capabilities and by Personalised Customer Engagement in VADS Marketplace</li> </ul>
Rapid technology and business model evolution	<ul style="list-style-type: none"> <li>Anticipate market trends and set the pace on the frontiers of the latest technologies</li> <li>Evolve from pure BPO and Contact Centre to Knowledge Process Outsourcing (KPO)</li> </ul>



## MANAGED ACCOUNTS

## Targets for 2017

## VADS

- 1 Offer more than 100 pre-packaged ICT services and the ability to on-board internal apps/services.
- 2 Introduce the Enterprise Marketplace (Private Cloud) and Industry store. The marketplace will treat IT as a commodity, providing enterprises with exact amount of IaaS, PaaS, SaaS, XaaS and support their need on monthly or pay-per-use basis.
- 3 PT VADS will be able to provide end-to-end IT solutions ranging from consultancy for computer facility management, Cloud technology, Data Centre and computer network hence creating additional opportunity to penetrate ICT market regionally.
- 4 Expand business to other industries such as FSI, manufacturing, telco and media.

## TM GOVERNMENT

- 1 Collaborate with webe to complete its converged customer solutions.
- 2 1Gov\*Net new Managed internet Gateway will be the first Government service occupying the Iskandar Puteri Data Centre.
- 3 Further streamline operations integration between GSB, MERS999 and SNS; demarcate support areas between SNS and GSB teams; and train all field engineers so the initiative can be expanded nationwide.

## TM ENTERPRISE

- 1 Offer smart solutions and services for Aspen Vision City in Batu Kawan, Penang; and explore more opportunities to work with real estate developers in smart city developments.
- 2 Leverage on webe to power M2M communication in smart services offerings eg. credit card point of sales, remote meter reading for utilities, wireless ATMs, supervisory and data acquisition for remote monitoring of machines eg. generators, engines and motors in manufacturing, wireless CCTV and fleet management.

## Outlook

There is much scope to further grow our services to businesses and government, and we are ensuring the right investments now to tap into future opportunities especially in growth areas such as Cloud, Smart Solutions and Digital Services.

In the business segment, we intend to increase our presence in the SME, real estate, oil and gas and retail sectors where demand for speed, reliability and agility is expected to intensify. For government, we will identify opportunities created by the Public Sector ICT Plan (2016-2020) which focuses on Digitalisation, Shared Services, Big Data, Collaboration and Human Capital Development, ensuring we remain the trusted technology partner for the Government, both at the Federal and state levels.

We will also focus on driving business towards our new Enterprise Marketplace and our data centres. Once these are operational, it will create new opportunities to bring our product offerings further afield in ASEAN region.

## Creating Smart Cities

VADS Lyfe, is the Smart Service solutions provider with focus on the real estate industry and township developments. We are changing the way Malaysians live by helping to create smarter cities where residents will enjoy a more convenient and peaceful living. Leveraging on our ICT capabilities, it has developed the country's first Integrated Operation Centre (IOC) and Smart Traffic Analytics and Recognition System (STARS).

## Creating a holistic city dashboard

IOC comprises of a centralized 24/7 command centre for operations of all IoT enabled devices in the city. It provides a dashboard for cities to monitor and coordinate resources based on real-time data of devices, sensors, vehicles, buildings as well as security incidents & events.

Malaysia's first IOC for smart city operations is located in Iskandar Puteri, Johor. Currently, the IOC monitors various property development projects owned by UEM Sunrise Berhad and Iskandar Investment Berhad (IIB) such as Puteri Harbour, East Ledang, Ledang Heights, Gerbang Nusajaya, Southern Industrial and Logistics Clusters (SiLC).

## Smarter Traffic Management

The Smart Traffic Analytics & Recognition System optimises traffic flow on roads while also serving as a traffic surveillance tool. Since being installed at eight interjunctions along Persiaran Multimedia in Cyberjaya in July, waiting time at the traffic lights has reduced by 65%.

In the pipeline is the Smart Home solutions that will be deployed on an integrated service platform to create an efficient and comfortable home environment. The solutions include home automation, safety and security and energy management.

# GLOBAL WHOLESALE



**Global Wholesale (GW)** is a wholesale service provider aggregating domestic and international business requirements via comprehensive cutting-edge solutions in connectivity and beyond.



It fulfils customers' end-to-end network infrastructure and ICT requirements and minimise their operational costs and process complexities, with high quality service at competitive pricing. GW has established itself as a reliable partner to its customers, meeting not only their internal requirements but also those of third parties and local authorities.

### Facts at a Glance:



**Winner of Frost & Sullivan's Best Wholesale Service Provider 2016**



**More than 2,800 new mobile backhaul infrastructure** provisioned in 2016



**More than 1,100km fibre infrastructure** laid for rural broadband penetration in 2016

GLOBAL WHOLESALE

GW serves connectivity globally via 24 international Points of Presence (PoPs) and a submarine cable network spanning more than 320,000 fibre-route kilometres worldwide. The business unit is continually expanding and upgrading its global infrastructure network to serve not only as a gateway for the world to Malaysia, but more broadly to the region. At the same time, it is entering into more partnerships with local service providers – and especially mobile telcos – for them to be able to ride on its network to better serve their customers.

The year saw much success in both infrastructure development as well as product innovation. Enhancing its global connectivity, GW completed the 20,000km South East Asia – Middle East – Western Europe 5 (SEA-ME-WE 5) and 8,000km Bay of Bengal (BBG) submarine cables, other than creating new PoPs in Laos, Thailand and Cambodia. The SEA-ME-WE 5, connecting three continents, enhances GW’s international bandwidth, IP Transit, IPVPN, interconnection and backhaul service offerings. Meanwhile, BBG links Malaysia and Singapore to Oman and the UAE with branches to India and Sri Lanka and can be used to interconnect with existing land and undersea cables to Europe, the Middle East and Africa. Good progress is also being made on the Nusantara Gateway connecting Singapore to Jakarta; and the Malaysia-Cambodia-Thailand (MCT) submarine cable.



In addition to its existing data, backhaul, voice, access and infra customised solutions, GW has launched Beyond Connectivity (BeC) services providing Media Delivery Solution (MDS) to its vertical markets worldwide. In enabling high quality access, GW has entered into a strategic partnership with Hurricane Electric (HE), a California-based global ISP, allowing both companies to accelerate their delivery of high speed internet broadband services to Asia’s emerging markets. HE’s platform supports GW’s BeC, HSBB, SUBB and webe broadband’s service quality improvement. It also signed bi-lateral WiFi roaming agreements with British Telecoms (BT) and AT&T for shared access to each other’s WiFi network.

Within the Malaysian market, GW is strengthening links between Peninsular Malaysia and East Malaysia via the Sistem Kabel Rakyat 1Malaysia (SKR1M). It is also expanding the infrastructure for HSBB by installing 80 new exchanges, bringing the total to 187 exchanges. In supporting rural broadband penetration, GW completed a Universal Service Provision (USP) fiberisation project connecting Jerantut to Kg. Mat Daling, both in Pahang. To better serve local mobile telcos – having signed 10-year backhaul contracts with five operators – it has fiberized more than 2,800 new EnodeBs/Cell Sites with TM’s Next Generation Backhaul™ (NGBH) services to support of LTE network expansion.

These developments go a long way towards GW retaining its position as a preferred neutral services provider via Total Network Outsourcing Programme (TNOP) while building its capabilities for Beyond Connectivity (BeC) business.

GW’s Assets

Over 3.2 million km of domestic fibre core trunk & junction

More than 28,000 WiFi sites nationwide

More than 1,700 buildings/exchanges

More than 1,800 telecom towers nationwide

Over 2.6 million km of fibre access nationwide

Over 1.8 million home passes nationwide

20 submarine cable systems

5 regional offices (TMRO)

**GLOBAL WHOLESALE**



**Financial Performance**

Global Wholesale registered a consolidated total revenue of RM2,330.1 million as of 31 December 2016, a 4.2% growth from RM2,236.5 million total revenue reported for the corresponding period last year. This is the result of higher revenue from Other Telecommunication Services coupled with higher Data revenue mainly from TM Next-Gen Backhaul™ (NGBH).

Correspondingly, the operating cost recorded higher at RM1,880.7 million as of 31 December, an increase of 5.3% as compared to the corresponding period last year of RM1,786.8 million. This is due to absence of similar forex impact.

As a result, EBIT performance decreased by 0.3% to RM452.2 million for the current year from RM453.6 million in the previous year due to relatively higher operating cost. This represents an EBIT margin of 19.4% compared to 20.3% recorded last year.

**Key Risks & How They Are Managed**

 <b>Key Market Risks</b>	 <b>Mitigation Measures</b>
Market competition due to price erosion and cost overruns, dynamic changes in customers' requirements.	Strengthen competitive edge towards becoming a total end-to-end solutions provider through collaborations with other established global players envisioning 'Business Made Easier'.  Leverage on affiliate companies to capture regional opportunities with minimal investments.
Changes in other countries' political, legal and regulatory guidelines.	Keep abreast with the latest geopolitical changes in countries that GW has investments.  Establish effective crisis management and resiliency planning to protect investments and improve business continuity planning.
Customer requirements for low operation costs and higher margins.	Provide competitive solutions by maximising capabilities of internal strengths and leveraging on TM Group and subsidiaries' resources.  Leverage on affiliate and subsidiary companies to strengthen product offerings.
Weakening Ringgit against USD impacts operational costs despite forex gains from Global sales.	Tighten cost control measures and protect healthy margins for any buying and selling exercise.  Establish strong rapport with international suppliers to reduce out-payment costs in line with market rate.  Push global sales aggressively with prudent spending.
Pressure for innovative solutions increasing globally as operators and other service providers seek to strengthen their digital market position.	Keep abreast with the latest technologies and establish effective partnerships with value-add and technology partners to accelerate the establishment of new BeC solutions.

**Targets for 2017:**

- 1 Further maximise resource capabilities to provide enhanced TNOP offerings with the deployment of Smart Centralised Radio Access Network (Smart C-RAN) services to mitigate challenges faced by Mobile Operators in expanding LTE capacity/coverage in urban, dense, outdoor and in-building locations.
- 2 Continue to support rural broadband penetration via infrastructure deployment in local islands for USP project targeting to complete in 2019.
- 3 Completion of Sistem Kabel Rakyat 1Malaysia (SKR1M).
- 4 Venture into strategic collaborations to expand WiFi and LTE roaming arrangements.
- 5 Kick start its transformational race towards digitalization by enhancing submarine cable capabilities with network intelligence to optimise resources and cater to diversity needs utilizing Software Defined Networking (SDN) technology. The project is expected to be implemented in phases until 2019.
- 6 Pursue regional growth by offering innovative BeC solutions to foreign vertical market, opening possibility for collaboration with Value Added Partner Operating Regionally (VAPOR). Other than to maximize TM's expertise capabilities via Professional Services offering, GW plans to accelerate penetration of MDS for hospitality segment.
- 7 Boost presence in the Middle East through the establishment of TM Dubai (DMCC).

**Outlook**

GW will continue to support TM's convergence journey, creating new opportunities and providing the best customer experience in advocating Life and Business Made Easier via enhanced TNOP solutions. Growth in regional market will be addressed with niche foray into foreign vertical segments opening up possibilities for strategic collaborations to foster innovative BeC solutions.

True to its aspiration of Bridging the World Together, GW will further continue to expand its global reach through investments in new PoPs and submarine cable systems. GW, enabling the future via TM's world-class infrastructures upholds Government's aim to position Malaysia as the Regional Innovation Exchange Hub, accelerating business partners' growth globally.

# BEYOND PRODUCTS & SERVICES



01

## Innovation: changing our game



**Facts at a Glance:**

**16**  
innovative projects  
ongoing in IT&NT

**384**  
research projects  
being undertaken under  
R&D since 2001

**More than 25**  
products/solutions  
commercialised

**Average of 100**  
start-up engagements  
annually

**36**  
smart living apps &  
9 APIs created

We see the fourth industrial revolution as an exciting new paradigm in which we have a clear part to play. That of an innovation-driven converged solutions provider. As we launch into the digital era, our determination to remain at the innovative-edge will make us better at what we do. This ambition is supported by a strong research & development base within TM, our collaborations with creative content providers, and a pervasive culture of innovation within the organisation.



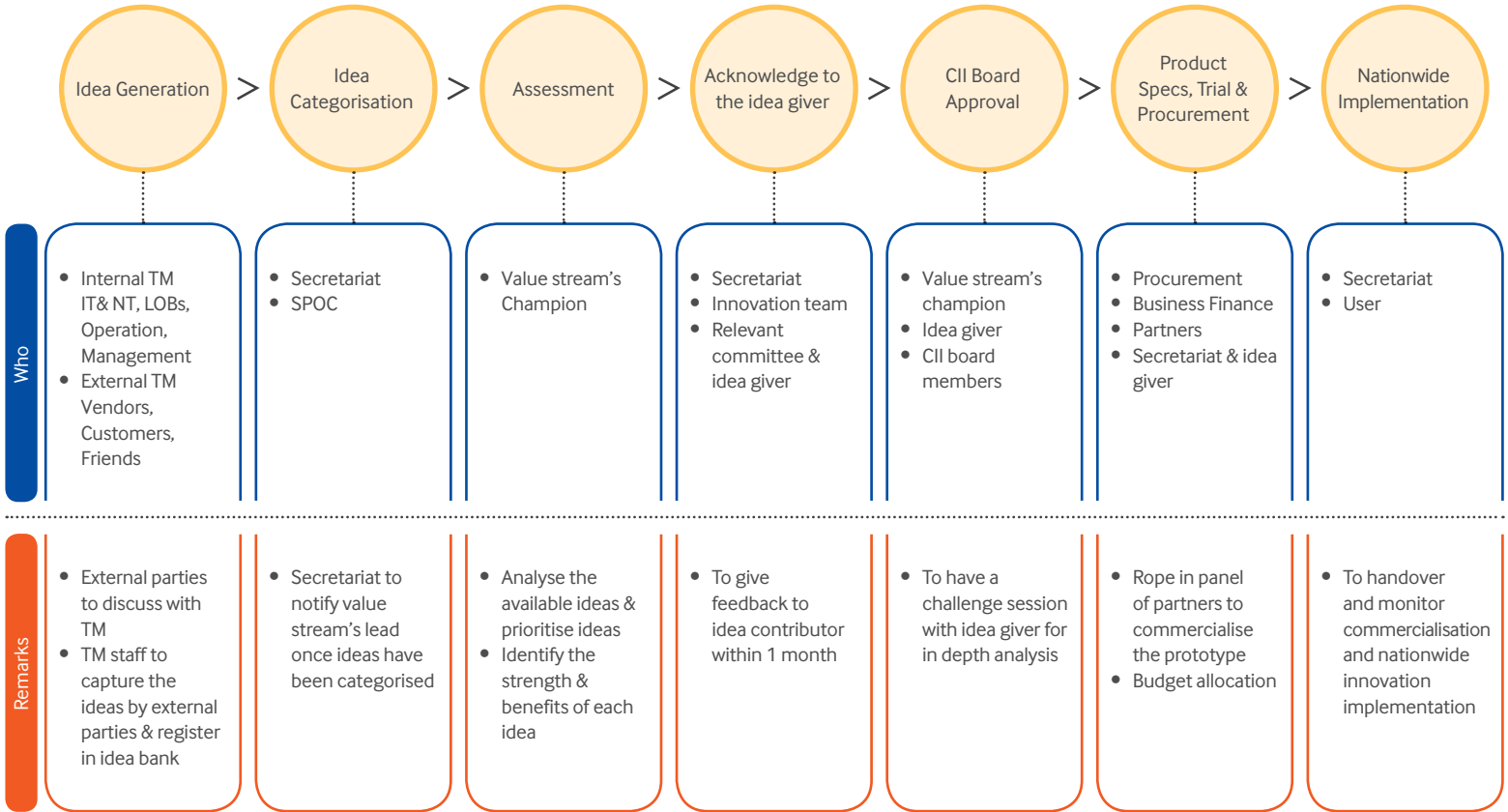
### Creating an Innovation Culture

As one of our most technology-driven arms, IT&NT invests considerably in developing an innovative culture in TM. In 2016, as part of its Transformation 3.0, it launched the Distinctiveness Innovation Initiative (DII) to encourage employees across the Group to put forward ideas to enhance the way we manage our business – our supply chain, product development, operations as well as IT transformation.

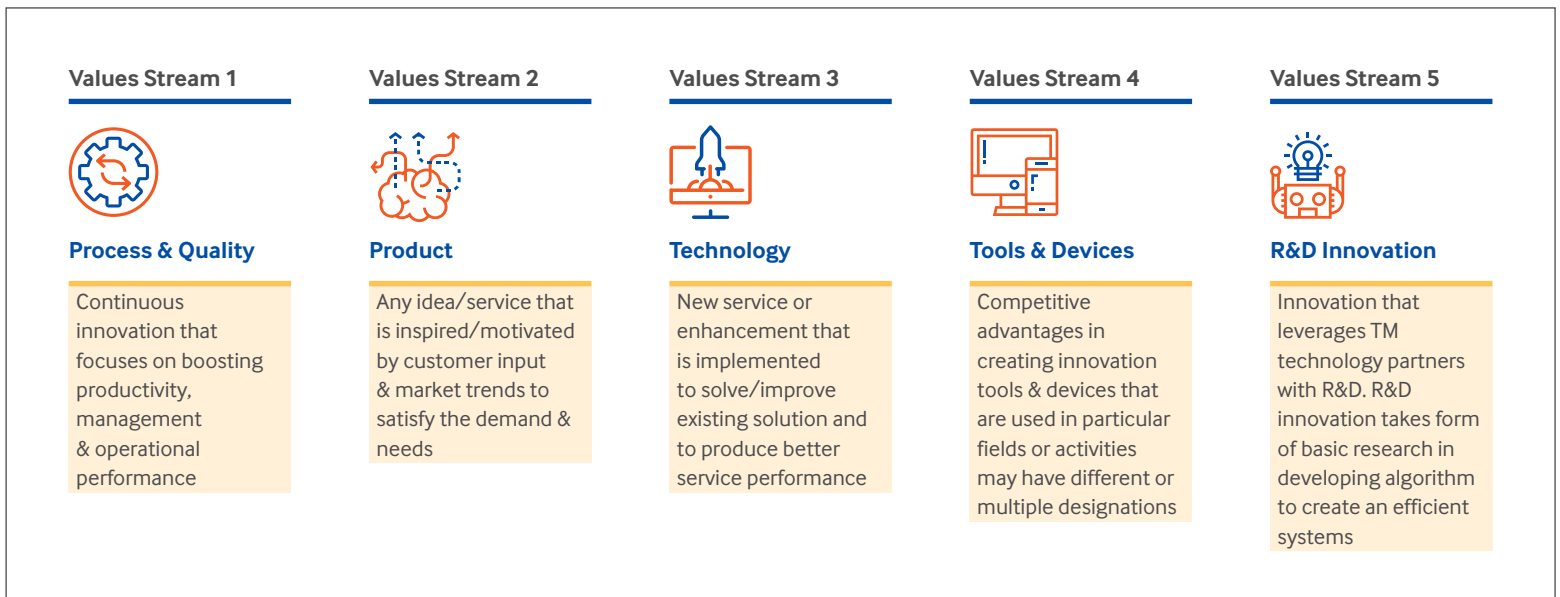


**BEYOND PRODUCTS & SERVICES**

DII is supported by a structured framework, with a Board and Secretariat to sieve through, organise and approve ideas generated for action by the Group. The entire process of idea generation to nationwide implementation is depicted in the diagram below.



All ideas are submitted via a DII Portal where they will be categorised into five value streams - Process & Quality, Product, Technology, Business Model and R&D Innovation – each with a champion who will review, analyse and prioritise the ideas to ensure the most impactful are addressed first. Shortlisted ideas will be presented to DII Board Members for further deliberation. Once approved, ideas will be passed to the relevant team for implementation, monitored by the DII Secretariat. Finally, the innovative ideas will be channelled into production, and handed over to the relevant user for commercialisation.



## BEYOND PRODUCTS &amp; SERVICES

TELEKOM MALAYSIA BERHAD

INTEGRATED ANNUAL REPORT 2016

BOX  
ARTICLE 03TEAM MALAYSIA – MALAYSIA’S DIGITAL PLATFORM  
FOR THE RIO 2016 OLYMPIC GAMES

Official IPTV Broadcaster Rio 2016

**“AS THE NATION’S CONVERGENCE CHAMPION, WE WERE EXCITED TO BRING THE RIO 2016 OLYMPIC GAMES TO MALAYSIANS.”** - Izlyn Ramli

**How does a brand overcome challenges and clutter to be top-of-mind at the biggest sporting event of the year? Through innovation, perseverance, hard work and the power of digital.**

Leveraging on the clout of Team Malaysia – one of the most prominent and influential sporting communities in the country, powered by TM – to provide a unique perspective of the Rio 2016 Olympic Games. Representing the hopes of Malaysian fans, Team Malaysia captured the side of the Olympic Games not provided by any content provider in the country – the fans’ perspective. The novel approach, generated over RM4.5 million worth of media value during the games, an impressive 400 times TM’s investment for the project. The team’s success points to the immense power of digital communication, when used with sheer determination and innovation.

In August 2016, while our athletes were giving their all in the biggest global arena against world-class athletes, TM made sure Malaysians back home got the best coverage of the grit and

glory that captured the spirit of the Olympic Games. The movement aims to spread the love for sports and support for our Malaysian contingent; and further demonstrates TM’s commitment to provide the best experience for all sports fans in Malaysia.



To supplement the on-ground content, TM’s award-winning IPTV service, HyppTV, broadcasted the Rio 2016 Olympic Games via eight dedicated HyppSports HD channels (HyppTV Channels 720 - 726) - as the Official IPTV Broadcaster for the Rio 2016 Olympic Games in Malaysia. The broadcast of the Rio 2016 Olympic Games marks HyppTV’s first ever offering of the global sporting event. This is to show support to our national athletes by providing viewers non-stop free “live” coverage and exclusive Rio 2016 content.

On top of that, sports fans were able to watch the live sporting action via the HyppTV Everywhere mobile application, anytime and anywhere during the Olympic Games. This is HyppTV’s aspiration of being a true digital champion for TM’s customers, offering the best content variety whether on demand or linear while having the best TV viewing experience.

Sharing the excitement, Izlyn Ramli, Vice President, Group Brand & Communication, TM, said “As the nation’s Convergence Champion, we were excited to bring the Rio 2016 Olympic Games to Malaysians, not only through our services and digital platforms, but also through our unique TM Team Malaysia initiative that unites the sports fans and Malaysians across all walks of life to support our national athletes. While we may not be physically there in Rio to cheer for the athletes, we are always behind the athletes, to help ignite their spirit and give them that extra boost to perform their best when bearing our national flag at the Games.”

“When it comes to the Olympic Games, no doubt sports content is key but digital and social media is increasingly becoming more important in engaging with fans. This is why we have created Malaysia’s only Digital Platform for the Rio 2016 Olympic Games. As our audience shifts online for Olympics content, we were able to provide them with the most rewarding experience beyond sports. Through the platform, our audience were able to experience the culture around the Olympic Games, get live updates direct from Rio and see the games from our athletes’ perspectives and so much more – together with Team Malaysia on social media,” Izlyn continued.

Unlike established content players, Team Malaysia arrived in Rio, with a completely different approach in mind. The team set out to represent Malaysian fans and to capture pure moments during the Olympic Games that will galvanise our nation and report these moments back to Malaysia in real time via social media channels to more than a million Team Malaysia fans and beyond.

## BEYOND PRODUCTS &amp; SERVICES

"Team Malaysia is synonymous with the sports movement in Malaysia. The platform unites the passions of Malaysians for sports. Given our position as the hub for sports in Malaysia on digital, we felt that this presented the perfect opportunity to win top-of-mind in an arena where it is very challenging for TM, where our competitors have very strong advantages during the Rio 2016 Olympic Games," says Amin Ashaari, Head of Digital Strategy & Marketing that led the mission to Rio.



"Team Malaysia fans look forward to updates on our social media platforms, primarily on Facebook but also on our website, Twitter and YouTube channels. We wanted to bring the real experience of Rio back to Malaysia so our fans get more than just updates but beyond that, they feel connected to every moment, every emotion every time our athletes competed at the Olympic level. The idea was to be as close to the action as possible, to be on the ground and provide update to our fans with pictures, videos, interviews, behind the scenes stuff that you can't get on TV. TV broadcast is polished; we know from digital behaviour that viewers engage with content that feels raw. It's more believable and more emotional."

Before Rio 2016, live reporting on social media has been small scale. The platform has never been used for the purpose that Team Malaysia had envisioned, and never on the Olympic level before. Everything Team Malaysia did was innovative and unprecedented.

Team Malaysia became a beacon for Malaysians who were at Rio – Malaysians who had bought their own tickets to watch the Olympics Games, families of the athletes, corporate leaders, representatives from the Ministry of Sports & Youth, staff from the Malaysian Embassy in the US who were there, Malaysians who had gone as volunteers for the Olympic Games. These group of amazing Malaysians are regular volunteers for the Olympic Games and to see them in Rio was truly amazing. There was even a Malaysian doctor from Cambridge, England, working as a volunteer first-responder at Rio.

They recognised the Jalur Gemilang and joined Team Malaysia. Quickly, the Team Malaysia group of seven grew to over 50 people comprising on Malaysians and people from other nationalities, they joined Team Malaysia because they connected with the energy and passion of the group, they connected with Team Malaysia's spirit.

**"I THINK ONE OF THE KEY FACTORS OF THE VICTORY TONIGHT WAS OUR TEAM MALAYSIA. TEAM MALAYSIA SUPPORTERS SPONSORED BY TM."** - Khairy Jamaluddin

Even Brazilians and other foreigners joined the Team Malaysia in Rio. Attracted by the group's enthusiasm and passion for our national contingent, these foreigners asked to join Team Malaysia so they can support the Malaysian contingent. The locals and sports fans from other countries were attracted to Team Malaysia because of the group's fighting spirit that cheered on the Malaysian contingent no matter what. They said 'you guys are so cool. We want to be part of your team'. They joined Team Malaysia and chanted Malaysia boleh!

Minister of Youth & Sports Khairy Jamaluddin said, after a key badminton match: "I think one of the key factors of the victory tonight was our Team Malaysia. Team Malaysia supporters sponsored

by TM, our tiger guys, they were there and the stadium was erupting. In this corner of the world, Rio de Janeiro, thousands of miles away from Malaysia, it was a piece of Malaysia. Why? Because of TM and Team Malaysia."

Team Malaysia hashtags (#KamiTeamMalaysia and #TeamMisiaOlympics) went viral, even Prime Minister Dato' Sri Mohd Najib Bin Tun Haji Abdul Razak made the hashtag his own and used it in his tweets.



Team Malaysia in Rio was undoubtedly a phenomenal social media success, gaining more than one million engagements and more than 2.3 million video views, with a reach of almost 43 million. It also gained the platform more than 83,000 new fans. During the Olympic period, Team Malaysia earned an estimated RM4.5 million worth of social media value, excluding that gained from air time which was so extensive as to be beyond tabulation. HyppTV Everywhere users also grew from below 5,000 users to over 25,000 users during the period.

Declared as the 'Official Supporters of Malaysian Athletes' by the Minister of Youth and Sports, Team Malaysia has united our passion for sports and more importantly, our athletes, since 2011. In the Rio 2016 Olympic Games, Team Malaysia carried the hopes of Malaysians with our athletes. Beyond that, Team Malaysia conveyed to Malaysians at home the blood, sweat and tears, and the unwavering dedication of our athletes to their game, and to the country.



Be a Team Malaysia fan today! Visit [teammalaysia.my](http://teammalaysia.my) to sign up as a fan.



BEYOND PRODUCTS & SERVICES

Ongoing & New Innovative Projects

Currently, a total of 16 innovative projects are ongoing in IT&NT involving 30 initiatives, of which at least 20 initiatives will be identified for commercialisation and standardisation. These projects have been spawned from ideas generated by employees in the different IT&NT divisions. Another 203 initiatives were presented by Network Management Operations (NMO) and Network Delivery (ND) at the CII-Convention 2016, which involved 12 Regional and two National Conventions. Of these, 107 initiatives were from NMO and 94 from ND.

2017 Activities

<p><b>1</b> <b>Innovation Day</b></p> <p>The selective initiatives from the respective divisions from IT &amp; NT to participate in the showcase during Innovation Day. Appreciation awards and certificates will be given to the participating teams</p>	<p><b>2</b> <b>New Projects</b></p> <p>At least 20 new initiatives to be identified for the commercialisation and standardisation base from 2016 initiatives cultivates from different IT &amp; NT divisions. This includes combined and stand alone initiatives</p>	<p><b>3</b> <b>Ongoing Projects</b></p> <p>There are 16 ongoing projects, which representing 30 initiatives in total, which includes 'combined initiatives' for commercialisation and standardisation</p>	<p><b>4</b> <b>Continuous Improvement &amp; Innovation Convention (CIIC)</b></p> <p>NMO &amp; ND will continue the tradition for 2017 CIIC</p> <p>Network Operations Centre (NOC) &amp; Network Architecture and Technology (NAT) will be the new teams to conduct 2017 CIIC</p>
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Research at TM

We have an established research hub at TM R&D, where our team of 200 researchers collaborate with leading global technology companies, research institutes, universities and cutting-edge start-up companies to constantly develop newer and better connectivity products and solutions. These serve to create efficiencies using digital technologies, E<sup>3</sup> infrastructure and various process tools.

Innovation at TM R&D helps us improve our own systems and processes while also enabling us to market industry-relevant solutions. Over the years, we have been able to commercialise more than 20 solutions via licensing agreements with technology companies and start-ups.

To support convergence, our team has been focusing on bandwidth enhancement and coverage for both fixed and wireless, covering next generation fibre, stretch copper capability, narrowband for Internet of Things (IoT), aggregation and bonding, WiFi efficiency, and long term evolution (LTE) spectrum optimisation.

At the same time, TM R&D is working on security, software-defined networks/network function virtualisation (SDN/NFV) and is developing more services and open integration with multiple systems/applications on platforms such as SWIFT (workforce and operation management), ISSEF (smart services platform) and BINA (analytics and predictions). These will be further enhanced for future scalability and modularisation.

In 2016, our research team was engaged in no less than 34 projects, targeted mainly at TM's business and operations, as compared to 27 projects in 2015. Despite the increase in number of projects, the team managed to cover its costs, earning revenue of RM69.80 million while incurring a total expenditure of RM65.90 million.

A highlight of the year was the launch of C-CUBE, a 3-D colour code designed to store a high capacity volume of digital data such as text, images, music and video in a pattern of tiny squared sized coloured cells. The stored information is accessible via most mobile devices such as smart phones and tablets. It can potentially provide highly secured code for industries like safety, security and enforcement as well as colour code for advertising and promotion. Moreover, it is developed not only for TM but also for partners or starts up who can leverage on this technology to expand their business.

Moving on, there are plans to provide testbeds to assist in the evaluation of technologies for both internal and external solutions. To support further growth in research volume, TM R&D is looking to enhance its own capacity by bringing on board more talent, especially in new growth areas such as Big Data, SDN/NFV and IoT. Meanwhile its own team members continue to further deepen their specialist knowledge via postgraduate programmes, with more than half of them now holding either Master's or PhD qualifications.

Strategy for 2017

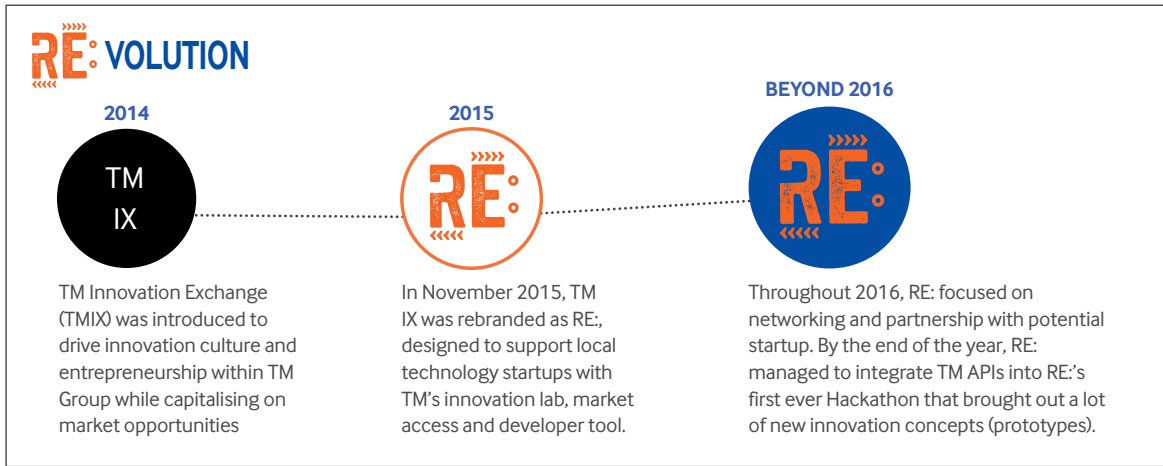
- 1 Consolidate and 'harden' platforms to support multiple services and system integration
- 2 Develop research projects that are scalable, version control, built for cloud and containers, modularised, plug and play
- 3 Rejuvenate the brand and drive visibility to attract more talent and innovation
- 4 Participate in standardisation bodies at the international level such as Broadband Forum, the Alliance for Telecommunications Industry Solutions and Open Networking Foundation

**BEYOND PRODUCTS & SERVICES**

**Supporting Innovative Start-Ups**

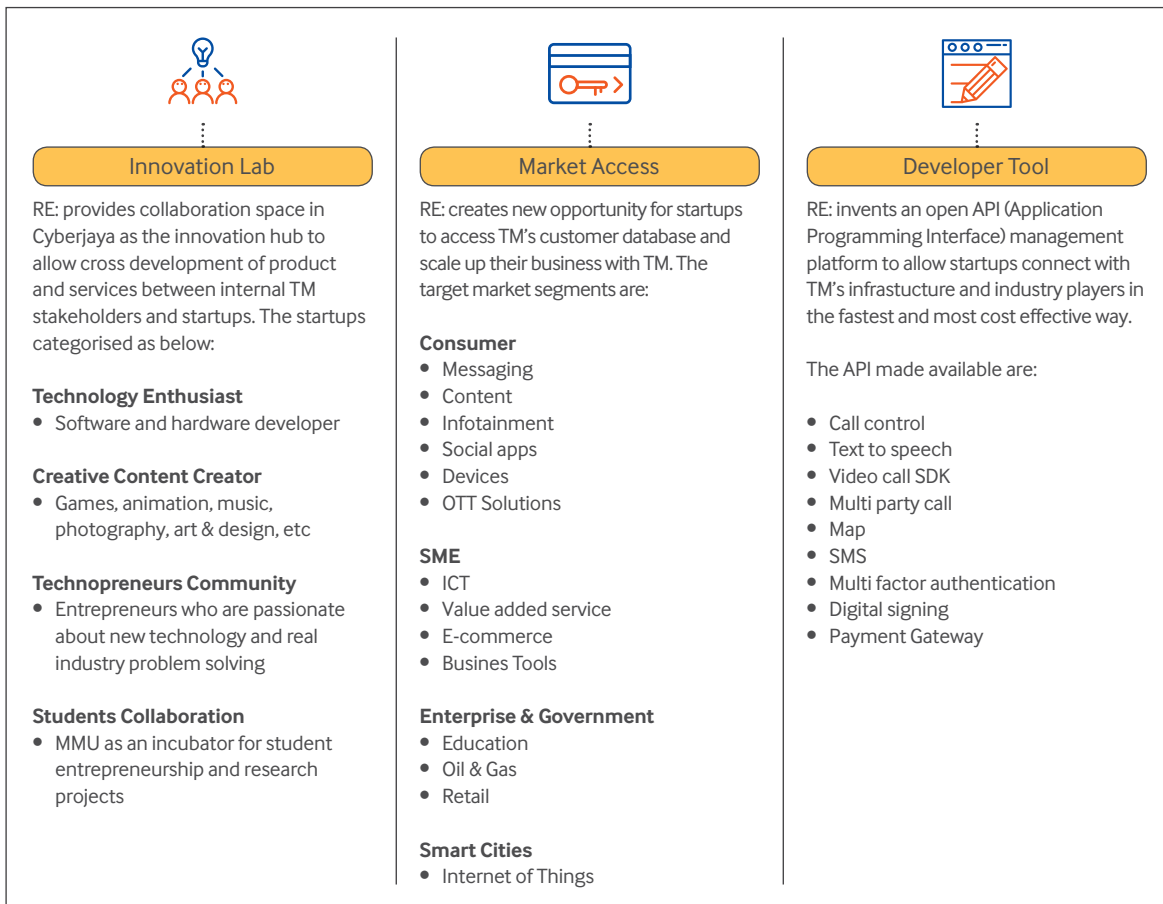
To promote the creative multimedia industry in Malaysia, especially the content sector, we set up TM Innovation Exchange (TM IX) in 2014. Towards end 2015, it was rebranded as RE:, which focuses specifically on supporting technology start-ups and accelerating businesses in the areas of content, applications and devices leveraging on TM’s application programme interface (API) and core competencies. Since its establishment three years ago, RE: has engaged with an average of 100 start-ups annually.

In addition, RE: participated in a number of global workshops, competitions and programmes such as Lean Startup Machine (LSM), Imagine Cup, MaGIC, Project BrainChild and bina 2016 while organising our own hackathon, RE: Hack.



In 2017, RE: aims to start embedding innovative solutions created by start-ups into the Group. It will look specifically into integrating Artificial Intelligence (AI), Mixed Reality, Virtual & Augmented Reality (VR/AR) and Machine Learning projects into our business to create greater efficiencies internally and perhaps even catalyse their adoption more widely in the corporate space. RE: will also pave the way for greater integration of IoT into everyday devices, making life and business easier for everyone.

During the year, RE: continued to work closely with content providers, offering space at our premises for innovation labs where ideas are discussed and creative content developed. It also helped start-ups market their products using our customer database and infrastructure.



BEYOND PRODUCTS & SERVICES



02

## Education



Facts at a Glance:



MMU ranked  
**Top 3**  
Private University in Malaysia



Total of  
**48,661**  
graduates from MMU



**97%**  
of graduates employed  
within 6 months



Total of  
**RM485 million**  
in scholarships and  
financial aid disbursed

**Telecommunications is a niche industry requiring specialised skills and knowledge. To ensure we have sufficient people with the right training to carry out technical and engineering functions, our very own Multimedia University (MMU) offers industry-relevant programmes up to the postgraduate level. Together with our foundation, which supports the educational aspirations of deserving young Malaysians, we are nurturing a highly competent generation capable of supporting our digitalisation journey, and the nation's transition into high-income status.**

Since it was set up in Melaka 20 years ago as Malaysia's first private university, Multimedia University (MMU) – now stands to be the Industrial Trendsetter with campuses in Cyberjaya and Iskandar Puteri, Johor as well – has been producing a steady stream of industry-ready and entrepreneurial-minded graduates skilled in digital technologies. Both qualities of the students, as well as the demand for them, is reflected in the fact that 97.14% of the graduates are employed within six months of completing their academic programmes.

MMU is also one of the top five universities preferred by ICT companies looking for quality human capital, according to the Malaysia Digital Economy Corporation (MDEC).

As a Top Malaysian Private University, one of the university's distinguishing features is the way in which it keeps relevant. It has undertaken a series of transformations over the years, the latest – its 3.0 Transformation Plan which is known as i-University initiative, which it has embarked on in 2015 – set to make it a truly innovative learning institution geared to support the needs of a digital world. Four intelligent labs were established to support the initiative such as the Innov8 Lab, SiRi Learning Lab, SMART Lab and e-Moot Court.

Meanwhile, the university has obtained initial stage approval from the Ministry of Higher Education to conduct four Open Distance Learning (ODL) courses. The content for these is currently being developed, with the aim of commencing the external programmes in 2018.

In line with i-University vision where Championing Entrepreneurship is one of the core thrusts, MMU established Entrepreneur Development Centre (EDC) which was fully operational from 1<sup>st</sup> March 2016. EDC is tasked to inculcate, nurture, and foster entrepreneurship culture among MMU students and staff. It focuses on creating awareness and education programmes to enhance appreciation of entrepreneurship within MMU, providing work space and support services for budding startups, offering early stage funding for startups and spin-offs, and cultivating of smart partnerships with players within the broader entrepreneurship ecosystem in Malaysia.

**BEYOND PRODUCTS & SERVICES**

Under the theme of Enabling MMU Entrepreneurs, EDC in 2016, had engaged the whole of the MMU constituents including its alumni and built a critical mass of MMU startup community via the provision of the early stage fund; MMU Startup Scheme. EDC has achieved in mentoring 29 teams, and out of these number, 11 teams have registered with Companies Commission of Malaysia (SSM).

The institutional influence on entrepreneurship practices of staff and students in the wider environment could be seen through the numbers and progressive approaches of smart partnership with relevant industry players demonstrated. In the year under review, EDC signed more than eight MoA and MoU to build a dynamic and supportive ecosystem for thriving entrepreneurs in MMU. Some of the key initiatives that took place this year were MMU Startup Scheme, Global Entrepreneurship Week, establishing the Founders Club among the alumni, students' Entrepreneurship Cells, Entrepreneur in Residence and Cyberjaya Entrepreneurship Summit. EDC's effort in 2016 was acknowledged by the Ministry of Higher Education (MOHE) when MMU was awarded as a finalist for the Most Entrepreneurial Private University in MOHE Entrepreneurial Awards (MEA) 2016.

The university plans to establish the Hub for Innovation Ventures (HiVE) in 2017 which will serve to promote research, innovation and entrepreneurship. This shall include the Siti Hasmah Digital Library (SHDL) 2.0 within HiVE to provide space for the free exchange of ideas among the students. MMU also aim to complete four more state-of-the-art intelligent labs in 2017, namely the Augmented Reality, Business Simulation, Visual FX and Robotic i-Learning Labs.

**University and School Scholarships**

**Facts at a Glance:**

In 2016, YTM awarded:



**RM13 million**  
to **527 Malaysian students**

1

**212** in local universities and institutions

2

**9** in foreign universities

3

**7** on transfer programmes abroad

4

**299** in upper secondary schools

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**RM1.09 million**  
to **179 TM employees**



Engineering remains a core area of study at MMU, and to promote its graduates globally, MMU has gained accreditation by the Washington Accord. This means its Engineering graduates are recognised in over 20 countries including the United States, United Kingdom, Australia, Japan and Korea.

Communication studies, another key offering, was further enhanced in 2016 with the introduction of a Bachelor of Communication (Hons) in Strategic Communication, the first Bachelor's programme under the new Faculty of Applied Communication (formerly the Learning Institute for Empowerment), at the Cyberjaya campus.

Since it was established, MMU has successfully produced 48,661 graduates. The Johor Campus was opened on 25 January 2016, housing the Faculty of Cinematic Arts.

## BEYOND PRODUCTS &amp; SERVICES

## Academic Achievements of Faculty and Students

- 1 Professor from the Faculty of Engineering & Technology received two World Summit on the Information Society (WSIS) awards in Geneva Switzerland on 4<sup>th</sup> May 2016.
- 2 Senior lecturer of the Faculty of Engineering & Technology received a gold medal at the European Exhibition of Creativity and Innovation, held in Lasi, Romania on 22<sup>nd</sup> May 2017.
- 3 MMU bagged a total of 12 medals of 9 Golds and 3 Silvers in the 27<sup>th</sup> International Invention & Innovation Exhibition (ITEX) 2016 on 13 May 2016 in Kuala Lumpur.
- 4 Faculty of Management's student won the first place in the EY Young Tax Professional 2016 national competition on 29<sup>th</sup> July 2016.
- 5 Students from Faculty of Computing and Informatics won three awards in the Degree Category of the Institute of Higher Learning-Multimedia Super Corridor (IHL-MSC) Malaysia Start-up Challenge 2016 on 17 November 2016 in Kuala Lumpur.
- 6 Short film, Suraya, from the Faculty of Cinematic Arts (FCA) wins Best Film Award and Best Film Narrative at the 2016 Asian Youth Indie Film Festival on 8<sup>th</sup> October 2016.
- 7 Spotlight, directed by an FCA student, wins the Take21 2016 Best International Film Award in Toronto, Canada on 27<sup>th</sup> May 2016.



We offer scholarships to deserving Malaysians, to help them pursue their secondary and tertiary education, while also supporting the further professional development of our own employees. These are awarded by Yayasan TM (YTM), our foundation which was incorporated in January 2007.

In addition to providing scholarships, YTM runs a Scholars' Development Programme to enhance our scholars' academic performance, inspire them and equip them with relevant business and leadership skills, with the aim of nurturing future leaders for the Company, and nation. As part of their development programme, the scholars participate in various TM events and CSR initiatives to gain a better understanding of the Company's operations and our values. For broader industry exposure, they are enrolled in various programmes organised by other foundations. Key among these is the Yayasan Khazanah Leadership Conference.

The Scholars' Development Programme is continually enhanced to ensure we provide the best possible grounding and pre-employment grooming to our future leaders. In 2016, for example, we launched YTM Inspirasi, an intellectually challenging programme; and Program Nur YTM to instil fundamental values and principles, in line with TM's own Kristal Values. YTM also organised a 10-day attachment for our second-year engineering scholars, and an Up Close & Personal session with our MD/Group CEO, for better understanding of the Group's business aspirations and our management culture. To motivate our scholars to achieve their best academically, we held an Anugerah Kecermelangan YTM for the first time, an occasion at which those who attained First Class honours were recognised.

For our younger scholars preparing for the SPM 2016 examination, YTM organised examination seminars and coaching programmes. It also channelled funds towards meeting the education needs of the underprivileged.

In addition to providing scholarships, YTM invests in heritage programmes to preserve important aspects of the nation's history, especially those related to telecommunications.

BEYOND PRODUCTS & SERVICES



03

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## Social



Facts at a Glance:



More than  
**3,000**  
food parcels  
distributed to the needy  
during Ramadhan



**22**  
artificial coral reef frames  
installed off Pulau Tinggi



Over  
**RM4.5 mil**  
of social media value  
at the Rio Olympics



**Team Malaysia**  
recognised as an  
'Official Supporter of  
National Athletes'



More than  
**1 million**  
Team Malaysia followers

**Our vision to make lives easier for a better Malaysia extends beyond providing products and services that connect people, bring them information at their fingertips and allow them to stay entertained wherever they are. It includes creating a more united Malaysia by connecting people through their hearts – appealing to common goals and common interests – getting Malaysians to rally together in support of different causes.**

**Doing Good to Do Better**

Just as TM has always had a very strong sense of corporate citizenry, supporting the government in its national development agenda, and providing aid to help uplift the lives of the marginalised, our people are similarly driven to volunteer in any way they can to make lives better, for everyone. Recognising this strong spirit of volunteerism, TM Reaching Out Volunteers (TM ROV'ers) was established in 2013 as a platform for our employees to go out into the community and offer a lending hand to the needy.

**How it Works:** Whenever there is a need for volunteers, a message is sent via internal email blast and Yammer!, calling our TM ROV'ers to action. Generally, within hours, offers to help will come flooding in.

**What We Get Involved In:** Anything and everything that will make a meaningful change to lives. Our employees can suggest worthy causes. Our CSR Team calls for volunteers for programmes we run on an ongoing basis, such as BumiKu, TM Earth Camp and our school adoption programme. We also call for volunteers to help in initiatives undertaken by the GLC Disaster Response Network (GDRN), which TM currently leads.

This year, we organised a TM Reaching Out Day which we invited all our internal clubs and societies that carry our community programmes as well as some selected NGOs to take part in a 'bazaar' for them to showcase what their objectives were to our employees. Employees were also given the opportunity to sign up with any of them on that day.

**GDRN**

GDRN, comprising members from the GLC 20 in Malaysia, go out in force during national disasters such as the floods. To keep members prepared for crisis, programmes are organised on a regular basis. In 2015, we partnered with MERCY Malaysia and JPAM on two separate disaster preparedness programmes for GDRN members. In 2016, we collaborated with RedR to organise a three day-two night Humanitarian Logistics and Supply Chain Management Programme which dealt with issues such as managing teams during relief operations, personal health and safety, security risks, dealing with the media, professional and personal development planning for relief work.

## BEYOND PRODUCTS &amp; SERVICES

**TM ROVerS:**

Comprise members from these TM Clubs: Kelab Pencinta Alam TM, Rejimen Semboyan Diraja PAKAR Telekom (AW), TM Bikers, TM Radio Amateur Community (TM RAC), Kelab TM Ibu Pejabat, Badan Kebajikan Islam Telekom (BAKIT), Tiaranita and Persatuan Eksekutif Telekom (PET)

And NGOs invited to TM Reaching Out Day:

National Autism Society of Malaysia (NASOM), National Cancer Society Malaysia (NSCM), MERCY Malaysia, Islamic Relief Malaysia, Yayasan Salam Malaysia, Malaysian Nature Society, All Women's Action Society (AWAM) and Pertiwi Soup Kitchen

**Focus on our Marine Environment**

In 2016, both our flagship environmental programmes – BumiKu, which is organised for employees, and TM Earth Camp, targeting school children – focused on the marine environment. Collaborating with Malaysia Nature Society (MNS), we chose Pulau Tinggi, off Johor, for a three-year project with TM Earth Camp participants to create awareness among school children of the importance of marine environment and to enable them to play a part in marine environmental conservation through activities such as: creating a mangrove nursery, coral replanting, delineating safe swimming zones, helping to develop the Marine Information Centre, and contributing towards turtle conservation/hatching.

Taking the programme further, we also ran our BumiKu Camp at Pulau Tinggi to enable our TM ROVerS to contribute further to our environmental efforts here. About 100 TM staff – a number of them are certified divers – descended on the island on 14-16 October where they planted 22 units of artificial coral reef frames on the sea bed and set up a 400 gallon water tank to help secure better water supply for the local community.

**Feeding the Needy**

TM ROVerS also carried out a special Tiffin Malaysia programme during the month of Ramadhan, during which more than 3,000 packed food were prepared and distributed to the needy in three separate sessions.

**Uniting Malaysians Through Sports**

TM's Team Malaysia acts as a movement uniting Malaysians from all walks of life in support of national athletes competing at local and international games. The platform was established in 2011 in collaboration with the National Sports Council of Malaysia and Olympic Council of Malaysia. In addition to organising events on the ground, Team Malaysia also leverages on our infrastructure to offer Malaysians access to content they would otherwise not get to enjoy on social media platforms such as Facebook, YouTube, Instagram and Twitter.



An excellent example was the raw coverage provided by Team Malaysia at the Rio Olympics. A team of seven who went to the Brazilian capital achieved more than one million engagements, more than 2.3 million video views, and reach of almost 43 million users, earned an estimated RM4.5 million worth of social media value and recognition as the No.1 provider of digital updates on the Olympics. One of its hashtags, #KamiTeamMalaysia went so viral that even our Prime Minister tweeted on it from his account.



Team Malaysia is the Official Charters of Malaysian Athlete at the Rio 2016 Olympic Games, read more about it on **Box Article 3: Team Malaysia – Malaysia's Digital Platform for the Rio 2016 Olympic Games.**

But their efforts to rally Malaysians in support of our heroes did not just begin in Rio. Prior to the Olympics, Team Malaysia organised its fifth Fan Run which attracted 10,000 participants who not only demonstrated their support through running in the 21km, 10km and 5km races, but also got to express their hopes and admiration of our athletes in person. To spread the spirit of sporting patriotism even further, a Team Malaysia Campus Tour (TMCT) was organised, which visited 20 locations around the country, mainly universities.

As with everything we do at TM, Team Malaysia continues to evolve in ways that are meaningful. During the year, it spawned its own corporate social responsibility (CSR) arm, Sports We Care, creating opportunities for underprivileged children to take part more actively in sports. So far, it has channelled children into various sports carnivals and clinics, and even got a group to take part in the Heartathon Run held on 13 November at Universiti Pertanian Malaysia (UPM) grounds.

Every year, as Team Malaysia gets bigger, so does its sphere of social influence. Together with TM ROVerS, it is ensuring TM lives the Gandhian philosophy of 'being the change we want to see'. Not only are we empowering Malaysians to connect for social good, we are bringing Malaysians together in very real and meaningful ways to bring hope, joy and light to those who need or deserve. In this manner, we are genuinely changing lives for the better... for a better Malaysia.

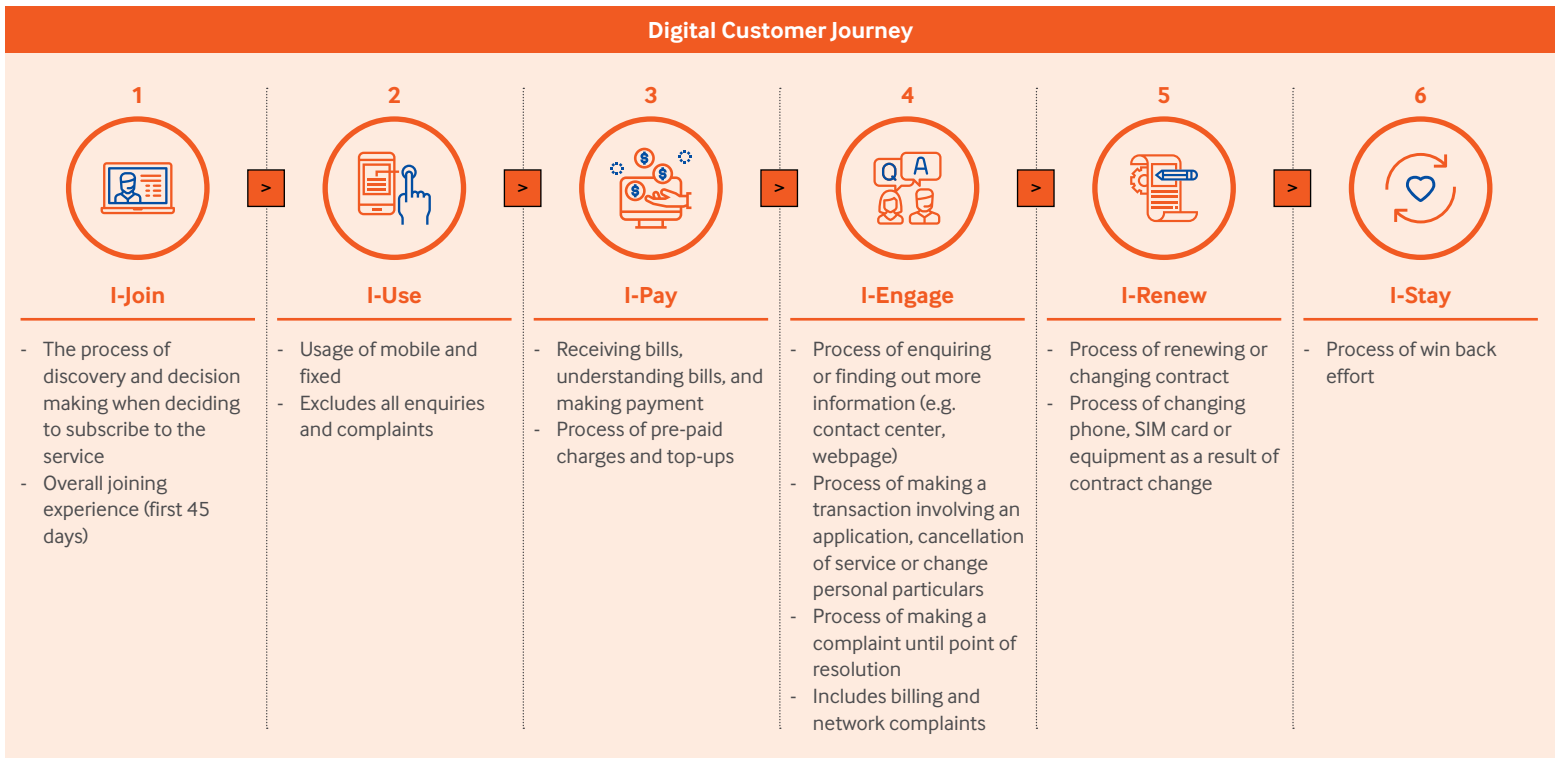
# CUSTOMER EXPERIENCE

In an industry as competitive as telecommunications, it is not enough to just have good products. Customer Service is a key differentiator. While customers expect uninterrupted connectivity when they use our services, they also expect excellent experience whenever interacting with us.



We acknowledge these expectations and continuously invest into better infrastructure for better service quality – marked by fewer service disruptions, clear voice and data quality, etc – and an enhanced experience when customers interact with us. In terms of the latter, we have embarked on a comprehensive transformation programme to digitalise all our customer interfaces making it easier, faster and more convenient for customers to communicate with us and achieve what they had set out to do.

Our digital transformation journey got off to a start in November 2015, with online registration for UniFi. This was followed by the award of a contract for the first phase of our Digital Customer Experience (DiCE) project to a partner organisation on 28 October 2016. The new web responsive portal and mobile app encompassing the six steps of a customer journey with TM – from I-Join, I-Use, I-Pay and I-Engage to I-Renew and I-Stay – is expected to be completed by the third quarter of 2017.



In the meantime, we are enabling a number of online channels for better service delivery, which will eventually be integrated onto a single, integrated digital customer platform. In 2016, we launched two alternative channels for customers to communicate with us: Facebook and Live Chat. We also introduced four new features in our Self Help Troubleshooting function.

Collectively, these new online services serve to divert call traffic to our contact centres, enabling faster resolution of issues and reducing the wait time of callers. With our new digital channels we have managed to achieve a 85:15 ratio in the traditional to digital channel mix. Our target is to reduce this ratio to 75:25 in 2017 and eventually achieve a 40:60 mix by 2019.



## CUSTOMER EXPERIENCE

**Facebook**

In addition to our Twitter channel @TMConnects established in 2015, we expanded our social media reach by establishing the Everyone Connects Facebook page in January 2016. Customers can now make product enquiries, put up service requests and even lodge complaints through our official social media channels.

**Live Chat**

Live Chat was soft-launched in January 2016 with only five customer service professionals (CSPs). To create awareness of the service, in April we installed an IVR announcement to advise customers in the northern region queuing to speak to one of our call centre agents to get real-time support from our Live Chat agents. To meet the expected increase in chat traffic, we increased the number of CSPs to 15. In August 2016, we launched the IVR announcement for all TM100 calls nationwide, and brought on board an additional crew of 21 CSPs.

In December, we extended their operating hours from 9am to 10pm Mondays to Fridays, to 9am to midnight every day. Our efforts contributed to a 364% increase in volume of Live Chat from the first quarter to the last quarter of 2016 by which time we were averaging 12,958 chats per month. To better manage the volume of chats, we sent our CSPs for training.

**Self-Help Portal**

TM Self Help was made available on our corporate website in 2015, enabling customers to resolve basic technical issues faced with their UniFi or Streamyx broadband. With Phase 2 of TM Self Help, launched in October 2016, they are able to troubleshoot 106 different scenarios, and can even access the platform via their mobile phone (connected to their data plan). This means they can troubleshoot even when their connection is down. In addition, the tool allows them to create their own trouble ticket should they be unsuccessful in resolving their problem after going through the recommended steps.

TM Self Help is able to support 500 concurrent users and received a total of 73,000 hits in 2016.

**Moving Forward**

To further promote our alternative channels, we sent an electronic direct mailers (EDM) to all customers in December reminding them of these services.

For Live Chat, we will continue to send more EDM while leveraging on TM collaterals, social media paid ads and news releases to heighten our customers' awareness. We will also expand our Live Chat team to ensure sufficient resources to meet the expected increase in traffic.

For the TM Self Help portal, we plan to introduce a Wireless Analyzer function to enable customers to scan and check the WiFi signal strength in their premises and configure the WiFi channel automatically. TM Self Help will also be made available in soon-to-be-launched mobile apps.

**Increased Customer Satisfaction**

We are confident that our investments in alternative digital channels are effective, not only by the increasing number of customers engaged but also from their positive feedback. Our customers' level of satisfaction is measured via three main surveys – Net Easy Score (NES), which measures how easy customers interact with us; Net Promoter Score (NPS), which measures how likely they are to promote TM to others; and the TRI\*M index, which measures the overall desirability of the customer experience.

NES is measured by sending an SMS to customers after every interaction they have with us over our portal, phone conversations, as well as face-to-face interactions at TMpoint outlets, with our resellers, and during service installation or restoration. The NPS on the other hand is measured amongst customers who have been with us more than three months. They would receive SMS every two years to gauge feedback on how likely they are to promote us. As for TRI\*M, it is measured by survey calls made to the customers done by an appointed consultant.

Our NPS improved from -7 in 2015 to -1 in 2016, while in our NES matrix, our scores in each of seven different parameters improved over the year with the greatest improvement seen in 2016. Meanwhile, our TRI\*M index increased from 75 in the last three consecutive years to 77 in 2016.

**Creating Internal Digital Culture**

Becoming a fully digital company necessitates having a digital savvy workforce. Recognising this, our Digital Customer Experience (DCX) team is playing its part to inculcate digital culture amongst employees.

Throughout the year, a number of programmes were implemented, such as:

- The Re: Hack Smart Living Hackathon, on 10-11 December, which attracted the participation of 27 employees out of a total of 108 external computer programmers
- A two-week Stay Fit Go Digital: The 10,000 Steps Challenge, from 21 November to 4 December, which saw 124 employees participate in healthy activities which were tracked using fitness tracker apps and wearables
- Customer Experience Summit - the event was held in Johor, Penang and Kuala Lumpur to engage our personnel in our Digital and Service Culture initiatives.

## IT & NT - SMARTER NETWORKS

**IT&NT is one of the technology entity that supports TM's entire business by keeping everyone connected, allowing us to experience changes of technologies mainly in Cloud and Virtual Innovations. It provides infrastructure and networks that enable our Mass Market and Managed Accounts clusters as well as Global Wholesale to offer data, broadband, digital and mobile services, and empowers us to bring everything together in simple and smart way towards convergence.**

In recent years, the division has focused intently on transforming our legacy of Public Switch Telephone Network (PSTN) into an IPv6 compliant all-IP Next Generation Network (NGN): this will provide a future-proof platform that enables TM to deliver more integrated services proposition and expand our international links and new Operational Support System (OSS)/Business Support System (BSS). A major milestone was achieved in 2016 when this transition was completed. Adding to our own sense of accomplishment, in December 2016, we were awarded the Jim Bound IPv6 Worldwide Deployment Award by Global IPv6 Forum in recognition of our exemplary IPv6 deployment.

Today, with a 100% NGN as our foundation, we can forge ahead to offer even more cutting-edge digital solutions such as cloud and virtual technologies to our customers while transforming our own internal systems to be able to deliver greater customer service and efficiency.

In addition to enhancing our customer journey, IT&NT is redesigning our front-end and back-end functions to simplify our systems and processes, helping us reduce our cost to serve, hence contributing to our bottom line.



### Facts at a Glance:



Phase-out from  
PSTN network with  
**3.9 mil**  
ports deployed



**1<sup>st</sup> virtual function**  
**- vCPE -**  
launched



**0.5%**  
in Opex savings

### How NGN is Transforming Our Products

IPv6 provides a highly scalable address scheme that is able to meet the requirements of present and future communicating devices, and will launch us into the era of interconnected smart devices through Internet of Things (IoT).

We first launched commercial services with IPv6 assignment in 2011, over Global IPv6 Transit and Direct services. In 2013, we introduced dual-stack IP assignment for UniFi and Streamyx broadband services followed by IPVPN services. At the end 2016, webe and TM WiFi joined the IPv6 bandwagon.

Moving forward, IT&NT will further embrace virtualisation of network by using Software Defined Network (SDN) and Network Function Virtualisation (NFV) technologies through CPE to reduce deployment cost and time.

Most recently, on 23 December 2016, we launched the Virtual Customer Premise Equipment (vCPE) service, the first product to be offered under our new Network Function Virtualisation (NFV) architecture. vCPE transfers the functions and features that are normally provided at customer premises (via CPE) onto the cloud, thus simplifying the equipment and service delivery and opening up possibilities for value-add services on demand.

## IT &amp; NT - SMARTER NETWORKS

**How NGN is Transforming TM**

Upon completion of the network conversion, IT&NT has embarked on a new three-year plan to further streamline TM's operations, bringing the benefits of digital and converged processes to the organisation. The idea is to take the process of simplifying our operations to the extreme, while maintaining a keen eye on enhancing our service.



The converged approach adopted for webe has become a benchmark for us at TM as it demonstrated the way in which synergies can be derived from shared design and IT development to common operations and maintenance.

While the process of transformation is ongoing, we are already seeing the fruit of productivity improvements and cost discipline, with both Network Management Operations (NMO) and Network Delivery (ND) units achieving significant savings. These have contributed to a reduction in the Group's operational expenditure (Opex) by 0.5% from year 2015.

**Prospects**

Various initiatives are being undertaken to create a more cost effective and efficient organisation, revolving around three principal focus areas of technology, digital and innovation.

I

**Under technology, IT&NT aims to manage:**

- > Bandwidth challenges of doubling our access speed. This can be achieved by:
  - 1) shortening the copper loops in SUBB and using webe;
  - 2) fiberising high-rise buildings; and
  - 3) accessing aggregation
- > Simplicity challenges of standardising and simplifying our network architecture
- > Virtualisation challenges – the aim is to set up an SDN/NFV team
- > Security challenges – it will establish a dedicated security team

II

**Under digital, the IT team is supporting:**

- > The implementation of a new two-speed IT architecture comprising:
  - 1) Digital Customer Experience (DiCE) as the front end; and
  - 2) Interstellar as the back end, which will take slightly longer to deploy
- > Internal process redesign of SWIFT, SRR, Inventory enabling the digitalisation of thousands of documents on approvals, implementation and maintenance; as well as re-design of service-centred operations

III

**Under innovation:**

- > IT&NT will continue to improve the network for a better customer experience; to support start-ups; and through the adoption of new technologies to enhance our analytics, trouble-shooting and restoration capabilities. For more information on IT&NT's Distinctiveness Innovation Initiative, please refer to the Beyond Products & Services on pages 71 to 74.

## SUPPORT BUSINESS - SMARTER WORKPLACE

### Facts at a Glance:



Total  
**15.6 million**  
visitors  
to Menara KL



Fleet of  
**5,094**  
vehicles



**696**  
network &  
non-network  
buildings



**2,159**  
security personnel



**472-acre**  
land bank

To ensure the smooth running of our core business – namely connecting millions of Malaysians throughout the country to family and friends, information and entertainment – we have a group of operations that provide essential support. These companies house our telecommunications and broadcasting equipment, manage our property and fleet, and ensure the security of all our assets. Some of them also derive income from adjacent businesses.



*Sky Box at Menara Kuala Lumpur*

Our Support Business comprises Menara Kuala Lumpur Sdn Bhd, Property Operations, Property Management, TMF Autolease Sdn Bhd and Security Management & Occupational Safety Health Environment. Each arm has continuously sought to attain international standards in its operating systems and, for the first, in 2016 all achieved ISO 9001:2008 certification.

### Menara Kuala Lumpur Sdn Bhd (MKLSB)

MKLSB manages Menara Kuala Lumpur, or widely known as KL Tower. As the seventh tallest telecommunications tower in the world and the tallest in Southeast Asia, it serves as a telecommunications and broadcasting tower, as well as a key tourist attractions. MKLSB also manages Muzium Telekom in Kuala Lumpur and Menara Alor Setar in Kedah. Attractions in KL Tower include the Observation Deck, Sky Deck, Atmosphere 360 (revolving restaurants) and many more. The tower has become well-known among extreme sports enthusiasts for its signature KL Tower International Jump Malaysia. The management recently introduced new attractions, such as the Sky Box at Sky Deck, which at 300 meters, offers visitors a unique and thrilling experience to enjoy the panoramic view of Kuala Lumpur. All these activities and events are aligned with KL Tower's tagline to be the centre for Culture, Adventure and Nature. In addition, for both Muzium Telekom and Menara Alor Setar, transformation efforts are also undertaken to enhance the artefacts and attractions at Muzium Telekom and creating more attractions to Menara Alor Setar, such as new facade lighting.

## SUPPORT BUSINESS - SMARTER WORKPLACE



TMFASB maintains our vehicles in the best condition.

#### TMF Autolease Sdn Bhd (TMFASB)

TMFASB manages our fleet of 5,094 vehicles through seven regional offices. Its primary function is to maintain the right number of vehicles, in good condition, to suit our needs. In 2016, it arranged for the country's leading vehicle inspection company, Puspakom, to carry out inspections of our fleet at TMFASB premises. Safety also featured strongly on TMFASB's calendar during the year, with numerous road safety campaigns and vehicle handling sessions. It also introduced a new, ergonomic ladder rack that provides additional protection to workers' spines while loading and unloading vans.

#### Property Operations (PO)

PO provides total facilities management solutions for our 696 buildings. A key focus is to enhance our energy consumption, and in 2016 it saved 27.7 million kWh of energy through a facilities improvement programme, energy awareness campaigns, energy performance contract, and monitoring efficiencies using Power Usage Effectiveness (PUE) and Building Energy Index (BEI). Power enhancement and upgrade projects were carried out at nine critical buildings – in Putrajaya, Taman Tun Dr Ismail, Batu, Klang Selatan, Jalan Raja Chulan, Brickfields, Menara TM, Kelana Jaya and Cyberjaya. To facilitate the work of its employees, PO introduced a digital tablet for use in fault management and asset inventory. It also supported major TM projects such as Digital Terrestrial Television Broadcasting (DTBB) for MyTV, Data Centres and TMpoint Transformation. To ensure compliance with regulatory requirements, it engaged with the relevant government agencies such as the Ministry of Domestic Trade, Co-operatives and Consumerism, Fire and Rescue Department, Department of Civil Aviation and Energy Commission.

#### Property Management (PM)

PM oversees our land bank and provides property management services for our properties. During the year it secured a Joint Land Development Agreement (JLDA) with UEM Sunrise Berhad for a site at Bukit Mahkamah located in Central Business District of Kuala Lumpur at a guaranteed land cost of RM150 million. It also project managed the renovation and relocation of TM @ Damansara building for Managed Accounts. For continuous improvement, PM enhanced security access by installation of turnstile and visitor management system at Menara TM.

#### Security Management & Occupational Safety Health Environment (SM&OSHE)

SM&OSHE serves to protect our employees and assets, and represents the Group in the National Crisis Management Committee. In 2016, it collaborated with the police and other stakeholders in 157 programmes nationwide to prevent cable theft, a major risk that we face. As a result of their efforts, we saw a 15.7% reduction in cable theft cases compared to 2015. Significantly, there was zero occupational fatality.

#### Financial Performance

Although Support Business is not a major revenue generator, it has been making concerted efforts to increase its contributions to the Group. In 2016, it grew its earnings before interest and tax (EBIT) by 3.5% to RM38.4 million, based on revenue of RM185.7 million. At the same time, the Group achieved 27.7 million kWh in energy savings, exceeding our target of 25 million kWh, as a result of Support Business' initiatives.



KL Tower International Jump Malaysia

# HUMAN CAPITAL DEVELOPMENT - SMARTER WORKFORCE



As we are stepping up our game in convergence and digitalisation, human capital is the core enabler for TM to stay competitive in the market. Our priority is to grow our valuable asset – our employees along with our businesses. We invest in strengthening critical and new digital competencies to ensure our workforce is ready to drive this transformation journey, whilst assuring sustainable capabilities of the core existing competencies. This is what we called “two speed transformation” which guarantees availability of the right talents and capabilities in the organisation.



**Facts at a Glance:**



Total No. of  
TM Group Employees  
**28,045**



Employee  
Engagement Index  
**92%**



Talent Retention Rate  
**98.1%**

In striving to make life easier, we embrace the changes and disruption that Industrial Revolution 4.0 brings and to gear up the workforce to embrace the Go Digital culture. This means having a heightened digital awareness synchronously across the organisation and building a smarter workforce that acts as a catalyst to the digital transformation. Our digital savvy workforce would be able to complement technology advancement in the workplace to drive innovation and productivity. The workforce will thrive in an agile organisation that is cross-functioning, flat and fluid. This allows for greater empowerment which translates into speedier decision-making and simpler work processes whilst putting the customer at the heart of it. Information will be a commodity and analytics forms the basis of all decision-making within the organisation. Cross-collaboration between teams will happen more naturally across the board in bringing innovative ideas to life.

In ensuring that the strategy is robust and supports the dynamic capabilities requirements, business will co-lead and co-deliver programmes to upskill the workforce. This enhanced workforce will be both stable at the core and agile to drive the transformation. Whilst enhancing tools and processes, ensuring sustainability of the transformation is even more critical. To move towards this, there is a need to create an ecosystem that supports the mind-set shift towards an agile culture driven by digitalisation.

In the long run, the sustainability of our transformation correlates with the latitude of the digital mind-set within our organisation. The Digital era is an exciting one indeed and we are committed to power through this journey in realising our vision to Make Life and Business Easier for a Better Malaysia powered by Digital.

**BUILDING A LEADERSHIP BENCH**

At TM, we believe in growing our own timber as part of our key effort to develop a sustainable leadership pipeline. By strongly holding on to the concept of identifying, building and sustaining leaders at all levels, our journey begins from our very own TM scholars up to the leadership bench at TM. In supporting our aim to cultivate a smarter and capable workforce, we are always committed in providing our employees with the best development opportunities such as building digital related skill & capabilities.

Through the rapid growth of digitalisation and converged services, wherever possible we take pride in empowering employees to act on groundbreaking ideas regardless of their position and function at TM in living up to the status of a true TM brand ambassador.

HUMAN CAPITAL DEVELOPMENT - SMARTER WORKFORCE

**Building Better Leaders**

In 2016, our senior management underwent two key programmes to elevate their leadership effectiveness:

- **Fundamentals Made Easy** - It imparts basic understanding of a broad range of critical functions such as Finance, HR and Procurement to enhance our leaders' ability to appreciate the cross functional relations of different operations within the organisation and develop more effective forward-looking strategies.
- **Performance Management Bootcamp** - It provides our senior management the tools to inspire a high-performance culture within TM leveraging on our leadership competencies of S.U.C.C.E.S.S (*Service excellence, Unity & Teamwork, Cultivate Stakeholder Collaboration, Catalyse Change, Embrace & nurture talent mindset, Strive for results, Strategic & Entrepreneurial mindset*). Among the key learnings is the ability to set goals that motivate employees to perform at their best.

**Bringing Out the Leadership in Talent**

Development programmes and engagement activities for our talents focused on building their leadership capabilities. This led to a 3 percent point year-on-year increase in the Talent Management Index to 80%. Emphasis was placed on three key areas to nurture a smarter workforce of digital talent.



I Cross Functional  
(Stretched Assignment) & Projects



II Willingness to Change  
(Adaptability)




III Design & Innovation Mindset

**Development Programmes**

1



**Digital Talent Programme by MMU**

Digital Talent Program designed by MMU's School of Management is aimed to equip talents with knowledge and competencies required to adapt and contribute effectively in a converged and digitalized economy & industry especially in the areas of marketing, business, design thinking, economy and strategy. A total of 350 talents attended the programme on Digital Economy & Business Skills, while another 87 completed Big Data as Data Analysts training.

2



**Lead, Excel and Deliver (L.E.A.D) Programme**

L.E.A.D, facilitated by the Cranfield School of Management, bridges the transition of high potential middle management to senior management. Selected participants were given the opportunity to take part in cross-functional programmes and drive strategic projects for TM. This year, 20 future leaders and newly appointed general managers were selected for the fourth series of the programme.

4


**Talent Engagement Session**

In 2016, our talents were given the opportunity to engage in creative and innovative courses on design thinking and brain colour profiling. Organised on a regional basis, including Sabah and Sarawak, these sessions aimed to enhance adaptability and create a mindset aligned to a smarter, digital workforce.

3


**Talent Convergence Congress (TCC 2016)**

TM Convergence Congress was organised with the objective of boosting and sustaining talents' energy for them to play part in TM's journey as the nation's Convergence Champion. This Congress shows a shift in terms of approach towards building talent capabilities whereby it empowers the talent themselves to obtain new knowledge and skills by enrolling themselves in projects pitched by TM leaders during the program. Throughout the event, 26 projects have been showcased with active participation and enrolment by the talent group.

**INCLUSIVITY & DIVERSITY IN BUILDING A SMARTER WORKFORCE**

We believe in nurturing a diverse workforce rich in varied perspectives as this strengthens the basis of our business strategies and decisions, hence enhancing the effectiveness of our operations. To attract and retain a good mix of gender, race, religion and age, we recognised the importance in providing equal opportunities to all employees in every aspects of their career with us, from remuneration to training and job advancement.

Reflecting the multi-cultural composition of our workforce, we celebrate all major festivities, reinforcing our 1TM culture and promoting a harmonious work environment. As part of our philosophy of inclusivity, we also provide employment to persons with disabilities (PWD). As of end 2016, we had 73 PWD in our call centres, with a 70:30 male to female ratio.

HUMAN CAPITAL DEVELOPMENT - SMARTER WORKFORCE



**Women representation in decision-making positions**

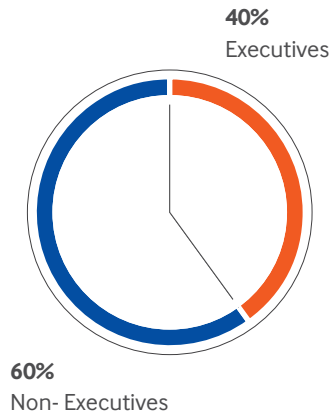
We champion the cause of providing women with equal platform as their male counterparts thereby allowing them to grow and cultivate leadership skills. Gender diversity in leadership enables us to leverage on their full potential to elevate organisation sustainability. Diversity of thought would bring different thinking perspectives and results in better decision making. It is also to support agility and flexibility of the business and technology change.

In supporting of the Corporate Governance Blueprint which targets 30% women participation on Board by year 2016, TM periodically selects qualified women from Senior Management to undergo training to equip them with relevant knowledge to serve as Directors on the Boards of TM Subsidiaries and associated companies. For example Women in Leadership, McKinsey Rising Star and Professional Executive Coaching. We encourage leaders to leverage on diversity of functional capabilities of the people through job rotation and cross assignments to sustain mobility ecosystem across TM and our regional offices.

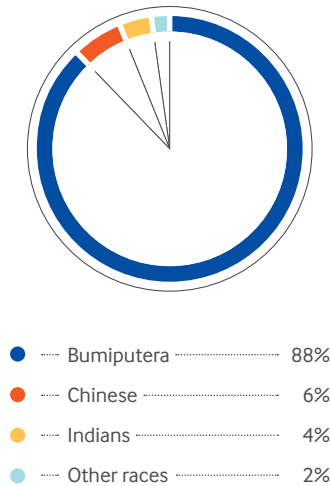
**ENGAGING OUR WORKFORCE**

To support our ongoing transformation, we are creating a flatter organisational structure to encourage greater communication and collaboration between our people. In addition, we are promoting cross-functional interaction and providing more opportunities for employees to gain broader exposure of the business via job rotation and cross assignments. Much emphasis is being placed on empowering our people, especially in terms of generating new ideas that will help to simplify our work processes, putting the customer at the heart of all that we do.

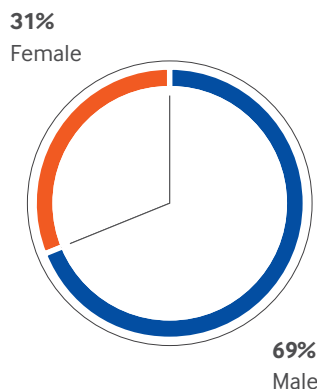
**WORKFORCE**



**RACIAL COMPOSITION**



**TM SENIOR MANAGEMENT GENDER COMPOSITION**



In order to increase the level of our employees' satisfaction and to engender a feeling of belonging to TM, we actively engage with our employees from different levels and locations via platforms such as Jom Bersama GCEO, Turun Padang, Teh Tarik sessions with senior management, Business Roadshows and Lines of Business (LOB) Conventions. At each of these events, our management actively seek to create free and honest dialogue with our employees to hear their views, listen to their suggestions and find ways of creating a more innovative and dynamic culture. In 2016, in line with our digital journey, we brought our employees together with management at events such as the Hackaton, Gamification, Community Forum, Design Thinking and Playroom apps.

We encourage the spirit of 1TM via the I Love TM and ZBC Amazing Race campaigns. We also recognise individual contributions through TM Group Awards Night, KRISTAL Awards and Warisan Kasih. As a result of these initiatives, we scored 92% in the most recent My 1TM Survey, denoting a high level of employee engagement.

**AWARDS & RECOGNITION**

Our high-impact human capital initiatives and innovation in leadership development, talent management, performance management, operational excellence and engagement were recognised by the following awards during the year:

- Malaysia Best Employer Brand, by World HRD Congress
- Asia Best Employer Brand, by World HRD Congress
- Grand Award for Employer of Choice (GLC category), by the Malaysian Institute of Human Resource Management (MIHRM)
- The Best Initiative at the LIFE@WORK Awards 2016, for VADS' Strategic Transformation & Enablement Programme to Up Skill Professionals by Talent Corp.



## OCCUPATIONAL SAFETY, HEALTH AND ENVIRONMENT (OSHE)

The safety of our workers, and those of our employees, remains paramount to TM. We have in place a strong culture of safety that is supported by continuous training, supervision and monitoring to ensure everyone conducting work for TM has the required skills and knowledge to carry out his or her job function safely. We also recognise that safety is a continuous journey, and with each year we strengthen our systems and processes to safeguard our people.

### Achievements:

- 1 Zero fatal accidents among employees and contractors' workers
- 2 Completed Non-Ionizing Radiation (NIR) Research
- 3 Launched new programme on protecting employees' hearing
- 4 Launched new OSHE Complaints Centre (OCC)
- 5 1<sup>st</sup> Collaboration between SOCSO and TM for the National Launching of Safe Commuting To Work Campaign 2016



Site Inspection by OSHE Team

About 5,000 TM employees and 20,000 contractors' workers are involved in high-risk activity, including working at height, in confined spaces, near high voltage and on/by the roads. To ensure their safety, our OSHE team and the relevant divisional management conduct regular inspections to ensure all workers follow safe work instructions and comply with OSHE requirements.

All contractor workers must attend NIOSH TM Safety Passport (NTMSP) training and pass the examination before being approved to enter work sites. Our employees are required to familiarise themselves with safe work instructions and OSHE requirements, while our supervisors use their log books and Permit-To-Work to ensure all OSHE requirements for the related works are adhered to.

### SAFETY PERFORMANCE

At TM, we have set ourselves as one of our top Key Performance Indicators (KPIs) zero fatalities among our employees as well as those of contractors, which we achieved in 2016. We have had zero fatalities among our employees since 2010, and among our contractors' workers since 2015.

We are therefore proud of our enhanced performance, yet acknowledge that there are still areas in which we can improve. For example, there was no improvement in the number of accidents recorded – 49 – which was the same as in 2015, representing an accident rate of 1.03 per 1,000 employees (including contractors). And our Lost Time Injury (LTI) increased from 593 days to 544 days.

### ACTIVITIES AND PROGRAMMES

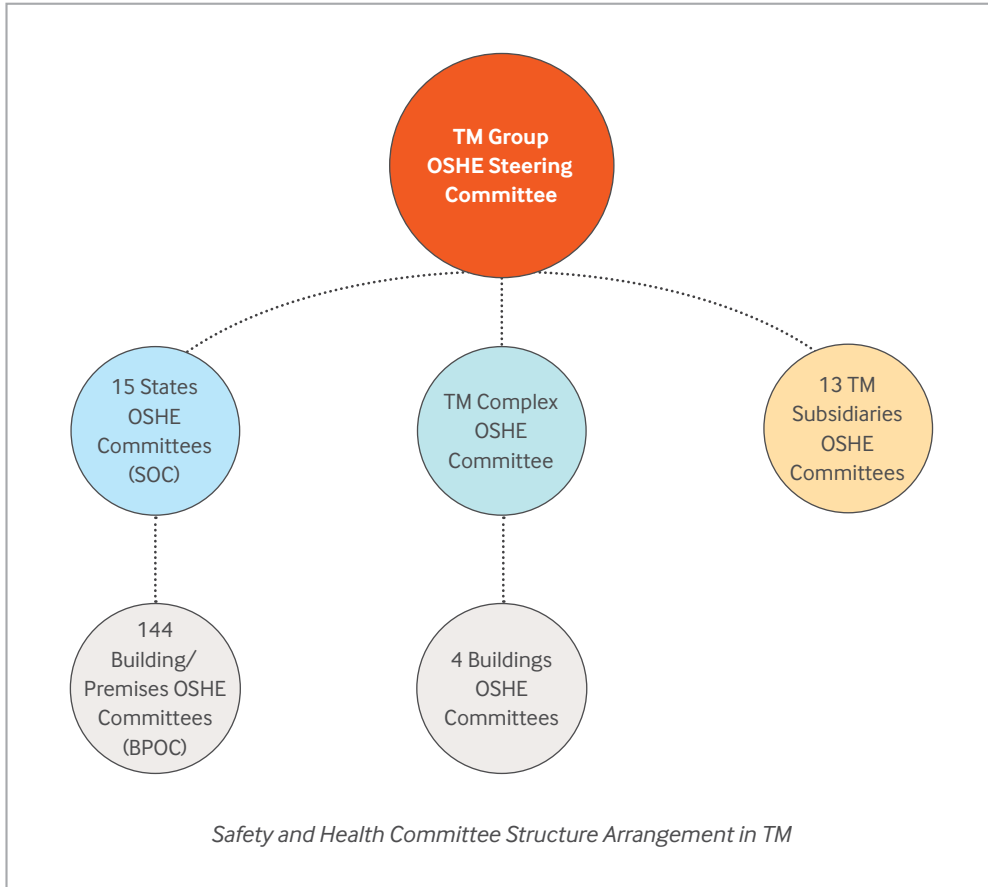
#### Compliance

TM complies with the Occupational Safety and Health Act (OSHA) 1994 and its regulations in order to promote a safe and healthy work culture.

#### Steering and State OSHE Committees

We have a total of 2,209 persons directly involved in our Steering and State Safety & Health committees, representing about 8.2% of our total workforce.

**OCCUPATIONAL SAFETY, HEALTH AND ENVIRONMENT (OSHE)**



**OSHE PROMOTION AT THE WORKPLACE**

Continuous efforts are made to promote a safe and healthy work culture. These include OSHE inspections, workplace inspections, OSHE Week, Wellness and Health Day, Seminars, 5S Activities, Fire Drills and Emergency Response Exercises.

**National Launching of Safe Commuting to Work Campaign 2016**

On 12 April 2016, SOCSO and TM collaborated to launch the National Safe Commuting to Work Campaign 2016. The event was officiated by the Human Resource Deputy Minister. During the launching ceremony, there was a live telecast between TMCC, TM Shah Alam, TM Kuantan, TM Johor Bharu and TM Kuching, with a Safe driving demonstration from TM Shah Alam. Apart from that, SOCSO gave a talk on safe commuting at Mini-Auditorium, TMCC on April 2016. Several government agencies participated in exhibition booths at Menara TM Lobby from 11 to 12 April 2016.

**Contractor Management**

Various programmes were held to improve our contractors’ safety awareness. Our contractors were also invited to participate in our OSH seminars, training, briefings, exercise and competitions. Such programmes are conducted regularly to ensure our contractors’ management and workers understand their responsibilities to fulfil our requirements. All new and existing contracts include the provision of OSH requirements and OSH plan guidelines. A Contractor’s Management Audit was conducted on all regional Network Maintenance Operations (NMOs) and Network Development (ND) offices. Weaknesses identified have been highlighted to the management for immediate rectification.

**NIOSH-TM Safety Passport (NTMSP)**

Approximately 50,000 contractor workers have been trained under the joint programme between the National Institute of Occupational Safety and Health (NIOSH) and TM since it was launched. NTMSP is compulsory for any work related to our business.

**The general roles and responsibilities of the safety and health committees are:**

- 1 To assist in the development of safety and health methods, and safe work systems
- 2 To analyse the effectiveness of our safety and health programmes
- 3 To analyse incidents, near misses, dangerous occurrences, occupational poisoning and occupational disease that have occurred at our workplace
- 4 To notify the management of any unsafe or unhealthy conditions or behaviours in the workplace, and make recommendations for improvement
- 5 To review our OSHE Policy
- 6 To hold meetings and inspections at least once a quarter

During the year, the Steering Committee visited the following work sites: TM Kepayan, TM IPK Sabah, TM Penampang, TM Tanjung Aru, TMTC Jalan Semarak, TM Hiliran Kuala Terengganu, TM Gong Badak and TM Tawau.

**OSHE Management System (OSHE MS) Implementation**

To ensure the implementation of OSHE MS in TM, internal audit was conducted at 12 out of 16 states. Based on the Internal Audit findings and result, weaknesses have been identified and improvements are being made to meet the standard requirements.

## OCCUPATIONAL SAFETY, HEALTH AND ENVIRONMENT (OSHE)



Safe to Work Campaign

**OSH Plan**

All contractors and suppliers are trained and guided to provide an OSH Plan to ensure they comply with OSH requirements and to prevent any injury work or during the delivery of services or goods. Their OSH Plans are approved prior to the implementation of work.

**OSHE Training**

OSHE training is conducted either by external or in-house resources. These include Safe Work Instruction Training Programme (PLAKS), Effective Supervision (With Supervisor Log Book), Authorised Entrant and Stand-By Person (AESP-TM), Basic Occupational First-Aid (BOFA) and OSH Awareness.

**WORKPLACE SAFETY**

We take reasonable and practical steps to identify hazards and minimise work-related risks.

**Hazard Identification Risk Assessment & Risk Control (HIRARC) Programme**

The HIRARC programme has been extended to TM work teams, TM Safety & Health Committees and contractors to identify possible hazards, assess risks and control these as far as possible.

**TM Wellness Challenge**

In 2015, we launched a programme designed to encourage employees to adopt a healthier lifestyle. The 37-session programme has been adopted in eight states, each with about 40 participants. Various activities have been planned such as weekly fitness activities at recreational parks and gyms, health & fitness and stress information sharing and talks. We expect the other states to embark on the programme too.

**Safe Driving & Riding Programme**

Prompted by the increasing number of road accidents, TM took the initiative to help our employees protect themselves while commuting. We launched a programme involving theoretical and practical demonstrations on how to ride and drive smart and safe. The programme was conducted in Selangor, Negeri Sembilan, Pahang, Johor, Kuala Lumpur, Kedah, Sabah and Sarawak.

**Ergonomics**

We continue to run an Ergonomics Awareness programme to help employees minimise physical injury or stress in the workplace. This is supported by an Ergonomics Risk Assessment which identifies the root causes of musculoskeletal ailments in order to prevent them.

**Non-Ionizing Radiation (NIR) Research**

In June 2015 we embarked on an 18-month research project revolving around Non-Ionizing Radiation (NIR) covering two topics:

1. Medical Surveillance of TM employees who are potentially exposed to NIR
2. Knowledge, Attitude and Practice (KAP) on Occupational Safety & Health among TM employees who are potentially exposed to NIR.

The study was completed in November 2016 covering all 20 TM Hill Stations and Earth Satellite Stations nationwide involving around 200 employees. Final report has yet to be completed. The report is expected to be completed by NIOSH by Mid 2017. The purpose of this research is to evaluate the effect of Non-ionizing radiation to humans

**Hearing Conservation Programme**

In November 2016, we launched on a programme to protect the hearing of employees who are exposed to noise exceeding 90 dB(DiciBels)(A) for eight hours or more a day. This involves: 1) identifying equipment that produces noise louder than 85 dB(A); 2) measuring employees' exposure to such noise; 3) evaluating their hearing; and 4) providing basic safety training about hearing conservation.

**OSHE Complaints Centre (OCC)**

Starting from December 2016, our employees can report any unsafe conditions or unsafe acts in the workplace using the 1SB\_Helpdesk (1800-88-7557).

**Subsidiaries' Safety Performance**

All our subsidiaries continue to comply with the requirement of OSHA 1994, with some conducting their own OSH programmes, legal registers and HIRARC, as well as establishing their own safe work instructions and OSH Management Systems. In 2016, a total of nine accidents were reported, a minor decrease from 11 in 2015. There was a significant reduction in Lost Time Injury, from 266 days in 2015 to 28 days.

# LIFE 360°

**Smarter**

**Nation**



We strive continuously to leverage on our technologies to improve lives; of individuals, families, neighbourhoods, communities, villages, institutions and the nation at large.

**“Where young minds  
are inspired to find  
new solutions to old  
challenges.”**



**TM AURA**

## WHO GOVERNS US - PROFILE OF DIRECTORS

### TAN SRI DATO' SERI DR SULAIMAN MAHBOB

#### Position

- 1 Chairman
- 2 Non-Independent Non-Executive Director

#### Age

68

#### Gender

Male

#### Nationality

Malaysian

#### Date of Appointment

12 January 2015

#### Date of Last Re-Election

30 April 2015

#### QUALIFICATIONS

- Degree in Economics (Hons), University of Malaya (UM).
- Master of Science, University of London, United Kingdom (UK).
- PhD, Maxwell School of Citizenship and Public Affairs, Syracuse University, New York, United States of America (USA).
- Attended the World Currency Reform, Harvard University, USA.
- Honorary Doctorate in Economic Management, Universiti Kebangsaan Malaysia (UKM).

#### WORKING EXPERIENCE

Tan Sri Dr Sulaiman served the Government sector for over 38 years in various capacities including holding the position of the Director-General of the Economic Planning Unit, Prime Minister's Department, Secretary-General of the then Ministry of Domestic Trade and Consumer Affairs, and Under Secretary (Economics) of the Ministry of Finance.

He served as Head of the Secretariat of the National Economic Action Council (NEAC) during the financial crisis in 1997/1998, when Malaysia implemented the capital control policy. He was then seconded to the Malaysian Institute of Economic Research (MIER) from 1995-1997 as its Executive Director. He also served at the Institute of Integrity Malaysia (IIM) as its first founding President from 2004 until 2005, where he established several work programmes to promote a culture of ethics and integrity within the public sector and also in the private sector in line with the Government's National Integrity Plan.

Tan Sri Dr Sulaiman was previously Chairman of the Malaysian Investment Development Authority (MIDA) and the Companies Commission of Malaysia. He was also a Board member of Petroliaam Nasional Berhad (Petronas), Federal Land Development Authority (FELDA), Malaysia Insurance Deposit Corporation (PIDM) and the then Multimedia and Communications Commission.

He is currently the Chairman of Universiti Telekom Sdn Bhd (UTSB), a company that operates and manages Multimedia University (MMU) and GITN Sdn Bhd (GITN), wholly-owned subsidiaries of TM, as well as Chairman of MIER and Minority Shareholder Watchdog Group (MSWG). He is also the Deputy Chairman of the Malaysian Economic Association (MEA) and a Board member of Bank Negara Malaysia, the Institute of Strategic and International Studies (ISIS) and Felda Global Ventures Holdings Berhad.

He is an Adjunct Professor (Economics) at the UM, Universiti Utara Malaysia and Universiti Tun Abdul Razak.

#### DIRECTORSHIP

##### Listed Issuers:

- Telekom Malaysia Berhad
- Felda Global Ventures Holdings Berhad

##### Public Companies:

- Minority Shareholder Watchdog Group (MSWG)

#### BOARD COMMITTEE

None

#### ATTENDANCE AT BOARD MEETING IN 2016

Attended all 9 meetings

#### OTHER INFORMATION

Non-Executive Director nominated by Special Shareholder of TM, the Minister of Finance (MOF), a body corporate established under the Ministry of Finance (Incorporation) Act 1957.

WHO GOVERNS US  
- PROFILE OF DIRECTORS

Scan to view the full profiles  
of the Directors.



**Tan Sri Dr Sulaiman's** insurmountable knowledge in economic and finance together with his background as a former policy maker, past presidency and current chairmanship in governance bodies lend credence to his position as Chairman of TM.

...e (BTC)

**ETING IN 2016**

OF

## WHO GOVERNS US - PROFILE OF DIRECTORS

### TAN SRI DATO' S

#### ■ Position

- 1 Chairman
- 2 Non-Independent  
Non-Executive  
Director

#### ■ Age

68

#### ■ Gender

Male

#### ■ Nationality

Malaysian

#### ■ Date of Appointment

12 January 2015

#### ■ Date of Last Re-Election

30 April 2015



**Tan Sri Zamzamzairani**, MD/Group CEO, highly regarded by both management and Board, has successfully steered TM to its current position as a leading converged communications services provider. His vast experience of more than 30 years in the telco industry, helping key leadership positions in local and international companies has enhanced the value creation for TM's stakeholders.



## WHO GOVERNS US

- PROFILE OF DIRECTORS

Scan to view the full profiles  
of the Directors.



## TAN SRI DATO' SRI ZAMZAMZAIRANI MOHD ISA

## ■ Position

- ① Managing Director/  
Group Chief Executive  
Officer
- ② Non-Independent  
Executive Director

## ■ Age

56

## ■ Gender

Male

## ■ Nationality

Malaysian

## ■ Date of Appointment

25 April 2008

■ Date of Last  
Re-Election

8 May 2014

## ■ QUALIFICATIONS

- Bachelor of Science in Communications Engineering, UK.
- Completed the Corporate Finance, Strategies for Creating Shareholder Value Programme, Kellogg School of Management, Northwestern University, USA.
- Attended the Strategic Leadership Programme, University of Oxford's Saïd Business School.
- Attended the IMD CEO Roundtable Session, Lausanne, Switzerland.

## ■ WORKING EXPERIENCE

Tan Sri Zamzamzairani's vast experience in the telecommunications industry spans more than 30 years, beginning in TM where he served for 13 years before assuming key positions in several multinationals such as Global One Communications and Lucent Technologies (Malaysia) Sdn Bhd, where he was CEO. In 2005, he returned to TM as Senior Vice President, Group Strategy and Technology and was promoted to CEO, Malaysia Business, before being appointed to his current office.

Tan Sri Zamzamzairani also sits on the Board of a number of TM subsidiaries including as Chairman of VADS Berhad, Webe Digital Sdn Bhd (formerly known as Packet One Networks (Malaysia) Sdn Bhd) (Webe) and TM Net Sdn Bhd, Deputy Chairman of GITN and a Director of UTSB.

Under his leadership, TM launched and successfully rolled out the high speed broadband service in 2010, in a historic collaboration with the Government of Malaysia. He was awarded the Business Person of the Year 2015 at the Asian Academy of Management International Conference, organised by Universiti Sains Malaysia in October 2015. He was also named CEO of the Year 2015 at the MSWG's Annual Corporate Governance Awards ceremony held in December 2015.

He is also an Adjunct Professor at MMU.

## ■ DIRECTORSHIP

## Listed Issuers:

- Telekom Malaysia Berhad

## Public Companies:

- VADS Berhad

## ■ BOARD COMMITTEE

Member of Board Tender Committee (BTC)

## ■ ATTENDANCE AT BOARD MEETING IN 2016

Attended all 9 meetings

## ■ OTHER INFORMATION

Executive Director nominated by MOF

## WHO GOVERNS US

### - PROFILE OF DIRECTORS

## DATUK BAZLAN OSMAN

### Position

- 1 Executive Director/  
Group Chief  
Financial Officer
- 2 Non-Independent  
Executive Director

### Age

53

### Gender

Male

### Nationality

Malaysian

### Date of Appointment

25 April 2008

### Date of Last Re-Election

28 April 2016

### QUALIFICATIONS

- Fellow of the Association of Chartered Certified Accountants (ACCA), UK.
- Chartered Accountant of the Malaysian Institute of Accountants.
- Member of Issues Committee, Malaysian Accounting Standards Board from 2006 until 2010.
- Attended the IMD Programme for Senior Executives in 2008.
- Attended the Strategic Leadership Programme, University of Oxford's Saïd Business School in 2013.

### WORKING EXPERIENCE

Datuk Bazlan began his career as an auditor with a public accounting firm in 1986. He served the Sime Darby Group, holding various finance positions in its corporate offices in Kuala Lumpur, Singapore and Melaka from 1989 to 1993. He then had a stint with American Express Malaysia Berhad before joining Kumpulan FIMA Berhad in 1994, where he was subsequently appointed

Senior Vice President (SVP), Finance/ Company Secretary. He joined Celcom Axiata Berhad in 2001 as the SVP, Corporate Finance and Treasury and was appointed the CFO in 2002 prior to his appointment as TM Group CFO in 2005. He also oversees the operations of Global Wholesale, Support Business and UTSB. He is the Chairman of Fiberail Sdn Bhd and sits on the board of several subsidiaries of TM Group including VADS Berhad, UTSB and Webe.

In 2015, he was named in the Global Telecomms Business 50 CFOs To Watch and was named "Best CFO in Malaysia" at the Southeast Asia's Institutional Investor-Corporate Award 2016.

### DIRECTORSHIP

#### Listed Issuers:

- Telekom Malaysia Berhad

#### Public Companies:

- VADS Berhad
- Tulip Maple Berhad
- Hijrah Pertama Berhad

#### BOARD COMMITTEE

- Member of BTC
- Member of Board Risk Committee (BRC)
- Member of Board Investment Committee (BIC)

#### ATTENDANCE AT BOARD MEETING IN 2016

Attended all 9 meetings

#### OTHER INFORMATION

Executive Director nominated by MOF

## DATO' SRI DR MOHMD ISA HUSSAIN

### Position

Non-Independent  
Non-Executive Director

### Age

59

### Gender

Male

### Nationality

Malaysian

### Date of Appointment

30 October 2015

### Date of Last Re-Election

28 April 2016

### QUALIFICATIONS

- PhD in Finance, University Putra Malaysia
- Master of Business Administration (Finance), UKM.
- Bachelor of Economics (Hons) (Applied Statistics), UM.
- Post-graduate Diploma in Public Management, the National Institute of Public Administration (INTAN).

### WORKING EXPERIENCE

Dato' Sri Dr Mohmad Isa began his career in 1983 as an Assistant Director in the Prime Minister's Department following which he was appointed as an Assistant Director at the Pahang State Economic Planning Unit in 1985. He then joined the Ministry of Finance, holding various positions, including Assistant Secretary in the Government Procurement Division from 1990 to 1995 and Senior Assistant Director of the Budget Management Division until 2000.

In 2004, Dato' Sri Dr Mohmad Isa assumed the position of Deputy Under-Secretary of Investment, MoF (Inc.) and Privatisation

Division. He later moved to the Ministry of Transport Malaysia in 2008 as Deputy Secretary General (Operation) and was subsequently appointed as Interim Head of the Public Land Transportation Commission (SPAD) from 2009 to 2010. He returned to Ministry of Finance to serve as its Deputy Under-Secretary, Government Investment Companies (GIC) Division from 2010 to January 2015 and thereafter as Under-Secretary of the GIC Division. He is currently the Deputy Secretary General, Treasury (Investment).

Dato' Sri Dr Mohmad Isa also sits on the Board of several government-linked companies and agencies including Permodalan Felcra Sdn Bhd, Danaharta Nasional Sdn Bhd, Penang Port Holdings Berhad, Lembaga Pembangunan Langkawi (LADA) and Port Kelang Authority.

### DIRECTORSHIP

#### Listed Issuers:

- Telekom Malaysia Berhad
- Malaysia Airports Holdings Berhad
- Pos Malaysia Berhad
- Destini Berhad

### Public Companies:

- Felcra Berhad
- Export-Import Bank of Malaysia Berhad
- Penang Port Holdings Berhad
- Syarikat Jaminan Kredit Perniagaan Berhad
- Syarikat Jaminan Pinjaman Perumahan Berhad
- DanaInfra Nasional Berhad
- K.L International Airport Berhad
- 1Malaysia Sukuk Global Berhad
- Wakala Global Sukuk Berhad
- Aset Tanah Nasional Berhad
- Pelaburan Hartanah Berhad

#### BOARD COMMITTEE

- A member of BTC
- A member of BIC

#### ATTENDANCE AT BOARD MEETING IN 2016

Attended 8 of 9 meetings

#### OTHER INFORMATION

Non-Executive Director nominated by MOF

WHO GOVERNS US  
- PROFILE OF DIRECTORS



As the ED/Group CFO, **Datuk Bazlan** is responsible for the financial management of the Group. He not only provides sound advice and valuable input in supporting the Group CEO's initiatives but also instigates various enhancement to the Group's financial performance.

**COMMITTEE**

Executive Chairman of Board  
Nomination and Remuneration  
Committee (NRC)  
Board Audit Committee (BAC)  
Board Investment Committee (BIC)  
Chairman of the Long Term Incentive Plan  
Committee, a sub-Committee of

**ATTENDANCE AT MEETINGS IN 2016**

10 meetings

**ADDITIONAL INFORMATION**

He is a Director nominated by the  
major shareholder, Khazanah  
Nasional Berhad.



**Dato' Sri Dr Mohamad Isa's** extensive experience in Government sectors provide guidance and support to TM on matters relating to Government policy. This eases the Group's direction with Government's aspiration for the nation.

**COMMITTEE**

Executive Chairman of BTC  
Nomination and Remuneration  
Committee (NRC)  
Board Audit Committee (BAC)

**ATTENDANCE AT MEETINGS IN 2016**

10 meetings

## WHO GOVERNS US

## - PROFILE OF DIRECTORS

## DATUK BAZLAN

## ■ Position

- ① Executive Director/  
Group Chief  
Financial Officer
- ② Non-Independent  
Executive Director

## ■ Age

53

## ■ Gender

Male

## ■ Nationality

Malaysian

## ■ Date of Appointment

25 April 2008

■ Date of Last  
Re-Election

28 April 2016

**Tunku Mahmood** enriches the Board with a wealth of governance, management and cross-border experience in telecommunications, investment management and private equity activity, oil and gas, marine and aviation logistics, corporate advisory, banking and financial services.



## DATO' SRI DR M

## ■ Position

Non-Independent  
Non-Executive Director

## ■ Age

59

## ■ Gender

Male

## ■ Nationality

Malaysian

## ■ Date of Appointment

30 October 2015

■ Date of Last  
Re-Election

28 April 2016

**Datuk Zalekha** brings to the Board extensive experience in management and procurement matters garnered throughout her career as a civil servant.



## CORPORATE GOVERNANCE

## WHO GOVERNS US

## - PROFILE OF DIRECTORS

## TUNKU DATO' MAHMOOD FAWZY TUNKU MUHIYIDDIN

## ■ Position

Non-Independent  
Non-Executive Director

## ■ Age

58

## ■ Gender

Male

## ■ Nationality

Malaysian

## ■ Date of Appointment

28 April 2008

## ■ Date of Last Re-Election

28 April 2016

## ■ QUALIFICATIONS

- BA (Hons) Business Studies, Polytechnic of Central London, UK.
- Masters in Business Administration, University of Warwick, UK.
- Diploma in Marketing, Chartered Institute of Marketing.
- Member of the Malaysian Institute of Management.
- Member of the Malaysian Institute of Corporate Governance.

## ■ WORKING EXPERIENCE

Tunku Mahmood is a professional company director and is currently Chairman of Deutsche Bank (Malaysia) Berhad and Hong Leong MSIG Takaful Berhad.

He was previously a board member of Hong Leong Islamic Bank Berhad, Pos Malaysia Berhad, SapuraKencana Petroleum Berhad/Kencana Petroleum Berhad, and Ethos Capital One Sdn Berhad, Federation of Investment Managers Malaysia, Energy Africa Limited, and Engen Limited in South Africa.

Tunku Mahmood draws on a wealth of governance, management, and cross border experience in telecommunications, investment management and private equity activity, oil and gas, marine and aviation logistics, corporate advisory, banking and financial services, across several international locations including the United Kingdom, New Zealand, South Africa and Malaysia.

## ■ DIRECTORSHIP

## Listed Issuers:

- Telekom Malaysia Berhad
- Malaysia Airports Holdings Berhad

## Public Companies:

- Deutsche Bank (Malaysia) Berhad
- Hong Leong Assurance Berhad
- Hong Leong Asset Management Berhad
- Hong Leong MSIG Takaful Berhad

## ■ BOARD COMMITTEE

- Non-Executive Chairman of Board Nomination and Remuneration Committee (NRC)
- Member of Board Audit Committee (BAC)
- Member of BIC
- Member of the Long Term Incentive Plan (LTIP) Committee, a sub-Committee of the NRC

## ■ ATTENDANCE AT BOARD MEETING IN 2016

Attended all 9 meetings

## ■ OTHER INFORMATION

Non-Executive Director nominated by the Company's major shareholder, Khazanah Nasional Berhad.

## DATUK ZALEKHA HASSAN

## ■ Position

Independent  
Non-Executive Director

## ■ Age

63

## ■ Gender

Female

## ■ Nationality

Malaysian

## ■ Date of Appointment

9 January 2008

## ■ Date of Last Re-Election

30 April 2015

## ■ QUALIFICATIONS

- Bachelor of Arts (Hons), UM.
- Attended the Advanced Management Program, Harvard Business School, Harvard University, USA.

## ■ WORKING EXPERIENCE

Datuk Zalekha began her career in the civil service in 1977 as an Assistant Director in the Training and Career Development Division of the Public Service Department. She continued to serve the Government in numerous ministries including the Ministry of Health, Ministry of Social Welfare and Ministry of National Unity and Social Development.

She later joined the Ministry of Finance in 1997 as Senior Assistant Director of the Budget Division and continued to serve in various capacities including with the Government Procurement Division. She was the Ministry of Finance's Deputy Secretary-General (Management) until her retirement in May 2011. She was then appointed as MOF's Procurement Advisor from June 2011 until June 2013.

Datuk Zalekha also sits on the Board of Menara Kuala Lumpur Sdn Bhd (MKL), a wholly-owned subsidiary of TM.

## ■ DIRECTORSHIP

## Listed Issuers:

- Telekom Malaysia Berhad
- Malaysia Airports Holdings Berhad

## Public Companies:

None

## ■ BOARD COMMITTEE

- Non-Executive Chairman of BTC
- Member of NRC
- Member of BAC

## ■ ATTENDANCE AT BOARD MEETING IN 2016

Attended all 9 meetings

## WHO GOVERNS US

### - PROFILE OF DIRECTORS

## DATO' IBRAHIM MARSIDI

### Position

Senior Independent  
Non-Executive Director

### Age

64

### Gender

Male

### Nationality

Malaysian

### Date of Appointment

25 April 2008

### Date of Last Re-Election

30 April 2015

### QUALIFICATIONS

- Bachelor of Economics (Analytical) (Hons), UM.

### WORKING EXPERIENCE

Dato' Ibrahim was previously the Managing Director and CEO of Petronas Dagangan Berhad (PDB) until his retirement on 31 December 2007. During his tenure, he spearheaded the transformation of PDB, which included the development of its brand and business strategy, as well as the development of its administrative and electronic payment systems. Upon joining Petronas in 1979, he held a number of senior managerial positions from being Senior Manager of the Eastern and Northern Region to becoming General Manager of Liquefied Petroleum Gas (LPG) and Retail Business in PDB and General Manager of the Crude Oil Group.

Dato' Ibrahim also sits on the Board of MKL.

### DIRECTORSHIP

#### Listed Issuers:

- Telekom Malaysia Berhad
- UMW Oil & Gas Corporation Berhad

#### Public Companies:

None

### BOARD COMMITTEE

- Non-Executive Chairman of BRC
- Member of NRC
- Member of BTC

### ATTENDANCE AT BOARD MEETING IN 2016

Attended 8 of 9 meetings

## DAVIDE GIACOMO FEDERICO BENELLO @ DAVID BENELLO

### Position

Independent  
Non-Executive Director

### Age

63

### Gender

Male

### Nationality

Italian

### Date of Appointment

21 November 2011

### Date of Last Re-Election

28 April 2016

### QUALIFICATIONS

- Bachelor in Mathematics, University of Oxford, UK
- Masters in Mathematics, University of Oxford, UK
- Masters in Business Administration, Harvard University, USA

### WORKING EXPERIENCE

David was previously a Director and Leader of UK Telecom, Media and Technology Practice at McKinsey & Company, a firm he joined in August 1982. He retired in June 2011 and is currently a Director Emeritus at the firm. He has extensive consulting experience in telco engagements, mainly in Europe (in addition to the US and Asia) on corporate strategy, ICT strategy and business turnarounds as well as operations/customer service.

In the early years of his career, he served as a Senior at Arthur Andersen and a Second Lieutenant at Scuola Militare Alpina, Aosta, Italy. David is an Independent Director of Telecom Italia SpA and of Tungsten Corporation plc, a company listed on the Alternative Investment Market (AIM) Exchange in London. He is also the Chairman of V-Nova Ltd., a leading provider of video compression technology.

### DIRECTORSHIP

#### Listed Issuers:

- Telekom Malaysia Berhad

#### Public Companies:

None

### BOARD COMMITTEE

- Member of the LTIP Committee, a sub-Committee of the NRC

### ATTENDANCE AT BOARD MEETING IN 2016

Attended all 9 meetings

WHO GOVERNS US  
- PROFILE OF DIRECTORS



**Dato' Ibrahim** has vast management experience having previously helmed a prominent local oil and gas company. He continuously imparts his knowledge and provides invaluable insight on sales, marketing and customer service management.

the Year by The Leaders Organisation. In October 2016, he was named the World Leader Business by the Federation of Businesses (The

the Independent Non-Executive Director of Media Prima Berhad.

**HIP**

Malaysia Berhad  
Managers Berhad

**panies:**

d

**MITTEE**

ive Chairman of BIC  
BRC

**CE AT  
TING IN 2016**

9 meetings

**HIP**

Malaysia Berhad  
ana Petroleum Berhad  
onal Berhad

**panies:**

**MITTEE**

ive Chairman of BAC  
BRC  
BIC

**CE AT  
TING IN 2016**

meetings



With his extensive global consulting experience, **David** supports the Board via his dynamic views on telco business.

## WHO GOVERNS US

## - PROFILE OF DIRECTORS

## DATO' IBRAHIM

## ■ Position

Senior Independent  
Non-Executive Director

## ■ Age

64

## ■ Gender

Male

## ■ Nationality

Malaysian

## ■ Date of Appointment

25 April 2008

■ Date of Last  
Re-Election

30 April 2015

As Group MD/CEO and Chairman of other listed issuers, **Datuk Seri Fateh Iskandar** brings with him business acumen, astuteness and extensive management experience. Coming from a different business discipline and with his legal background, he is able to provide different views and fresh business perspective to the Board.



## DAVIDE GIACOMINI

## ■ Position

Independent  
Non-Executive Director

## ■ Age

63

## ■ Gender

Female

## ■ Nationality

Italian

## ■ Date of Appointment

21 November 2011

■ Date of Last  
Re-Election

28 April 2016

**Gee**, a certified public accountant, has accumulated vast experience in management and financial matters including corporate reorganisation and the successful turnaround of companies in financial crisis.





## CORPORATE GOVERNANCE

## WHO GOVERNS US

## - PROFILE OF DIRECTORS

## DATUK SERI FATEH ISKANDAR TAN SRI DATO' MOHAMED MANSOR

## ■ Position

Independent  
Non-Executive Director

## ■ Age

49

## ■ Gender

Male

## ■ Nationality

Malaysian

## ■ Date of Appointment

7 October 2013

## ■ Date of Last Re-Election

8 May 2014

## ■ QUALIFICATIONS

- Bachelor of Commerce/Laws (Hons), University of Queensland, Australia.
- Master of Business Administration, University of Queensland, Australia.

## ■ WORKING EXPERIENCE

Datuk Seri Fateh Iskandar is currently the Group Managing Director and CEO of Glomac Berhad (Glomac). He first joined Glomac Group of Companies in 1992 and was appointed its Group Executive Director in 1997. In 2004, he was promoted to Group Managing Director and, on 24 March 2009, was given the additional role of CEO. Prior to joining Glomac, he practised law in Australia before returning to Malaysia to serve Kumpulan Perangsang Selangor Berhad.

Datuk Seri Fateh Iskandar is the President of the Real Estate & Housing Developers' Association (REHDA) Malaysia and Immediate Past Chairman of REHDA Selangor Branch. He is a former Deputy Chairman of the Malaysian Australian Business Council (MABC) and Chairman of Gagasan Badan Ekonomi Melayu (GABEM),

Selangor Branch, a body that promotes entrepreneurship among Malays in the country. He is the Co-Chair of the Special Taskforce to Facilitate Business (PEMUDAH) - Legal & Services and was also a member of PEMUDAH Selangor Group. Currently, he also sits as an Advisory Board member of the Kuala Lumpur City Hall appointed by his Majesty the King since 2014. He was one of the founding Directors of Malaysia Property Incorporated, a partnership between the Government and the private sector to promote investments in Malaysian property by foreigners.

Datuk Seri Fateh Iskandar was awarded the 2012 Malaysian Business Award in Property by the Malay Chamber of Commerce, and the Outstanding Entrepreneurship Award at the 2013 Asia Pacific Entrepreneurship Awards. In 2014, he was awarded the Global Leadership Award 2014 Commercial Property Development and the Brand Laureatte Corporate Leader Brand Icon Award by The Leaders International and the Asia Pacific Brands Foundation, respectively. In 2015, he was awarded the Global Leadership Award 2015 - Masterclass

Developer of The Year by The Leaders International Organisation. In October 2016, he was awarded the World Leader Business Person and the World Business Leader by The World Confederation of Businesses (The Bizz 2016).

He is currently the Independent Non-Executive Chairman of Media Prima Berhad.

## ■ DIRECTORSHIP

## Listed Issuers:

- Telekom Malaysia Berhad
- Glomac Berhad
- Media Prima Berhad
- Axis Reit Managers Berhad

## Public Companies:

- VADS Berhad

## ■ BOARD COMMITTEE

- Non-Executive Chairman of BIC
- Member of BRC

## ■ ATTENDANCE AT BOARD MEETING IN 2016

Attended 8 of 9 meetings

## GEE SIEW YOONG

## ■ Position

Independent  
Non-Executive Director

## ■ Age

67

## ■ Gender

Female

## ■ Nationality

Malaysian

## ■ Date of Appointment

13 March 2014

## ■ Date of Last Re-Election

8 May 2014

## ■ QUALIFICATIONS

- Member of the Malaysian Institute of Certified Public Accountants
- Member of the Malaysian Institute of Accountant
- Attended the International Banking Summer School (IBSS) Cambridge, Massachusetts, USA

## ■ WORKING EXPERIENCE

Gee began her career in 1969 with PriceWaterhouse, leaving in 1981 as Senior Audit Manager and Continuing Education Manager. She then joined the Selangor Pewter Group as Group Financial Controller and was seconded to the USA from 1983 to 1984 as CEO of Senaca Crystal Inc., a company in the group, which was undergoing reorganisation under Chapter XI of the US Bankruptcy Code. She later became the Personal Assistant to the Executive Chairman of Lipkland Group from 1985 until 1987.

Gee was then appointed by Bank Negara Malaysia (BNM) as the ED and Chief Executive of Supreme Finance (M) Berhad, a financial institution undergoing rescue and reorganisation under the supervision of BNM until the successful completion of the reorganisation in 1991. She later joined Land & General Berhad as its Group Divisional Chief, Management Development Services in 1993 before joining Multi-Purpose Capital Holdings Berhad as Executive Assistant to the Chief Executive in 1997 until 1999. During this period, she also served as a Director of Multi-Purpose Bank Berhad, Multi-Purpose Insurans Berhad and ED of Multi-Purpose Trustee Berhad.

Gee has been appointed as an Independent Non-Executive Director to several public listed companies since 2001.

## ■ DIRECTORSHIP

## Listed Issuers:

- Telekom Malaysia Berhad
- SapuraKencana Petroleum Berhad
- Tenaga Nasional Berhad

## Public Companies:

None

## ■ BOARD COMMITTEE

- Non-Executive Chairman of BAC
- Member of BRC
- Member of BIC

## ■ ATTENDANCE AT BOARD MEETING IN 2016

Attended all 9 meetings

## WHO GOVERNS US

## - PROFILE OF DIRECTORS

## TUNKU AFWIDA TUNKU DATO' A.MALEK

**Position**

Independent  
Non-Executive Director

**Age**

51

**Gender**

Female

**Nationality**

Malaysian

**Date of Appointment**

28 April 2016

**Date of Last  
Re-Election**

-

**QUALIFICATIONS**

- Bachelor of Science (Hons) in Economics and Accountancy, City University, UK.
- Chartered Accountant of the Institute of Chartered Accountants in England and Wales (ICAEW).
- Member of Malaysian Institute of Accountants.

**WORKING EXPERIENCE**

Tunku Afwida commenced her career in UK as a Chartered Accountant in Touche Ross & Co. in 1988, and in 1992 joined Henderson Administration, as Unit Trust Fund Accountant. She returned to Malaysia in 1993 and joined Rashid Hussain Asset Management, Malaysia as Fund Manager and Analyst, and a year later served as Manager and Equities Analyst at UOB Asset Management Ltd., Singapore. In 1995, she joined Commerce Asset Fund Managers Sdn Bhd, Malaysia as Executive Director and Chief Investment Officer.

She further advanced her career as Executive Director (ED) and Chief Executive Officer (CEO) of MIMB Investment Bank Berhad in 2003 and subsequently in 2006, joined Kenanga Investment Bank as its ED and CEO.

Tunku Afwida is currently involved in corporate finance and funding advisory, as a director and co-owner of a consulting firm, Asia Equity Research Sdn Bhd.

She is also an independent director of i-VCAP Management Sdn Bhd and a member of the Board of Governors of Convent School, Bukit Nanas.

**DIRECTORSHIP****Listed Issuers:**

- Telekom Malaysia Berhad
- Gamuda Berhad
- Lafarge Malaysia Berhad
- i-VCAP Management Sdn Bhd (Management company of a listed exchange-traded funds. Listed as an issuer of listed securities)

**Public Companies:**

- Export-Import Bank of Malaysia Berhad

**BOARD COMMITTEE**

- Member of BAC
- Member of NRC
- Member of BIC
- Member of the LTIP Committee, a sub-Committee of the NRC

**ATTENDANCE AT  
BOARD MEETING IN 2016**

Attended all 5 meetings since her appointment as TM Director

## BALASINGHAM A. NAMASIWAYAM

**Position**

Independent  
Non-Executive Director

**Age**

65

**Gender**

Male

**Nationality**

Malaysian

**Date of Appointment**

28 April 2016

**Date of Last  
Re-Election**

-

**QUALIFICATIONS**

- Bachelor of Science (Hons) in Electrical Engineering, Portsmouth Polytechnic, UK.
- Diploma in Electrical Engineering, Technical College, Kuala Lumpur.
- Fellow of the Institution of Engineers, Malaysia.
- Member of the Institution of Engineering and Technology, UK.
- Professional Engineer of the Board of Engineers, Malaysia.

**WORKING EXPERIENCE**

Balasingham has been involved in the telecommunications industry for more than 30 years. He began his career with the then Jabatan Telekom Malaysia in 1972 as Technical Assistant, and thereafter served in various capacities, covering planning, implementation, maintenance and control of key technical projects and operational aspects within TM Group. His last position in TM was General Manager of Specialised Network Services, responsible for the marketing, implementation, operation

and maintenance of networks for various customers.

In 2003, he was appointed CEO of Fiberail Sdn Bhd (Fiberail), TM's joint venture company, which involved in the deployment of fibre cable and sale of fibre products.

In 2008, he was appointed Business Advisor of Fiberail, assisting the Board and Management in all aspects of the company, until the expiry of his contract in June 2009. He was previously a director of TIME dotCom Berhad from July 2009 until mid April 2016.

**DIRECTORSHIP****Listed Issuers:**

- Telekom Malaysia Berhad

**Public Companies:**

None

**BOARD COMMITTEE**

- Member of NRC
- Member of BAC
- Member of BRC
- Member of the LTIP Committee, a sub-Committee of the NRC

**ATTENDANCE AT  
BOARD MEETING IN 2016**

Attended all 5 meetings since his appointment as TM Director

WHO GOVERNS US  
- PROFILE OF DIRECTORS



**Tunku Afwida** is a chartered accountant with a strong background in corporate finance and funding advisory. Her fund management and analyst experience further enhance the Board diversity.

**COMMITTEE**

Member of BTC  
Member of BIC

**ATTENDANCE AT AGM MEETING IN 2016**

**ADDITIONAL INFORMATION**

Director to Dato' Sri Dr Mohamad



**Balasingham** has more than 30 years' experience in the telecommunications industry. His keen understanding of technical telecommunications updates and issues is indispensable.

**RESIDENTIAL ADDRESS**

1, Jalan...  
Kuala Lumpur  
Malaysia Berhad  
Companies:

**COMMITTEE**

Member of BTC  
Member of BIC  
Member of the LTIP Committee,  
Member of NRC

**ATTENDANCE AT AGM MEETING IN 2016**

9 meetings

**ADDITIONAL INFORMATION**

Director to Tunku Dato' Mahmood  
Muhyiddin

## WHO GOVERNS US

## - PROFILE OF DIRECTORS

## TUNKU AFWIDA

## ■ Position

Independent  
Non-Executive Director

## ■ Age

51

## ■ Gender

Female

## ■ Nationality

Malaysian

## ■ Date of Appointment

28 April 2016

■ Date of Last  
Re-Election

-

**Asri** brings to the Board a strong foundation in economics and finance, honed during his time at the Economic Planning Unit of the PM's Department and, later, the Ministry of Finance. His civil service background at the Anti-Corruption Agency, enables him to contribute towards TM's integrity development.



## BALASINGHAM

## ■ Position

Independent  
Non-Executive Director

## ■ Age

65

## ■ Gender

Male

## ■ Nationality

Malaysian

## ■ Date of Appointment

28 April 2016

■ Date of Last  
Re-Election

-

**Nik Rizal** has a rich background in audit, merchant banking and business advisory. As Director of Investments of Khazanah, he provides intricate connection between TM and its stakeholders.



## CORPORATE GOVERNANCE

## WHO GOVERNS US

## - PROFILE OF DIRECTORS

## ASRI HAMIDIN @ HAMIDON

## ■ Position

Non-Independent  
Non-Executive  
Alternate Director

## ■ Age

51

## ■ Gender

Male

## ■ Nationality

Malaysian

## ■ Date of Appointment

6 November 2015

## ■ QUALIFICATIONS

- Masters in Economy, Hiroshima University, Japan
- Diploma in Public Administration, INTAN
- Bachelor in Economics (Hons), UM
- Completed Harvard Premier Business Management Program

## ■ WORKING EXPERIENCE

Asri began his career as an Assistant Director in the EPU of the Prime Minister's Department in 1994 before pursuing a Diploma in Public Administration at INTAN in 1996. He re-joined EPU in March 1996 and thereafter moved to the then Anti-Corruption Agency of Malaysia in April 1998, staying until March 2003. Later, while serving as an Administrator and Diplomatic Officer in the Public Service Department, Asri pursued his studies in Japan from December 2003 until April 2006. Upon his return in May

2006, he was appointed Principal Assistant Secretary in the Ministry of Finance and has held several other positions since, including Deputy Under-Secretary, Investment, MoF (Inc.) and Privatisation Division in the Social and Commercial sectors respectively. He was appointed the Under-Secretary, Government Investment Companies Division, Ministry of Finance in July 2015.

## ■ DIRECTORSHIP

## Listed Issuers:

- Telekom Malaysia Berhad
- Bina Darulaman Berhad

## Public Companies:

- Syarikat Perumahan Negara Berhad
- SME Bank Berhad
- DanaInfra Nasional Berhad

## ■ BOARD COMMITTEE

- Alternate member of BTC
- Alternate member of BIC

## ■ ATTENDANCE AT BOARD MEETING IN 2016

None

## ■ OTHER INFORMATION

Alternate Director to Dato' Sri Dr Mohamad Isa Hussain.

## NIK RIZAL KAMIL TAN SRI NIK IBRAHIM KAMIL

## ■ Position

Non-Independent  
Non-Executive  
Alternate Director

## ■ Age

44

## ■ Gender

Male

## ■ Nationality

Malaysian

## ■ Date of Appointment

29 November 2012

## ■ QUALIFICATIONS

- Master of Science (Finance), London Business School
- Bachelor of Science (Hons) Economics & Accounting, University of Bristol, UK
- Fellow Accountant with the Institute of Chartered Accountants in England and Wales (ICAEW)

## ■ WORKING EXPERIENCE

Nik Rizal started his professional career in 1995 as an accountant/auditor with Coopers & Lybrand, UK for two years. He then returned to Kuala Lumpur in 1997 and joined Arthur Anderson & Co as an Assistant Manager in Audit and Business Advisory. After five years in audit, he joined RHB Sakura Merchant Bankers Bhd in 2000 as an Assistant Manager in its corporate finance department. Subsequently, he

joined Sarawak Shell Berhad as its Principal Sector Planner of Business Planning in Miri, Sarawak for two years before being posted to Shell Regional Exploration & Production, Singapore as a Senior Business Analyst. During this period, Nik Rizal also assumed the role of Head of Planning and Economics for Shell Deepwater Borneo Ltd, Brunei. In early 2007, he was posted to Shell Corporate Global HQ in London as a Senior Downstream Financial Analyst for Shell's Global Lubricants and B2B businesses. He was with Shell Malaysia Limited as Finance Manager in Special Projects before joining Khazanah in April 2011, and is currently its Director of Investments. Nik Rizal is also a director of Silterra Malaysia Sdn Bhd and Xerayu Capital Sdn Bhd wholly-owned subsidiaries of Khazanah.

## ■ DIRECTORSHIP

## Listed Issuers:

- Telekom Malaysia Berhad

## Public Companies:

None

## ■ BOARD COMMITTEE

- Member of BTC
- Alternate member of BIC
- Member of the LTIP Committee, a sub-Committee of NRC

## ■ ATTENDANCE AT BOARD MEETING IN 2016

Attended 6 of 9 meetings

## ■ OTHER INFORMATION

Alternate Director to Tunku Dato' Mahmood Fawzy Tunku Muhiyiddin

## Additional Information of the Board of Directors

Family Relationship : Save as disclosed, none of the Directors has any family relationship with any Director and/or major shareholder of TM.

Conflict of Interests : Save as disclosed, none of the Directors has any conflict of interests with TM.

Conviction for Offences : None of the Directors has any conviction for offences, other than traffic offences, for the past 5 years.

Public Sanction or Penalty : None of the Directors has any sanction or penalty imposed on them by any regulatory bodies during the financial year ended 31 December 2016.

## PROFILE OF COMPANY SECRETARIES

### HAMIZAH ABIDIN


**Position**

Group Company Secretary

**Nationality**

Malaysian

**Gender/Age**

Female/46

**Qualifications**

- Bachelor of Law (Hons) from the International Islamic University of Malaysia.
- A qualified advocate and solicitor of the High Court of Malaya.
- Licenced Company Secretary since December 1998.

**Working Experience**

Hamizah started her career in private legal practice. She subsequently joined TM as an Assistant Company Secretary in 1996 and promoted to Assistant General Manager in 2007. She was appointed as Joint Secretary on 15 July 2011 and thereafter promoted as General Manager of Company Secretarial Unit, Group Legal, Compliance and Company Secretarial Division in 2012. She was made the Group Company Secretary of TM effective 1 January 2017, heading the Group Company Secretarial Division of TM. Hamizah has more than 20 years corporate experience attending to company secretarial and compliance matters, due diligence exercises and special projects.

### ZAITON AHMAD


**Position**

Joint Secretary

**Nationality**

Malaysian

**Gender/Age**

Female/56

**Qualifications**

- Chartered Secretary of The Institute of Chartered Secretaries and Administrators (ICSA), UK.
- Associate member of the Malaysian Institute of Chartered Secretaries & Administrators (MAICSA) since 1993.

**Working Experience**

Zaiton started her career in a public listed company in 1984 and has over 30 years' experience in corporate secretarial matters. She joined TM in 1991 as an Assistant Company Secretary and was named as one of the Joint Secretaries of TM in 1996. She was promoted to Assistant General Manager in 2006 and remains as a Joint Secretary of TM and its Group of Companies.

## WHO LEADS US - PROFILE OF KEY SENIOR MANAGEMENT

Scan to view the full profiles  
of the Key Senior Management.



### TAN SRI DATO' SRI ZAMZAMZAIRANI MOHD ISA



#### Position

Managing Director (MD)/Group Chief Executive Officer (GCEO)

#### Nationality

Malaysian

#### Gender/Age

Male/56

#### Date of Appointment

25 April 2008

#### Qualifications

- Bachelor of Science in Communications Engineering from the UK.
- Completed the Corporate Finance, Strategies for Creating Shareholder Value Programme at Kellogg School of Management, Northwestern University, USA.
- Attended a Strategic Leadership Programme at the University of Oxford's Saïd Business School and the IMD CEO Roundtable Session at Lausanne, Switzerland in 2013.

#### Working Experience

Tan Sri Zamzamzairani's vast experience in the telecommunications industry spans more than 30 years, beginning in TM where he served for 13 years before assuming key positions in several multinationals such as Global One Communications and Lucent Technologies (Malaysia) Sdn Bhd, where he was CEO. In 2005, he returned to TM as Senior Vice President, Group Strategy and Technology and was promoted to CEO, Malaysia Business, before being appointed to his current office.

Tan Sri Zamzamzairani also sits on the Board of a number of TM subsidiaries including as Chairman of VADS Berhad, Webe Digital Sdn Bhd (formerly known as Packet One Networks (Malaysia) Sdn Bhd) and TM Net Sdn Bhd, Deputy Chairman of GITN Sdn Bhd and a Director of Universiti Telekom Sdn Bhd. He is also an Adjunct Professor at Multimedia University (MMU).

#### Award/Recognition

- Under his stewardship, TM has launched and successfully rolled out the high speed broadband service in 2010 in a historic collaboration with the Government of Malaysia.
- Business Person of the Year 2015 at the Asian Academy of Management International Conference, organised by Universiti Sains Malaysia (USM) in October 2015.
- CEO of the Year 2015 at the MSWG Annual Corporate Governance Awards Ceremony held in December 2015.

Read more about this in Profile of Directors on page 95.

### DATUK BAZLAN OSMAN



#### Position

Executive Director (ED)/Group Chief Financial Officer (GCFO)

#### Nationality

Malaysian

#### Gender/Age

Male/53

#### Date of Appointment

25 April 2008

#### Qualifications

- Fellow of the Association of Chartered Certified Accountants (ACCA), UK.
- Chartered Accountant of the Malaysian Institute of Accountants (MIA).
- Member of the Issues Committee of the Malaysian Accounting Standards Board from 2006 until 2010.
- Attended the IMD Programme for Senior Executives.
- Attended Strategic Leadership Programme at the University of Oxford's Saïd Business School.

#### Working Experience

Datuk Bazlan began his career as an auditor with a public accounting firm in 1986. He served the Sime Darby Group, holding various finance positions in its corporate offices in Kuala Lumpur, Singapore and Melaka from 1989 to 1993. He then had a stint with American Express Malaysia Berhad before joining Kumpulan FIMA Berhad in 1994, where he was subsequently appointed Senior Vice President (SVP), Finance/Company Secretary.

He joined Celcom Axiata Berhad in 2001 as the SVP, Corporate Finance and Treasury and was appointed the CFO in 2002 prior to his appointment as TM Group CFO in 2005. He also oversees the operations of Global Wholesale, Support Business and MMU. He is the Chairman of Fiberail Sdn Bhd and sits on the board of several subsidiaries of TM Group including VADS Berhad, Universiti Telekom Sdn Bhd and Webe Digital Sdn Bhd.

#### Award/Recognition

- Named in the Global Telecomms Business 50 CFOs To Watch in 2015.
- Named "Best CFO in Malaysia" at the Southeast Asia's Institutional Investor-Corporate Award 2016.

Read more about this in Profile of Directors on page 96.

**WHO LEADS US**

- PROFILE OF KEY SENIOR MANAGEMENT

**DR FARID MOHAMED SANI****Position**

Chief Strategy Officer

**Nationality**

Malaysian

**Gender/Age**

Male/41

**Date of Appointment**

1 January 2012

**Qualifications**

- PhD in Chemical Engineering from the University of Cambridge, UK.
- Masters in Engineering from the University of Cambridge, UK.
- Bachelor of Arts with First Class Honours specialising in Chemical Engineering from the University of Cambridge, UK.

**Directorship in public companies and listed issuers:**

None

**Working Experience**

Prior to joining TM in 2012, Dr Farid was with Khazanah Nasional Berhad (Khazanah) holding the position of Director, Investments, specialising in the telecommunications sector. He has served in Khazanah's Transformation Management Office and as SVP, Managing Director's Office. He was a consultant at McKinsey & Company for two years before joining Khazanah in 2004.

**DATO' RAFA'AI SAMSI****Position**Chief Technology and Innovation Officer (CTIO)/  
Chief Customer Experience (CCX)**Nationality**

Malaysian

**Gender/Age**

Male/59

**Date of Appointment**

21 February 2008

**Qualifications**

- Bachelor of Science (Hons.) in Electronic Engineering from Brighton University, UK.
- Masters in Communications Management from the University of Strathclyde, UK.

**Directorship in public companies and listed issuers:**

Public Companies:

- Malaysian Access Forum Berhad

**Working Experience**

Dato' Rafa'ai started his career in telecommunications with the then Jabatan Telekom Malaysia in 1978. He was later appointed CEO of TM - NTT Communications Corporation's joint venture (JV) company in July 1997 before returning to TM in July 2001, where he was assigned as General Manager of a number of divisions including State Business Operations, Market Development and Domestic Carrier Business Division. He was then appointed Vice President, Marketing and Sales for the Wholesale segment in October 2006 and subsequently promoted to Executive Vice President to lead the Wholesale Line of Business on 1 July 2008. Dato' Rafa'ai was assigned as Deputy CTIO to run the day-to-day operations and turnaround initiatives of the IT and Network Technology Division since January 2013. He was appointed as Head of Customer Experience Management and Transformation reporting directly to Group CEO on 1 July 2014 and remained as the Deputy CTIO. He is also the Chairman of Service Management Council (SMC) responsible for TM's overall customer service management.

In addition to his current role as the CCX, Dato' Rafa'ai was appointed as CTIO effective 18 February 2017.



**WHO LEADS US**

- PROFILE OF KEY SENIOR MANAGEMENT

**DATO' MOHD KHALIS  
ABDUL RAHIM****Position**

Chief Human Capital Officer

**Nationality**

Malaysian

**Gender/Age**

Male/53

**Date of Appointment**

17 August 2009

**Qualifications**

- Masters in Human Resource Management from the University of Canberra, Australia.
- Bachelor of Science with Honours in Applied Psychology from Coventry University, UK.
- Certified Advanced Human Resource Professional (CAHRP) from the Malaysian Institute of Human Resource Management.
- Certified Business and Executive Coach from the University of Malaya Centre for Continuing Education (UMCCeD).

**Directorship in public companies  
and listed issuers:**

None

**Working Experience**

Dato' Mohd Khalis has extensive exposure in human capital management, having served in several multinational companies over 20 years in the field of human resource (HR) management across different industries. Dato' Khalis has been involved in various disciplines of the profession from organisational development and change management to performance management, industrial relations, HR reengineering as well as talent development. He was the HR Director of Colgate Palmolive Malaysia from June 2000 until October 2006 before moving to Freescale Semiconductor as HR Director responsible for Malaysia, Singapore and Asia Supply Chain. He joined TM as Chief Human Capital Officer on 17 August 2009.

**Award/Recognition**

- Chief Human Resource Officer of the Year and HR Leadership Award at the 21<sup>st</sup> Global HR Excellence Awards in 2013.
- Given the recognition as amongst the 100 most Influential Global HR Professionals at the World HRD Congress in February 2017.

**MOHAMAD MOHAMAD ZAIN****Position**

Chief Procurement Officer

**Nationality**

Malaysian

**Gender/Age**

Male/53

**Date of Appointment**

1 September 2014

**Qualifications**

- Chartered Insurance Practitioner.
- Associate Member of the Chartered Insurance Institute, UK.
- Member of the Society of Fellow Chartered Insurance Institute, UK.
- Diploma in General Insurance from the Australian Insurance Institute.
- Master of Communications Management from the University of Strathclyde Glasgow.

**Directorship in public companies  
and listed issuers:**

None

**Working Experience**

Mohamad gained vast experience in insurance services while serving a UK-based insurance company for six years, including as Officer in charge for agency and direct client underwriting, claim management and re-insurance, designing insurance for credit card company and bank assurance, serving both domestic and MNC clients.

Mohamad joined TM in 1993 as Assistant Manager and has been tasked with managing the corporate insurance programme and implementing the Enterprise Risk Management (ERM) programme for TM in 2001. In 2007, he was appointed General Manager entrusted with an expanded portfolio of Group Business Assurance covering ERM, Revenue Assurance, Fraud Management, Insurance Management, Credit Management Policy & Monitoring, Corporate Compliance, Business Continuity Management and Enterprise Business Management. He was promoted to Vice President, Group Business Assurance, a position he held from 2011 until his appointment as Chief Procurement Officer on 1 September 2014.

**WHO LEADS US**

- PROFILE OF KEY SENIOR MANAGEMENT

**IDRUS ISMAIL****Position**

Chief Legal and Integrity Officer

**Nationality**

Malaysian

**Gender/Age**

Male/63

**Date of Appointment**

1 December 2009

**Qualifications**

- Bachelor in Economics from UM.
- Bachelor of Law from the National University of Singapore.
- Certificate in Translation from the National Translation Institute of Malaysia.
- Executive Masters in Islamic Banking and Finance from Asia e University.
- Called to the Malaysian Bar in 1988.
- Certified Integrity Officer (CeIO) jointly certified by the Malaysian Anti-Corruption Commission and the Malaysian Institute of Integrity.

**Directorship in public companies and listed issuers:**

None

**Working Experience**

Idrus started his career as a management trainee with Petronas and brings with him over 30 years of experience mostly in conventional and Islamic financial institutions, where he served as company secretary as well as in-house counsel. Before joining TM, he was Company Secretary of the CIMB Group, served the PROKHAS secretarial department (providing secretarial services to MoF Inc. companies) and was Senior Counsel of Islamic Banking and Finance in a major corporate law practice. He joined TM as Chief Legal and Compliance on 1 December 2009 and assumed the position of Company Secretary on 18 January 2010. He is also responsible for implementing programmes to inculcate overall ethics and integrity practices in TM as contained in TM's Code of Business Ethics. Idrus relinquished his position as the Company Secretary of TM effective 1 January 2017 following the decoupling of Group Legal, Compliance and Company Secretarial Division. He now heads the new Group Legal, Ethics and Integrity Division as Chief Legal and Integrity Officer effective from the same date.

**AHMAD AZHAR YAHYA****Position**

Chief Digital Officer/Chief Customer Advocate

**Nationality**

Malaysian

**Gender/Age**

Male/52

**Date of Appointment**

2 August 2004

**Qualifications**

- Bachelor of Science in Electrical Engineering from Oklahoma State University, USA.

**Directorship in public companies and listed issuers:**

Public Companies:

- VADS Berhad

**Working Experience**

Ahmad Azhar began his career in 1987 as an engineer in Agilent Technologies (formerly known as Hewlett Packard). He then joined management consulting firm, Accenture in 1990 servicing a portfolio of clients in Malaysia, Asia and the Middle East in various industries from communications to high technology, oil and gas and the public sector. His experience includes strategic planning and change management, business and operations support systems, enterprise resource management, revenue and customer relationship management. He became a Partner at Accenture in 2000 before joining TM as Group Chief Information Officer on 2 August 2004. He was later appointed TM's Programme Director of the High Speed Broadband (HSBB) Programme in 2008, and contributed to the successful launch of UniFi in March 2010. He assumed various positions in TM Group; Chief Strategy Officer of TM from 15 July 2010 until December 2011, CEO of VADS Berhad from 1 January 2012 until 31 January 2015 and TM's Chief Customer Advocate on 1 February 2015. Ahmad was appointed as Chief Digital Officer on 4 October 2016 to head TM Digital Transformation initiatives throughout the Group and continues to serve as Chief Customer Advocate.

**WHO LEADS US**

- PROFILE OF KEY SENIOR MANAGEMENT

**HAZIMI KASSIM****Position**

Chief Internal Auditor

**Nationality**

Malaysian

**Gender/Age**

Male/52

**Date of Appointment**

1 November 2011

**Qualifications**

- Bachelor of Arts in Accounting from the University of Canberra, Australia.
- Attended the Wharton Advanced Management Programme at the University of Pennsylvania, USA in 2006.
- A Certified Practising Accountant (CPA) of the Australian Society of Certified Practising Accountants (ASCPA).
- A Chartered Member of the MIA.
- A Chartered Member of the Institute of Internal Auditors Malaysia (IIAM).

**Directorship in public companies and listed issuers:**

None

**Working Experience**

Hazimi has vast experience in external and internal audit, financial and management accounting, corporate finance as well as strategic planning, business development and investor relations. His wide-ranging career to date has spanned across audit and consulting services to securities, insurance, banking and telecommunications companies. He was the Chief Audit Executive in the Internal Audit Division of Malayan Banking Berhad and later Head of Corporate and Strategic Planning prior to joining TM as the Chief Internal Auditor on 1 November 2011.

**AHMAD ISMAIL****Position**

Chief Corporate and Regulatory Officer

**Nationality**

Malaysian

**Gender/Age**

Male/56

**Date of Appointment**

20 May 2008

**Qualifications**

- Bachelor of Science (Hons) in Electrical & Electronic Engineering from the University of Aston in Birmingham, UK.
- MBA from the MMU, Cyberjaya.

**Directorship in public companies and listed issuers:**

None

**Working Experience**

Ahmad joined TM in 1983 as an Assistant Controller of Telecom and held various engineering positions before engaging in more managerial responsibilities. During his more than 30 years with the Group, he has been Managing Director of TM International Bangladesh Limited (now known as Robi Axiata Limited), GM Business Strategy, TM Retail and CSO of Telco Strategy Division, the CEO of Telekom Sales and Services Sdn Bhd as well as State GM for Penang and Melaka. He then assumed the position of VP, Customer Service Management in 2008 and was later appointed VP, Programme and Performance Management Office in July 2010. Ahmad was appointed the Chief Corporate and Regulatory Officer on 1 October 2010.

**WHO LEADS US**

- PROFILE OF KEY SENIOR MANAGEMENT

**DATO' GHAZALI OMAR****Position**

Group Special Advisor, Transformation Programme

**Nationality**

Malaysian

**Gender/Age**

Male/59

**Date of Appointment**

15 April 2008

**Qualifications**

- Bachelor (Hons) in Electrical and Electronic Engineering from the University of Leeds, UK.
- MBA from the MMU, Cyberjaya.

**Directorship in public companies and listed issuers:**

None

**Working Experience**

Dato' Ghazali has more than 35 years of experience in the telecommunications industry, beginning his career with the then Jabatan Telekom Malaysia in 1980 as Planning and Development Engineer specialising in Data Communications. He was later appointed GM, Marketing and Sales, TM Net Sdn Bhd, in 2002 before being promoted to VP of Enterprise and Government Sales, TM Retail in 2007. Dato' Ghazali was appointed as TM's EVP, Enterprise in February 2009 before assuming his current position as Group Special Advisor, Transformation Programme. He was also the CEO/Executive Director of VADS Berhad from March 2009 until January 2012.

**DATO' KAIRUL ANUAR MOHAMED ZAMZAM****POSITION**

Executive Vice President (EVP), Government/Chairman, Managed Account Council (MAC)

**Nationality**

Malaysian

**Gender/Age**

Male/53

**Date of Appointment**

15 April 2008

**Qualifications**

- Bachelor in Engineering Science from the University of Western Ontario, Canada.
- MBA from the MMU, Cyberjaya.
- Attended the Advanced Management Training programme at INSEAD in 2003.

**Directorship in public companies and listed issuers:**

Public Companies:

- VADS Berhad

**Working Experience**

Dato' Kairul has over 20 years of experience in the telecommunications industry, beginning with the then Jabatan Telekom Malaysia in 1985 as a Human Resource Planning Executive. He has since held various positions in local access, switching and transmission networks. He was appointed GM of the Terengganu Operations Area in 1998 and then the Personal Assistant to the Group Chief Executive in 2002. He was appointed GM of Corporate Affairs and later VP, Consumer & Business Sales Division in TM Retail in 2004. Prior to assuming his current position as EVP, Government, he was the CEO of Telekom Sales & Services Sdn Bhd. Dato' Kairul was appointed MAC Chairman on 7 September 2016, where under his stewardship, Managed Accounts cluster is embarking on a transformation towards becoming a single entity that focuses on delivering integrated business solutions and capturing new business opportunities.

**WHO LEADS US**

- PROFILE OF KEY SENIOR MANAGEMENT

**IMRI MOKHTAR****Position**

EVP, Consumer and SME

**Nationality**

Malaysian

**Gender/Age**

Male/43

**Date of Appointment**

15 April 2008

**Qualifications**

- Bachelor of Engineering (BEng) in Electronics Engineering and Management Studies with First Class Honours from University College London, UK.
- Attended leadership programmes at Cambridge Judge Business School and Harvard Business School.

**Directorship in public companies and listed issuers:**

None

**Working Experience**

Imri started his career with TM in 1996 before joining McKinsey & Company as a management consultant in 1999, followed by a stint in a Malaysian pay-TV company. In 2005, he returned to TM as GM of Strategy Development. He was made GM, Programme Management Office in 2006 and later VP, Programme and Performance Management Office in 2008.

He was promoted to EVP, Consumer in 2010 and also served as CEO, Telekom Sales & Services Sdn Bhd in 2012 until early 2014. Imri was appointed as EVP, Consumer and SME in October 2014, responsible for the overall business operations of TM's Consumer and SME customer segments, plus product development and management. Additionally, he is entrusted to oversee the Mass Market cluster in TM.

**WAN AHMAD KAMAL WAN HALIM****Position**

EVP, Enterprise

**Nationality**

Malaysian

**Gender/Age**

Male/53

**Date of Appointment**

1 June 2014

**Qualifications**

- Bachelor of Science in Computer Science & Statistics from Monash University, Melbourne, Australia.

**Directorship in public companies and listed issuers:**

Public Companies:

VADS Berhad

**Working Experience**

Wan Ahmad Kamal has over 25 years of professional experience specialising in the Senior and Regional Sales Management, Product Management, Channel Management and Marketing roles across the Service Provider and Enterprise sectors in Malaysia and South East Asia. His career began in 1986 as an Assistant Director of Planning and Research Division with the Ministry of Education Malaysia until 1990 and later moved to Kumpulan Guthrie Berhad (now known as the Sime Darby Group) in a Sales Management role. In 1994, he joined Sapura Systems Malaysia, a JV company between Sapura Telecommunications Berhad and Hewlett Packard Malaysia, where he served in Sales, Channel, Marketing and Product Management.

In 2000, he joined Juniper Networks as the Country Manager, Malaysia and was made the Sales Director for Malaysia, Indonesia and Vietnam in 2002. He was later appointed as Managing Director Malaysia in 2007 and promoted as Managing Director ASEAN in 2012. He joined TM on 1 June 2014 as EVP, Enterprise.

He is a member of the Industry Advisory Panel of University Teknologi Petronas (UTP) since February 2016.

**WHO LEADS US**

- PROFILE OF KEY SENIOR MANAGEMENT

**MOHAMAD ROZAIMY  
ABD RAHMAN****Position**

EVP, Global Wholesale

**Nationality**

Malaysian

**Gender/Age**

Male/45

**Date of Appointment**

15 April 2008

**Qualifications**

- Bachelor in Distributed Computing from the University of East London, UK.
- Masters of Science in Technology Management from Staffordshire University, UK.
- Attended technical and telecommunications training programmes at the AT&T School of Business and Technology and AT&T Bell Labs in New Jersey, USA.
- Attended the Advanced Leadership Management Programme at the Madinah Institute of Leadership and Entrepreneurship, Saudi Arabia.

**Directorship in public companies and listed issuers:**

None

**Working Experience**

Rozaimy has more than 18 years' experience in the telecommunications industry. He served AT&T as its Sales Director before joining TM in 2006 as the GM of Product Marketing. He was then appointed VP of TM Global before being appointed as Chief Operating Officer of Global Line of Business on 1 July 2008. He was redesignated as EVP Global on 1 February 2009 responsible for TM regional offices in the UK, USA, Hong Kong, Singapore and Australia. Following the re-alignment of the Company's market segments in January 2013, Rozaimy has been spearheading the TM Global Wholesale cluster, overseeing the global and wholesale business operations.

**JEREMY KUNG ENG CHUANG****Position**

EVP, New Media/CEO, TM Net Sdn Bhd

**Nationality**

Malaysian

**Gender/Age**

Male/53

**Date of Appointment**

24 July 2008

**Qualifications**

- Honours Degree in Computer Science from the University of Ottawa, Canada.

**Directorship in public companies and listed issuers:**

None

**Working Experience**

Jeremy joined TM Group on 20 May 2008 as the CEO of TM Net Sdn Bhd and assumed his current position as EVP, New Media effective 15 July 2010 whilst remaining as CEO of TM Net Sdn Bhd. He has extensive experience in both technical and management role when he was in IT-related business, media, telecommunication and B2C businesses. Prior to joining TM Group, he was with PCCW Limited, Hong Kong and its related group of companies as SVP of Customer Advocacy and CIO of PCCW Global, a business unit within PCCW that provides global telecom services. His media experience was garnered during the seven years that he was with satellite television broadcaster and content provider Star TV. Prior to that, he was with J. Walter Thompson for three years. His wide experience has helped him in ensuring the successful launch of TM's IPTV service in 2010 to what it is today. Within TM Group, he has also managed TM Consumer Group in the early days of high speed broadband while continuing to expand and improve TM video service, HyppTV.

**WHO LEADS US**

- PROFILE OF KEY SENIOR MANAGEMENT

**BADRUL HISHAM AHMAD****Position**

VP, Support Business

**Nationality**

Malaysian

**Gender/Age**

Male/55

**Date of Appointment**

1 March 2017

**Qualifications**

- Bachelor of Science in Electrical and Electronic Engineering from Purdue University, USA
- Master of Science in Information and Process Engineering from George Washington University, USA.

**Directorship in public companies and listed issuers:**

None

**Working Experience**

Badrul has more than 30 years of experience in the telecommunications industry and has served TM in various positions since 1984 including as GM, Internet Service Operations, and IP Network Operation Centre (NOC). He was promoted to VP, NOC in 2010 and later reassigned as VP National Network Operation in 2013 before assuming the position as VP, Network Management and Operations in 2014. He assumed his current position as VP, Support Business on 1 March 2017.

**IZLYN RAMLI****Position**

VP, Group Brand &amp; Communication

**Nationality**

Malaysian

**Gender/Age**

Female/46

**Date of Appointment**

1 October 2010

**Qualifications**

- Masters in Business Administration (Distinction) from City University (Cass) Business School, London, specialising in Strategic Management of Technology and E-Business.
- Bachelor of Science (Hons) in Economics from University College London.
- Attended the Leadership for Organisational Impact Programme at the Center for Creative Leadership, San Diego, USA.

**Directorship in public companies and listed issuers:**

None

**Working Experience**

Izlyn started her career in 1992 at PricewaterhouseCoopers before moving to BzW Capital as an investment analyst. Izlyn joined TM in 1998 and served 10 years in Group Strategy and Planning. From 2006 until 2008, she was also appointed Special Assistant to the TM Group Chairman, as key policy liaison officer for national and international fora and organisations, including APEC, APEC Business Advisory Council and United Nations Global Alliance, focused on ICT Development and ICT for Development. Following the TM demerger in 2008, Izlyn moved to Axiata Group Berhad and was promoted to head the Corporate Communication Division. She was a key member of the Axiata rebranding team, and was also key in crafting Axiata's Corporate Responsibility Strategy. Izlyn returned to TM as VP, Group Corporate Communication on 1 October 2010 and was reassigned with an expanded role as VP, Group Brand & Communication effective 1 June 2014. Under her current tenure, she drove, developed and instilled TM Group's new brand strategy and architecture.

**WHO LEADS US**

- PROFILE OF KEY SENIOR MANAGEMENT

**MASSIMO MIGLIUOLO****Position**

CEO, VADS Berhad

**Nationality**

Italian

**Gender/Age**

Male/54

**Date of Appointment**

1 February 2015

**Qualifications**

- Baccalaureate from Lycee Chautebriand, France and Bachelor of Science.
- Master of Science in Business Management from University Luigi Bocconi, Italy.

**Directorship in public companies and listed issuers:**Public Companies:  
VADS Berhad**Working Experience**

Massimo brings more than 20 years of experience in strategic business development, architecture sales and go-to-market strategy, especially in the mobile and cloud industry. He is an experienced global business leader with a proven track record in building double digit growth businesses in innovative markets.

He began his career in 1989 as Contract Manager with Montedison Group (Italy) and later moved to AT&T Network System, Italy in 1991 as Director, Business Development Mobile. In 1996, Massimo joined Lucent Technologies as Managing Director, Europe, Middle East and Africa (EMEA) Mobile Sales. He then spent 11 years at Cisco from 1999 where his last position there was VP of Emerging Markets, responsible for the Service Provider, Enterprise, Public Sector and Small and Medium Lines of Business in the Theatre as well as Marketing and Technology Architecture functions. Massimo joined TM in 2014 as VP, Real Estate, Managed Account and later appointed as CEO of Intelsec Sdn Bhd (Intelsec), a subsidiary of TM on 1 November 2014. He was also the CEO of VADS Lyfe Sdn Bhd (VADS Lyfe), a wholly-owned subsidiary of TM which drives the Group's smart services business. He was appointed CEO, VADS Berhad on 1 February 2015 and remains as CEO of VADS Lyfe following the integration of Intelsec and VADS Lyfe.

**AZIZI A HADI****Position**

CEO, Webe Digital Sdn Bhd

**Nationality**

Malaysian

**Gender/Age**

Male/52

**Date of Appointment**

21 January 2009

**Qualifications**

- Bachelor of Science in Electrical Engineering from Wichita State University, USA.
- MBA from Universiti Putra Malaysia.

**Directorship in public companies and listed issuers:**

None

**Working Experience**

Azizi has more than 20 years of experience in the telecommunications industry, which includes engineering, operations, sales, product development and management. He started his career with the Royal Malaysian Army as an Engineering Officer in the Royal Signals Regiment from 1987 to 1996, where his main responsibilities were in planning tactical radio networks, evaluating new equipment and training.

Azizi was also the Country Business Development Manager of Global One Communications, an international telecommunications service provider where he was entrusted with the country's MNC sales in 1999. Prior to joining TM in 2006, he was with Maxis Communications Berhad as the Head of Broadband Business Unit and in Network Engineering and Operations. Azizi's career in TM started as the General Manager, Technology & Innovation, TM Retail. He was then promoted to VP of Retail Product in February 2009 where he was responsible for the development and commercialisation of TM's products and services. He then became the EVP, SME in 2011 before assuming his role as Chief Operating Officer of Webe in 2014. Azizi was appointed CEO, Webe on 1 August 2016.

**Additional Information of the Key Senior Management (KSM)**

**Family Relationship** : Save as disclosed, none of the KSM has any family relationship with any Director and/or major shareholder of TM.

**Conflict of Interests** : Save as disclosed, none of the KSM has any conflict of interests with TM.

**Conviction for Offences** : None of the KSM has any conviction for offences, other than traffic offences, for the past 5 years.

**Public Sanction or Penalty** : None of the KSM has any sanction or penalty imposed on them by any regulatory bodies during the financial year ended 31 December 2016.



# STATEMENT ON CORPORATE GOVERNANCE

A solid foundation on the principles of corporate governance, a strong hold to the code that honours integrity, transparency, accountability and responsible business conduct would create resilience in both the people and organisation which could weather any economic turbulence.

In our journey towards becoming the Convergence Champion, we have strategised, embraced new challenges and earmarked the coveted milestones in our pursuit to realise our vision in making Life and Business Easier for the Nation.

This is a journey that can neither be taken in isolation nor can it be accomplished in a short duration. It will not even be our flight alone but a concerted efforts of all of our stakeholders. We believe that every Malaysian has a stake in materialising this vision.

The key to fulfilling this vision are sustainability of the business and virtues that stem from good corporate governance and ethical practices that will create what we envision for the nation.

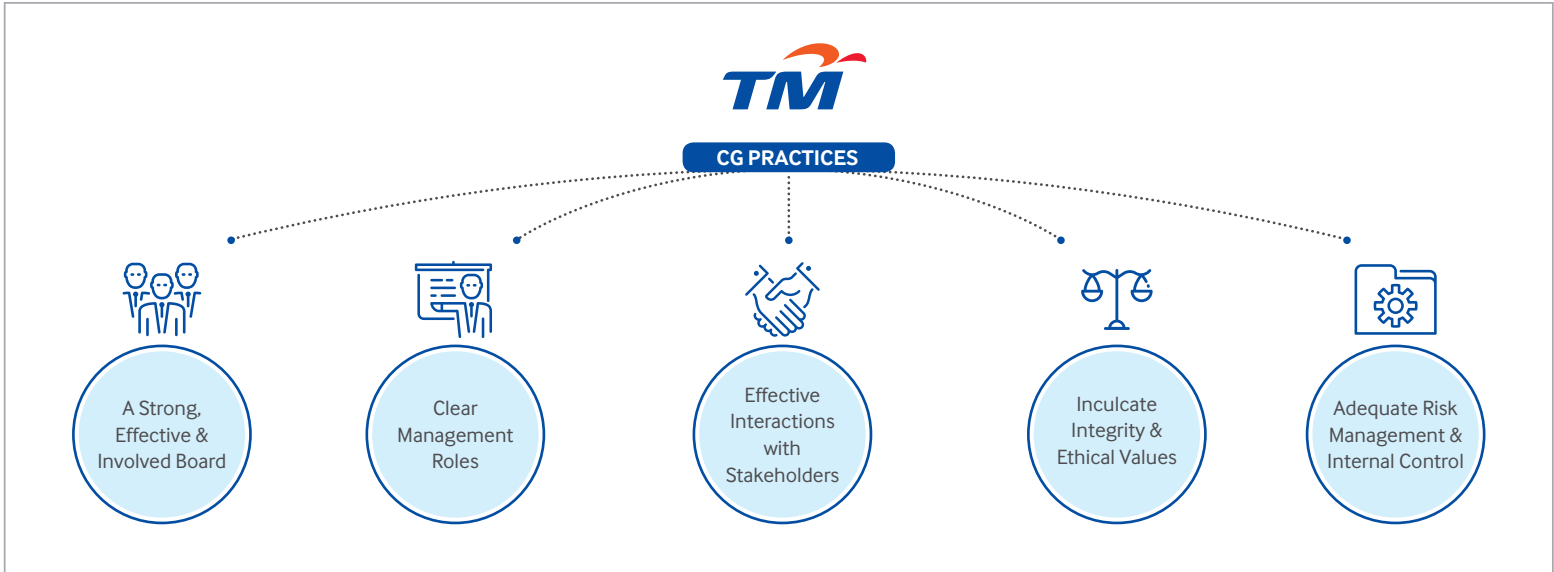
Our governance framework plays an integral role in supporting our business and helping us deliver our strategy. It provides the structure through which our strategy and business objectives are set, our performance is monitored, and the risks we face are adequately managed. It includes a clear framework for decision making and accountability across our business and provides guidance on the standards of behaviour we expect of each other. We are committed to excellence in corporate governance, transparency and accountability.

This is essential for the long-term performance and sustainability of our Company, and to protect and enhance the interests of our shareholders and other stakeholders. We regularly review our governance arrangements, to reflect developments in market practice, expectations and regulation as appropriate. Our Corporate Governance (CG) Model has been based on the relevant requirements, guidelines and practices, in addition to being benchmarked against the ASEAN Corporate Governance Scorecard (ASEAN CG).



STATEMENT ON CORPORATE GOVERNANCE

TM's CG Practices is best illustrated as follows:



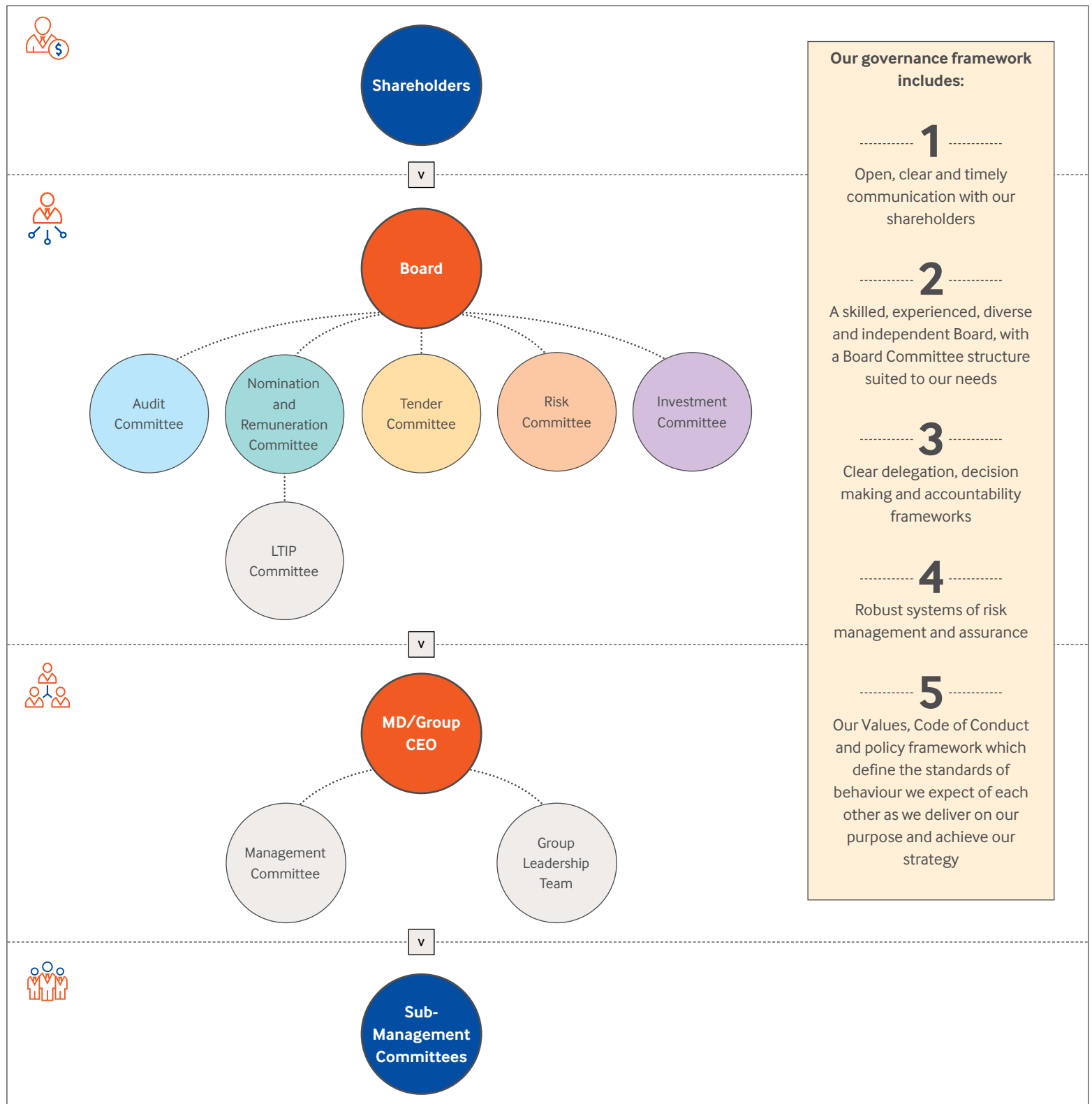
Testimony to our commitment in ensuring transparency, accountability and equality, we were recognised with the following awards for governance, for the year under review.

Date	Event	Award
1 December	2016 National Annual Corporate Report Awards (NACRA)	• Gold Award for Most Outstanding Annual Report of the Year
		• Industry Excellence Award for Companies listed on Main Board for Trading and Services category for the 20 <sup>th</sup> consecutive year
		• Platinum for Best Designed Annual Report
		• Silver for Best Corporate Social Responsibility Reporting
15 December	Minority Shareholder Watchdog Group (MWSG) – Malaysia-ASEAN Corporate Governance 2016 Awards	• Top 5 Excellence Award for Top CG and Performance (Overall Category)
		• Top 3 Excellence Award for Long-Term Value Creation
		• Merit Award for CG Disclosures
		• Industry Excellence for Telecommunications & Media
		• Merit Award for Board Diversity
		• Top 3 Merit Award for Best AGM (Overall Category)

STATEMENT ON CORPORATE GOVERNANCE

We are pleased to present our application of the principles and recommendations of the Malaysian Code on Corporate Governance 2012 (MCCG 2012), and to an extent our proactive approach to the consultative proposal for the new Malaysian Code on Corporate Governance 2016 (MCCG 2016), throughout this statement.

OUR GOVERNANCE FRAMEWORK



## STATEMENT ON CORPORATE GOVERNANCE

### BOARD OF DIRECTORS

TM continues to be led and controlled by an active, engaged and experienced Board. Your Board actively seeks to ensure it has an appropriate mix of diversity, skills, experience and expertise to enable it to discharge its responsibilities effectively and to be well equipped to help our Company navigate the range of opportunities and challenges we face.

As at the date of this statement, we have 12 Directors and two Alternate Directors on the Board. The Board comprises one Non-Independent Non-Executive (NINE) Chairman, seven Independent Non-Executive Directors (INEDs), two Non-Independent Non-Executive Directors (NINED), two Non-Independent Executive Directors (NIED), the Managing Director/Group Chief Executive Officer (MD/Group CEO) and Executive Director/Group Chief Financial Officer (ED/Group CFO) and two Non-Independent Non-Executive Alternate Directors. Details of the Directors, including their qualifications and experience, together with details of their length of service, can be found in the Board of Directors section of our 2016 Annual Integrated Report.

### BOARD CHARTER

Our Board Charter has been serving as a guide for excellence in corporate governance since its adoption in January 2013. It embodies our governance practices, Board policies and guidelines and derives its practices from the principles and recommendations of MCCG 2012 and its predecessors as well as international standards on CG. The Board Charter provides reference for the Directors on the Board's role, powers, duties and functions. It outlines processes and procedures for the Board and its committees in discharging their stewardship effectively and efficiently.

The Board Charter also acts as a primary source of reference for the Board as it compiles all of the Board Committees' term of reference (ToR) into a one complete document.

Our Board Charter is reviewed annually and updated from time-to-time to maintain its relevance and accuracy to current rules and regulations. This review forms part of the annual exercise under the Board Performance Improvement Programme (BPIP), which includes an assessment of the Board's objectives, roles and responsibilities to ensure consistency of governance practices and adherence to the relevant rules and regulations.

Several reviews to the Board Charter were made in 2016. In February, revisions were made to the Board Investment Committee's (BIC) ToR and the Remuneration and Benefits Policy. Following the establishment of the Long Term Incentive Plan (LTIP) Committee, its ToR was reflected in the Board Charter. In August, further reviews were made to the Remuneration and Benefits Policy in line with our Convergence journey to confine the claim on telecommunication benefit to the services provided by TM Group only.

The Board Charter is accessible on our official website at [www.tm.com.my](http://www.tm.com.my).

### ROLES AND RESPONSIBILITIES OF THE BOARD

The roles and responsibilities of the Board and Management are clearly demarcated in the Board Charter. The respective principles, roles and responsibilities of the Chairman, Executive Directors (EDs) and Non-Executive Directors (NEDs) are segregated. Nevertheless, their respective functions remain mutually co-dependent enabling efficient and effective execution of their respective duties and responsibilities.

Our Board is responsible for managing the Group's business and is accountable to shareholders in performing that role. Aside from the six core responsibilities listed herein, our Board also takes independent and collective responsibility and accountability for the smooth functioning of core processes involving Board governance, business value and ethical oversight. The four principles of the consultative proposal of MCCG 2016, their Corresponding Practices and Intended Outcomes are duly noted.

In discharging its roles and responsibilities, our Board is mindful of the need to safeguard the interests of all stakeholders. Dedicated Board Committees have been established with clear ToR, comprising Directors who have committed their time and effort as members to facilitate the effective discharge of these responsibilities. Board activities are structured to assist the Board in achieving its goal on management oversight, to support and advise the EDs and Management Team on the delivery of the Group's strategy within a transparent governance framework.

## STATEMENT ON CORPORATE GOVERNANCE

Responsibility	Work done during 2016
<b>Review and Approve Strategic and Annual Operating Plan (AOP) for the Group</b>	<p>Two separate sessions were held to review and deliberate the Group's strategic direction and AOP in the third and fourth quarters. Management highlights its thought process and reasoning behind formulating the strategies while the Board offers its guidance, views and input to ensure the strategies are well thought out, and provide the required support for the Group's business direction.</p> <p>The Board and Management strongly support innovation, which has long existed in TM, and have been tracking its development throughout the years. Through RE: Accelerator Programme and the innovation ecosystem within the Group, the Board hope to continue inculcate innovation as a culture in TM and to realise the benefits of innovation for the Group's long-term value creation.</p> <p>In 2016, Management had undergone gruelling sessions with the Board on the plans that it has made to realise TM's goals to become Malaysia's Convergence Champion. Each aspect of the strategies and its implementation as well as financial targets is assessed to ensure the plans are executed and any adjustments or recourse made would still lead toward the desired targets.</p> <p>The strategic plan, its execution and challenges are reported to the Board throughout the year, and a half-year review is conducted to monitor the implementation of the approved strategic plan and AOP by the Management.</p> <p>The Company's strategic direction and achievements are periodically communicated to the staff through engagements held locally or nationwide, directly or via online conferences, ensuring that everyone in the Group understands his or her role in supporting TM Group to achieve its goals and at the same time aware of the milestones accomplished.</p> <p>Based on the 2016 Board Effectiveness Evaluation (BEE), the Board agreed that it has reviewed and approved the strategic plan and AOP for the Group, including the setting of appropriate Key Performance Indicators (KPIs) in a timely manner. The Board supported the strategies and aspirations of the Company. During these sessions, the Board has been engaging and challenging in providing guidance to ensure that performance is on the upward trend.</p>
<b>Oversee and Evaluate the Conduct of the Company's business</b>	<p>The Board oversee the performance of Management in ensuring that the business is being properly managed. The Board has empowered the Board Nomination and Remuneration Committee (NRC) to deliberate on the TM Group Scorecard and Headline KPIs before these are tabled for its approval. The approved Headline KPI targets for the year and mid term and previous year results were announced together with the fourth quarter audited consolidated financial results of the Group in February.</p> <p>Upon approval by the Board, the Group's performance report and balanced scorecards (BSC) were monitored on a monthly basis by the EDs at the Group Leadership Team meetings together with Heads of TM's Lines of Business (LOBs) and divisions.</p> <p>The Business Performance Report is mandatory to be presented at every Board meeting. Performance is measured and tracked against the approved KPIs and BSC.</p> <p>Based on the 2016 BEE, the Board agreed that the process of overseeing the management of the Company's business, including measuring Management's performance in achieving the Company's objectives, was good. There was adequate focus on monitoring Management's execution capabilities. The achievements and challenges were thoroughly discussed at Board Committee meetings and Board meetings in ensuring that all targets are achievable by year end.</p>
<b>Identify and Manage Principal Risks</b>	<p>The Board Risk Committee (BRC) is updated on any risk issue by the Group Business Assurance (GBA) division of Group Finance, that could jeopardise the business by identifying the principal risks and monitor corporate compliance matters through risk dashboard at quarterly intervals. The Board, through the BRC, ensures appropriate risk management framework and constantly monitors the review and management of principal risks by evaluating TM's corporate risk appetite and tolerance level for the Company's business sustainability.</p> <p>Various issues including potential impact of Trans-Pacific Partnership Agreement and occupational safety matters were deliberated by BRC in 2016. BRC has also engaged Multimedia University (MMU) to conduct a risk maturity survey during the year. It was noted that TM's Risk Maturity level for 2016 has significantly improved, reflecting favourable Enterprise Risk Management (ERM) practices.</p>

## STATEMENT ON CORPORATE GOVERNANCE

Responsibility	Work done during 2016
<b>Identify and Manage Principal Risks (continued)</b>	<p>Employees were educated on the Company's risk management in ensuring thorough awareness on the risks, to ensure every individual is attentive and responsive to the issues involving risks at every level.</p> <p>Based on the 2016 BEE, the Board is of the opinion that it has undertaken its responsibility in identifying principal risks and ensuring the implementation of appropriate systems to manage these. The Board agreed for further improvement to be made to identify significant risks. BRC has advised that the risk management framework and methodologies implemented to increase the possibility of anticipating unpredictable risks to be enhanced. The Board further agreed that BRC has given adequate support to the Board in performing this responsibility.</p>
<b>Monitor Succession Planning</b>	<p>The NRC has been tasked to ensure effective succession planning for both the Directors and Key Management of TM Group (Pivotal Positions) and to report on progress thereof to the Board on a periodic basis. NRC also monitors the performance of the Board and the Pivotal Positions, and reviews and evaluates the suitability of potential candidates and their experience, to fill any gaps therein.</p> <p>In 2016, NRC reviewed among others the appointment of two INEDs to fulfil the vacancies by the directors who retired at the 31<sup>st</sup> Annual General Meeting (AGM). The replacement candidates were derived from Company's Directors' Pool. Their attributes such as qualification and experience were analysed based on the skill sets identified. NRC also considered the position of the Senior Independent Director (SID), the recommendation on the appointment of EDs to the Special Shareholder, the contract of service of the Pivotal Positions and Company Secretary as well as appointment of Directors to the Group's major operating companies. During the year, the NRC evaluated and recommended the appointment of the new CEO of a subsidiary categorised as major operating company.</p> <p>Based on the 2016 BEE, the Board concurred that succession planning of the Board and Pivotal Positions is critical and a more robust and diligent assessment of succession planning is required. It is imperative for the Company to recruit required skillsets for Directors, right talent for Management whilst developing internal talent.</p>
<b>Develop and Implement Shareholder Communication Policy</b>	<p>The Board recognises that an effective communication policy is vital in managing the shareholders' interest and other stakeholders' perception of the Company. The Board Charter outlines the Company's policy on communication with stakeholders with strong reference to Internal Communication Policy guidelines.</p> <p>The Group Brand &amp; Communication under the purview of MD/Group CEO and the Investor Relations Unit under the purview of the ED/Group CFO have been tasked to undertake this responsibility.</p> <p>Based on the 2016 BEE, the Board finds that overall, there is healthy dynamics in respect of the relationship between the Board, Management and stakeholders. The Board and EDs have been actively engaging the market and could proficiently adapt to meet the target audience's needs.</p>
<b>Review the Adequacy and Integrity of the Company's Information and Internal Control Systems</b>	<p>Internal control systems throughout the Company are managed and monitored by the Group Internal Audit (GIA) division. GIA has authority to audit any division or subsidiary of TM Group and to review projects and systems at any time and report its findings directly to members of the Board Audit Committee (BAC). Significant findings from the audit reports were highlighted and deliberated on at the BAC meeting.</p> <p>BAC reviews the adequacy, effectiveness and integrity of the internal control systems to ensure the implementation of appropriate internal control systems, supported by reports from GIA and the annual review by the external auditor.</p> <p>Based on the 2016 BEE, the Board agreed that a thorough review has been conducted by BAC. Systems and processes are being continuously reviewed and weaknesses identified have been dealt with as reflected in TM's financial performance.</p>

## STATEMENT ON CORPORATE GOVERNANCE

## SEPARATION OF POWERS BETWEEN THE BOARD AND MANAGEMENT

The Board Charter clearly delineated the roles and responsibilities of the Board and Management. Although the respective principles, roles and responsibilities of the Chairman, EDs and NEDs are segregated, their functions are mutually co-dependent, thus ensuring efficient and effective execution of their duties and responsibilities.

Delineating these functions ensures the smooth running of the Company's business and operations. The separation of power further ensures that no one individual or group can dominate the decision-making process, thus safeguarding the equilibrium of power in the Company. The separation of power accords a balance and authority in the Board and is adhered to, in line with best governance practice. Appropriate supervision and increased accountability of the Company's Management are the result of the adoption of this framework.

**The Role of the Chairman**

The Chairman's overarching responsibilities are to provide appropriate leadership to the Board and the Group and to ensure the Board fulfils its obligations under its Charter. He also leads the Board in the oversight of Management. The Chairman's responsibilities are set out in more detail in the Board Charter.

**Review:**

Tan Sri Dato' Seri Dr Sulaiman Mahbob, TM's Chairman, is not an executive member of the Board and has never held the position of the CEO of the Company. He has never been a part of TM Management, thus undue influence from past association is not an issue.

In the 2016 BEE, the Chairman was rated to be excellent in leading the Boardroom discussions, effective in providing a consultative and open environment and ensuring inclusion of all Board members in the decision making process.

In 2016, the Board recommended the extension of tenure of the Chairman and the proposal was duly endorsed by the Special Shareholder.

**The Role of Executive Directors (EDs)**

As EDs, the MD/Group CEO and ED/Group CFO are in command of their own respective functions. Their primary function is to ensure the smooth running of the Company's day-to-day operations, while their primary areas of responsibilities are captured in their respective KPIs which are evaluated annually, reviewed and approved by the Board.

The EDs are supported by several management committees for their operational and management duties. These forums provide the Senior Management team, including the heads of various divisions and departments, the platform to interact directly with each other, discuss, provide their views and review the objectives, strategies and operations of the Company on a regular basis.

**The Role of the MD/Group CEO**

The MD/Group CEO is responsible for the implementation of broad policies approved by the Board and is required to report and discuss at Board meetings all material issues currently or potentially affecting the Group and its performance, including strategic directions, projects and regulatory developments.

**Review:**

In the 2016 BEE, the MD/Group CEO was rated as outstanding. He ensures Board decisions are implemented and keeps the Board fully informed of all important aspects of the Group and the Company's operations.

**The Role of the ED/Group CFO**

The ED/Group CFO is responsible for the financial management of the Group, developing initiatives and strategies to improve the Group's overall performance, implementing business and economic strategies, monitoring treasury aspects, and forecasting and analysing the long-term financial situation of the Group. He is also the Group's spokesperson in interactions with the market. In addition, he oversees the operations of Global Wholesale, Support Business and MMU.

**Review:**

In the 2016 BEE, the ED/Group CFO has been assessed by his directors' peers to exhibit the required qualities. His performance has also exceeded expectations.

STATEMENT ON CORPORATE GOVERNANCE

**The Senior Independent Non-Executive Director (SID)**



The criteria and roles of the SID are detailed in the Board Charter. During the year, Dato' Ibrahim Marsidi was appointed as our new SID in place of Dato' Danapalan T.P Vinggrasalam upon his retirement as TM Director on 28 April 2016. Dato' Ibrahim's appointment was approved by the Board on 25 May 2016 based on his experience with the Board and seniority amongst the INEDs. Dato' Ibrahim, who satisfies the prescribed criteria, was the most appropriate candidate for the post among the INEDs, due to his familiarity on the workings of the Board and its individual members. His involvement with various Board committees, past and present such as NRC, BRC, Board Tender Committee (BTC) and BAC has also provided him with the in-depth experience on the respective member's individual niches.

Dato' Ibrahim continues to provide an alternative communication avenue for shareholders and stakeholders to convey their concerns and raise issues so that these can be channelled to the relevant parties. Being familiar with the Management operations throughout the years, Dato' Ibrahim is also in a unique position to have a pulse on the Management's workings and concerns.

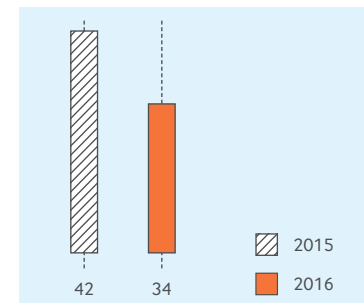
As the SID, Dato' Ibrahim is responsible in leading confidential discussions with other NEDs who may have concerns which they believe have not been properly considered by the Board as a whole. These discussions are held as and when required or deemed necessary by the SID. As such, the Board is able to pursue a greater degree of independence, and NEDs can meet and actively exchange views in the absence of Management. During the year, the Board agreed that issues were discussed and resolved to the INEDs' satisfaction during Board meetings and retreat sessions. As such, no NEDs meeting was required.

Dato' Ibrahim is dedicated in executing his role as an alternative communication channel for shareholders by relaying relevant issues to the appropriate parties in the Company. While discharging his function, he also maintains independence from Management throughout the year.

All queries relating to the Group can also be channelled to the SID at [sid@tm.com.my](mailto:sid@tm.com.my).

During the year, the SID received numerous reports and enquiries from various stakeholders via the designated channels, primarily in regard to customer experience shortfalls. These issues were then channelled to the respective divisions for prompt and immediate resolution as well as improvement plans.

In 2016, overall the complaints from the SID channel shows a reduction of 19%, as depicted below.



Further source of documents that delineates the Board and Management's separation of powers is the Limits of Authority (LoA) Matrix. TM Group crafted the LoA Matrix to assist in establishing a clear governance throughout the Group. It specifically defines and standardises the Group daily operational matters and provides a wide range of matters that is to be used as guidelines by TM and its subsidiaries. The LoA encompass a 2 tiered guidance for TM and all subsidiaries (Tier 1) as well as for TM Procurement (Tier 2). Tier 1 LoA refers to the empowerment of the Board, BTC, EDs and Top Management while Tier 2 LoA provides the delegation of authority to Senior Management. On the subsidiary level, the LoA is either adopted as the company's own operational policy or incorporated into its business guidelines and be a part of a wide range of governance aspect of the company.

Throughout the years, the Matrix has evolved, grown and undergone revisions to adapt to the complexity of the businesses, respective company's principles while maintaining if not enhancing further the governance aspect of the Matrix's purpose. During the year in review, no such revision was made to the LoAs.

Aside from LoA, TM has also established a Business Policy and Governance (BPG) which complements the LoA. It is a live document with an objective to outline TM's key business policies and governance across key function areas throughout the organisation. Thus providing a general and broad range of processes and procedures for the functions and well as guidance for TM's subsidiaries. Subsidiaries across TM are encouraged to adopt the relevant function into its own organisation depending on the suitability of the policy, either in totality or with variation to suit the respective company's organisation structure and functions. The latter may be implemented only with concurrence of the respective process owners of the BPG chapter. This provides a form of control on the subsidiaries' deviation from the Group's policies and governance, with the objective to streamline common governance and practices throughout the Group.



STATEMENT ON CORPORATE GOVERNANCE

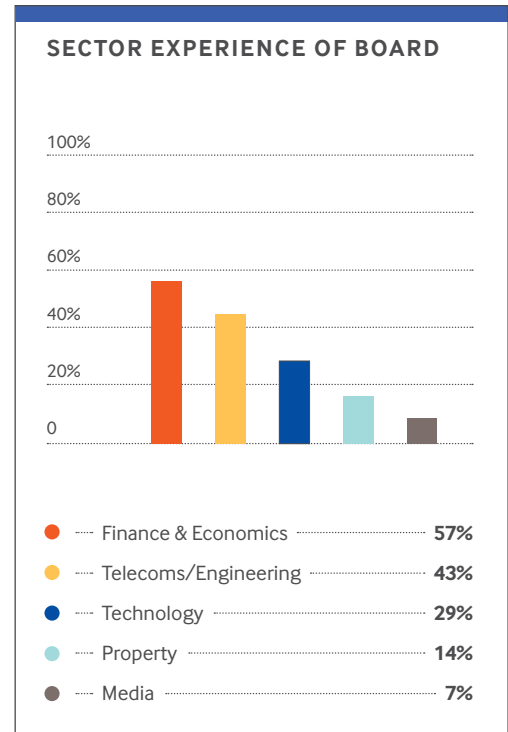
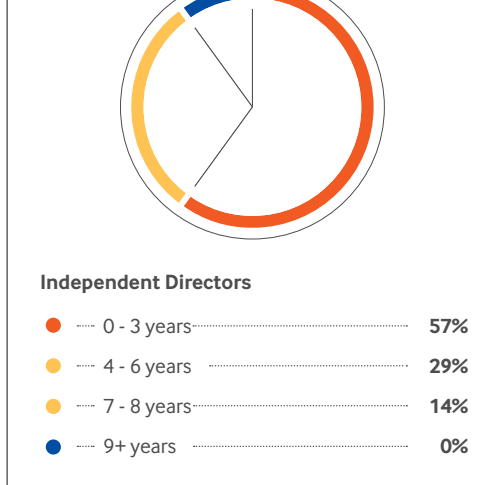
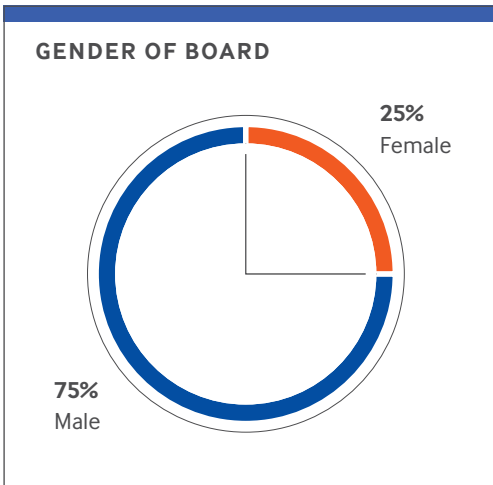
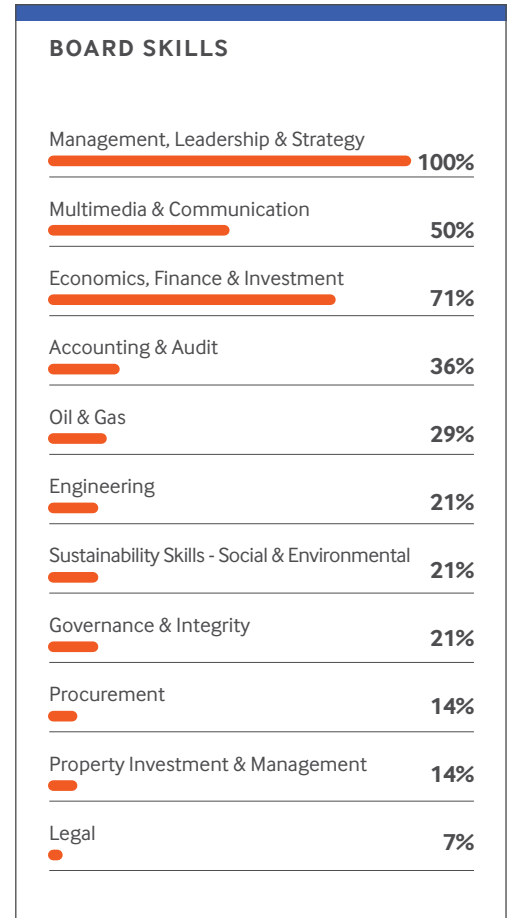
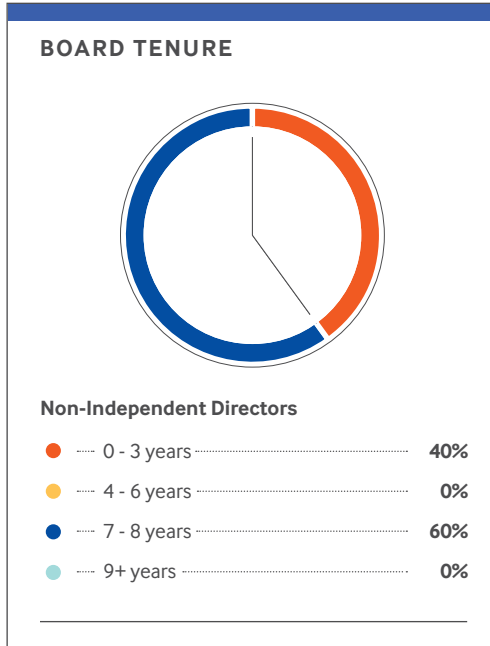
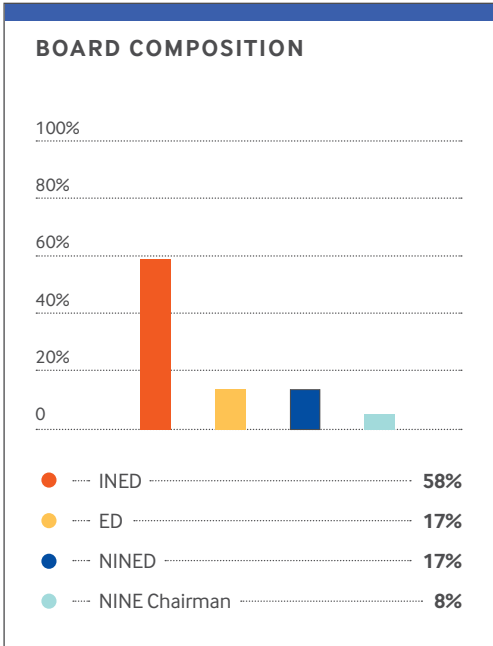
**BOARD COMPOSITION**

Our Article 96 of the Company's Articles of Association (AA) limits the number of our Board members to not more than 12. The two NINED representing the interest of the Special and Major Shareholders have also appointed their respective alternate Directors on the Board.

The composition of the Board for the year under review is as follows:

Representing the interest of TM's Special and Major Shareholders			
⋮	⋮	⋮	
			
MOF Representative	MOF Representative	Khazanah Representative	
Tan Sri Dato' Seri Dr Sulaiman Mahbob	Dato' Sri Dr Mohmad Isa Hussain	Tunku Dato' Mahmood Fawzy Tunku Muhiyiddin	
⋮	⋮	⋮	
			
	Alternate	Alternate	
	Asri Hamidin @ Hamidon	Nik Rizal Kamil Tan Sri Dato' Nik Ibrahim Kamil	
Participation on behalf of Management and Representative of Special Shareholder			
⋮	⋮		
			
MD/Group CEO	ED/Group CFO		
Tan Sri Dato' Sri Zamzamzairani Mohd Isa	Datuk Bazlan Osman		
Representing Minority Shareholders and the Public			
⋮	⋮	⋮	⋮
			
Dato' Ibrahim Marsidi	Datuk Zalekha Hassan	Davide Giacomo Federico Benello @ David Benello	Datuk Seri Fateh Iskandar Tan Sri Dato' Mohamed Mansor
⋮	⋮	⋮	⋮
			
Gee Siew Yoong	Balasingham A. Namasiwayam	Tunku Afwida Tunku Dato' A.Malek	

STATEMENT ON CORPORATE GOVERNANCE



## STATEMENT ON CORPORATE GOVERNANCE

The age, ethnicity and tenure of the existing TM Directors as at the date of this statement are depicted below:

No.	Director's Name	Age	Nationality/ Ethnicity	Date of Appointment	Tenure Year (Yr)/ Month (Mth)
<b>Non-Independent Directors</b>					
1.	Tan Sri Dato' Seri Dr Sulaiman Mahbob	68	Malaysian/Malay	12.01.2015	2 yrs 1 mth
2.	Tan Sri Dato' Sri Zamzamzairani Mohd Isa	56	Malaysian/Malay	25.04.2008	8 yrs 10 mths
3.	Datuk Bazlan Osman	52	Malaysian/Malay	25.04.2008	8 yrs 10 mths
4.	Dato' Sri Dr Mohmad Isa Hussain	59	Malaysian/Malay	30.10.2015	1 yr 4 mths
5.	Tunku Dato' Mahmood Fawzy Tunku Muhiyiddin	58	Malaysian/Malay	25.04.2008	8 yrs 10 mths
<b>Independent Directors</b>					
6.	Datuk Zalekha Hassan	63	Malaysian/Malay	09.01.2008 - 30.05.2011 (NINED) 01.06.2011 - present (INED)	3 yrs 5 mths 5 yrs 8 mths
7.	Dato' Ibrahim Marsidi	64	Malaysian/Malay	25.04.2008	8 yrs 10 mths
8.	David Giacomo Frederico Benello	62	Italian	21.11.2011	5 yrs 3 mths
9.	Datuk Seri Fateh Iskandar Tan Sri Dato' Mohamed Mansor	49	Malaysian/Malay	07.10.2013	3 yrs 4 mths
10.	Gee Siew Yoong	67	Malaysian/Chinese	13.03.2014	2 yrs 11 mths
11.	Tunku Afwida Tunku Dato' A.Malek	51	Malaysian/Malay	28.04.2016	10 mths
12.	Balasingham A. Namasiwayam	65	Malaysian/Indian	28.04.2016	10 mths
<b>Alternate Directors</b>					
13.	Asri Hamidin @ Hamidon	51	Malaysian/ Malay	06.11.2015	1 yr 3 mths
14.	Nik Rizal Kamil Tan Sri Dato' Nik Ibrahim Kamil	44	Malaysian/ Malay	29.11.2012	4 yrs 3 mths

As at the proposed date of the 32<sup>nd</sup> AGM on 26 April 2017, only one INED i.e. Dato' Ibrahim Marsidi would have served the Board for nine years.

The age range of the directors is listed below:

Range (Age) in year 2016	No. of Directors	Alternates
40 – 49	1	1
50 – 59	5	1
60 – 69	6	-
70 and above	0	-
	12	2

With a NINE Chairman, the seven INEDs formed the majority on the Board of 12 directors, assuring effective checks and balances in the functioning of the Board. It also complies with paragraph 15.02 of the Main Market Listing Requirements (Main LR) of Bursa Malaysia Securities Berhad (Bursa Securities) whereby currently 58.0% of our Board members are Independent Directors.

During the year, TM Board has seen a few changes in its composition. At the 31<sup>st</sup> AGM held on 28 April 2016, two of our INEDs, Dato' Ir Abdul Rahim Abu Bakar and Dato' Danapalan T.P Vinggrasalam did not offer themselves for re-election and thus retired upon conclusion of the AGM. Two new INEDs, Tunku Afwida Tunku Dato' A.Malek and Mr Balasingham A. Namasiwayam were appointed in place thereof effective on the same date. These changes were announced to Bursa Securities on the same day. With this new Board composition, the gender mix on TM Board by end 2016 was 3 (female):9 (male).

Other than Mr Balasingham, who was formerly a TM Group employee, none of the INEDs were former employees of the Company. Mr Balasingham was employed by Jabatan Telekom Malaysia and served in various capacities in TM Group until he retires in 2003. His last post prior to his retirement with TM Group was as Chief Executive Officer of Fiberail Sdn Bhd, a subsidiary and a joint venture company of TM. Although a majority of his career was with TM, in conducting himself as TM Director, Mr Balasingham has displayed his independence of Management regardless of his former position in TM and unsubdued by any unwarranted influence. This has put him in a distinctive position of being familiar not only with telecommunication business but with TM itself. Mr Balasingham understands the culture and nuance of TM. Further, having expanded his experience as INED of a telecommunication company after leaving TM Group, he is able to objectively assess the differences and offers his empirical observations towards TM's improvement from a different angle.

## STATEMENT ON CORPORATE GOVERNANCE

Overall, the INEDs continue to be independent of Management and free from any undue influence from interested parties which could materially interfere with the exercise of their independent judgement. In discharging their responsibilities, during each Board and Committee meeting, the INEDs were thorough in deliberating issues of concern, inquisitive, frank and judicious in every decision-making process. They were impartial in their views, and liberal with their advice based on their expertise, safeguarding the Company's and stakeholders' best interests in every major decision. The INEDs participated actively in the Board's deliberations and decision-making, challenging the Management to perform better and more efficiently. These values are most clearly illustrated in the main Board Committees chaired by the INEDS, namely the BAC, BTC, BRC and BIC.

### BOARD DIVERSITY

The Board of Directors is one of a number of internal governance mechanisms that are intended to ensure that the interests of shareholders and managers are closely aligned. Having a diverse range of skills, background, expertise and experience are critical elements in ensuring a vibrant, effective and robust Board.

An environment which enables the Board to interact cohesively, ensure adequate checks and balances, especially in the challenging telecommunication industry. The Board acknowledges that there is always room for improving diversity in ensuring continuous efficient functioning of the Board and to meet the void created by the constant change in telecommunication technology. It also opines that creating a diverse Board involves a myriad of critical elements not limited to gender and/or age, but including experience and skills-sets as well as the members' background - education and personality, ethnicity/race, nationality, religious beliefs and cultural or socio-economic personal histories.

The Board endeavours to attain diversity in terms of experience, skills, competencies, ethnicity, gender, culture, age and nationality to enable the Company to enhance its effectiveness and governance performance.

The Group's approach to ensure Board diversity is as follows:

- (i) recruiting from a diverse pool of candidates for the position of director;
- (ii) reviewing succession plans to ensure an appropriate focus on diversity;
- (iii) identifying specific factors for consideration in the recruitment and selection processes; and
- (iv) developing programmes to build a broader pool of skilled and experienced Board candidates.

The above approach does not impose on TM Group and its Directors any obligation to engage in, or justification for engaging in, any conduct which is illegal or contrary to anti-discrimination or equal employment opportunity legislation or laws.

The Board believes that the existing appointment process for selecting a new member is already adequate as it takes into consideration the required skills-set, experience, competency, regional and industry experience, and knowledge of the individual candidate, in addition to the candidate's gender and age and how these add to the Board's diversity.

The Board did not set specific targets on gender diversity for the Company but endeavour to maintain and increase the number of women directors on the Board, based on pre-determined set of skills and competencies. Several prominent and suitable qualified women have also been identified and included in the Directors' Pool for possible nomination as part of the succession plan for TM Directors. In support of the target set out under the Corporate Governance Blueprint for women participation on Boards to reach 30% by year 2016, TM continuously identify and selects qualified women Senior Management to undergo training to equip them with relevant knowledge to serve as Directors on the Boards of TM's subsidiaries and associate companies. To-date there are 11 women serving as nominee directors on the Boards of TM Group.

In 2016, the number of women directors on TM Board increased from two to three, with the appointment of Tunku Afwida as INED. The other two women directors are Datuk Zalekha Hassan and Ms Gee Siew Yoong, both are INEDs and Chairperson of BTC and BAC respectively.

### INDEPENDENCE

Our Board recognises the important contribution that Independent Directors make to good corporate governance. All Directors, regardless of their independent status, are required to act in the best interests of the Group and to exercise unfettered and independent judgment. We determine the independence of our Directors in accordance with the independence criteria in paragraph 1.01 of the Main LR. To date, all seven INEDs satisfy the following criteria:

- a) independence from Management and free from any business or other relationship which could interfere with independent judgement or the ability to act in the best interests of the Company.
- b) not involved in the day-to-day operations of the Company other than when collective Board approval is required. This mitigates the risk of undue influence from third parties and allows INEDs to exercise fair judgement.
- c) declare their interest or any possible conflict of interest in any matter tabled prior to the commencement of Board meetings. Directors are able to ascertain their involvement in any proposal as the papers are disseminated to them at least five days before each meeting. In the case of conflict of interest, Directors are required to recuse themselves and abstain from deliberation to allow unbiased and free discussion and decision making. This also holds true for NINEDs.

**STATEMENT ON CORPORATE GOVERNANCE**

The NEDs are not involved in the day-to-day operation of the Company. Business transactions handled by the Company are free from their involvement other than for the final approval when the collective Board's decision is required, as the case may be. This mitigates risk of possible undue influence from third parties and allows the directors to exercise fair judgements and avoids any possible conflict of interest situations.

It has been the directors' practice to disclose their interest or any possible conflicts on any matter put forth for the board's consideration. In these matters the directors are diligent and conscientious in ensuring adherence to the tenet. Interested director shall recuse himself/herself when required and abstain from deliberation to allow unbiased and free discussion and decision making. Based on the BEE 2016, the directors are highly cognisant of their duties to disclose real and apparent conflict of interest situation and recuse themselves accordingly.

Having a diverse Board where the Directors' varied in terms of their backgrounds, education and experiences, dissenting views or even unpopular opinions are a norm. With the changes in the composition of the Board and members gradually familiarising themselves with each other, an open, healthy and thorough deliberation are practised in reaching for a decision. By understanding good governance practices, they are able to exercise objective judgement, are not easily influenced by non-related factors, able to act in the best interest of the Company and safeguard stakeholders' interests.

Even with the new board composition, the BEE 2016 continues to indicate healthy Boardroom dynamics with good working relationships among the Board members as well as between the Board and Management.

Apart from the above criteria, the independence of all TM Directors, including the NEDs, is assessed annually through the BEE. This exercise involves questionnaires that cover principles, perspectives and personal insights of the respective Directors, and are completed by all Directors on themselves and on their peers.

The NRC, as part of its ToR, undertakes the annual review of INEDs' independence status and tables its findings and recommendations to the Board. The Directors' skills, experience, contributions as well as their backgrounds, economic and family relationships are considered. Thereafter, the NRC determines whether the Directors can continue to bring independent and objective judgement to the Board. The NRC also determines, according to character and judgement, whether there are relationships or circumstances which could affect, or appear to affect, the Independent Directors' judgement.

In ascertaining the independence status of the Directors, the Board continues to believe that tenure should not form part of the assessment criteria. It is of the view that the fiduciary duties of Directors as promulgated in the former Companies Act, 1965 and now in the Companies Act 2016 (CA 2016) are the primary concern of all Directors, regardless of their status. The Board firmly believes that the ability of a Director to serve effectively is dependent on his

calibre, qualification, experience and personal qualities, particularly his integrity and objectivity. It also believes there are significant advantages to be gained from long-serving Directors who possess insight and knowledge of the Company's business and affairs.

Having state the above, the Board firmly believe that although Recommendation 3.2 of the MCCG 2012 on the limitation of nine years cumulative tenure of INED may not be formally adopted by the Company, it does not necessarily precludes the Board from adhering to the spirit of the principle. The Board has embraced the principle in spirit by applying Recommendation 3.3, whereby the retention of INED who have served for more than nine years is to be put up for shareholders' consideration.

Dato' Ibrahim, having been appointed as INED on 25 April 2008, will reach the nine years' tenure on 24 April 2017. Dato' Ibrahim has indicated his intention to vacate his directorship in TM in 2017.

The BEE 2016 result on peer evaluation shown that the Directors have demonstrated their ability to act independently.

**BOARD APPOINTMENT PROCESS**

The Company maintains a formal and transparent procedure for the appointment of new Directors. Appointment to the Board is made either by the Minister of Finance (MOF), being the Special Shareholder as defined in Article 97(1) of the Company's AA, or by the Board of Directors pursuant to Article 98(1) of the AA.

Based on Article 109, the Special Shareholder may also appoint the EDs of the Company for such period and upon such terms as it may think fit and appoint another in his or their place(s). The EDs are however subject to the control of the Board of Directors.

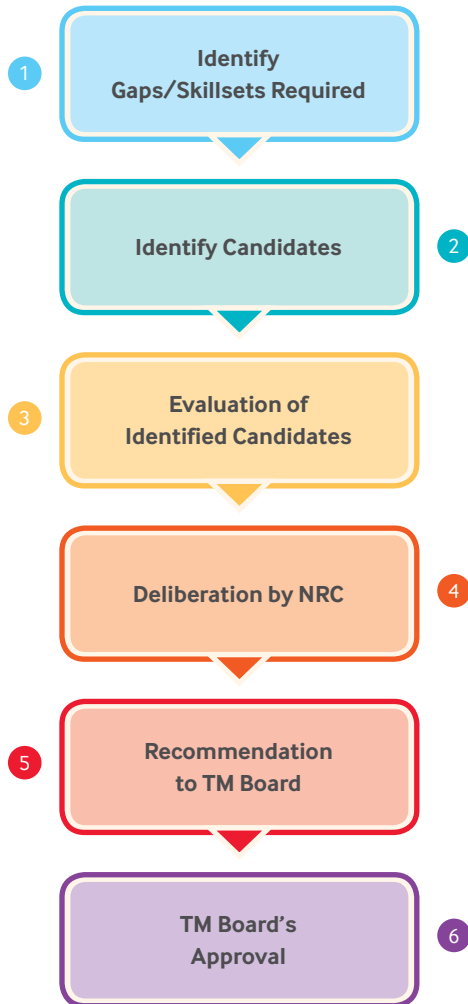
Nominees to the Board are first considered by the NRC, taking into account the mix of skills, competencies, experience and other qualities required to manage a highly regulated communication business, before they are recommended to the Board.

While the Board is responsible for the appointment of new Directors, the NRC is delegated with 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.

## STATEMENT ON CORPORATE GOVERNANCE

A typical TM Board appointment process is depicted below:



In 2016, the NRC having considered Mr Balasingham and Tunku Afwida's qualifications, opined that they have the relevant expertise, skills and experience which would add value to the Board's mix and diversity, and hence, recommended them as the INEDs. TM Board accepted both recommendations and Mr Balasingham and Tunku Afwida were duly appointed on 28 April 2016.

#### DIRECTORS' RETIREMENT AND RE-ELECTION

In accordance with the Main LR and Article 103 of the Company's AA, all Directors, including the EDs, are subject to re-election by rotation at least once every three years and a re-election of Directors takes place at each AGM. At every AGM, one-third or the nearest to one third of the Directors, being longest in office since his/her last re-election, shall retire from

office at the conclusion of the AGM. According to Article 98(2) of the AA and the CA 2016, Directors appointed to fill casual vacancies shall hold office only until the following AGM and shall be eligible for re-election.

Taking into account the relevant requirements, the Directors' Rotation List was presented to the NRC for endorsement. The Directors recommended to be re-elected at the AGM are subject to prior assessment by the NRC and the affected Directors are required to give their consent on their re-election prior to TM's Board meeting. In assessing the candidates, NRC takes into consideration their attributes, competencies, commitment, personality and qualities, as well as their contribution and performance based on the BEE. Assessment of the Board's structure and balance as well as the concerned Directors' independence is also made. NRC's recommendations are thereafter submitted to the Board and shareholders for approval.

At the coming 32<sup>nd</sup> AGM, five directors will be considered for re-elections pursuant to various provisions.

The following are the directors representing one-third and longest in office since their last election, and shall retire by rotation at the coming 32<sup>nd</sup> AGM. These Directors are recommended for re-election by the NRC and Board and they have given their consent to be re-elected as directors:

Tan Sri Dato' Seri Dr Sulaiman Mahbob, the NINE Chairman of TM, has extensive experience garnered from the Government sector and is well versed in dealings with regulators and government agencies. His directorship in a public listed Government-Linked Company and his participation in various Government agencies as well as several local universities, are evidence of his versatility, adaptability and commitment to serve various stakeholders. As MSWG's Chairman, Tan Sri Sulaiman has a strong grasp of minority shareholders' concerns and is observant of corporate governance practices. As TM Chairman, he is able to provide sound leadership and valuable inputs at TM Board and subsidiaries meetings which he chairs. Based on the BEE assessment, Tan Sri Sulaiman is found to be an excellent and effective chairman, who ensures to include all Board members in the decision making process. Whilst on peer to peer appraisal, which among others, assess on participation and firm stand on issues, professionalism, knowledge, independence of judgement, relationship with other Board members and Management, Tan Sri Sulaiman was rated highly by the other Board members. The NRC and the Board were of the opinion that Tan Sri Sulaiman is imperative to the board dynamics and recommended him for re-election.

Ms Gee Siew Yoong, INED, is a member of the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants. She is the BAC chairman, member of BRC and BIC. A former auditor, who has also held the position of CEO tasked to reorganise troubled organisations, including financial institutions, local and international, Gee has considerable experience in business financial matters. Gee is thorough and systematic in assessing issues. Based on the BEE's peer to peer assessment Gee received good ratings from her peers on her firm stand on issues, demonstrate independence on judgement, mindful on rules and regulations affecting the Company and analytic in considering issues. The NRC and the Board were of the opinion that Gee's experience is vital and recommended her for re-election.

**STATEMENT ON CORPORATE GOVERNANCE**

Datuk Seri Fateh Iskandar Tan Sri Dato' Mohamed Mansor, INED, has demonstrated his business acumen, astuteness, knowledge, experience and good judgement. Coming from a different business discipline and a businessman on his own right, he is able to provide different views and fresh business perspective for the Board. Datuk Seri Fateh is the Chairman of BIC and a member of BRC. With his background and experience in property related matters, his opinions in this regard is indispensable. Based on BEE's peer to peer assessment, Datuk Seri Fateh ranked higher than average on most of the qualities assessed. He actively participates in discussions, has firm stand on issues, demonstrate professionalism and knowledge and has independence of judgement. The NRC and the Board were of the opinion that Datuk Seri Fateh provides a variation to the skill set diversity and recommended him for re-election.

The following are the directors appointed to fill casual vacancies in 2016. Pursuant to Article 98(2) of the AA, they are to hold office until the following AGM where they are required to retire. The Directors are recommended for re-elections by the NRC and Board and they have given their consents to be re-elected as Directors:

Mr Balasingham A. Namasiwayam, INED, has in-depth knowledge of telecommunication industry with his over 30 years' experience. Being a former employee of TM Group for the vast majority of his career has set him in a unique position to better appreciate the business and culture of the Company, and able to apply his invaluable insights and knowledge in his judgment. Mr Balasingham is highly committed and has displayed his fervor in the transformation of TM and had showed great interest in all aspects of the Company's business. He is a member of the BAC, NRC, BRC and LTIP Committee. Based on the BEE peer to peer assessment, Mr Balasingham ranked higher than average on all assessment qualities. The NRC and the Board highly recommended that he be re-elected as Director of the Company.

Tunku Afwida Tunku Dato' A.Malek, INED, an accountant, with banking and investment experience has calm demeanor and has demonstrated her ability to methodically assess and review specific issues before the Board. She is able to dissect financial and investments concerns and impart opinions beneficial to the Company. Tunku Afwida is a member of BAC, NRC, BIC and LTIP Committee, and has displayed her astuteness on every occasion during the meetings. Based on the BEE's peer to peer assessment, Tunku Afwida is found to be professional in her conduct with impeccable integrity, has independence of judgement, assumes her fiduciary duties in good faith and actively seeks additional information and clarification before making decisions. The NRC and the Board were of the opinion that Tunku Afwida provide a healthy mix to the Board's expertise and recommended her for re-election.

The five Directors who are due for re-elections at the forthcoming AGM, as evaluated by the NRC and approved by the Board, have met the Board's expectations and continue to perform in an exemplary manner as demonstrated by their contributions to the Board. The Board is of the view that these Directors have brought independent and objective judgment in Board deliberations and has performed their fiduciary duties well.

Their independence assessment is conducted annually via the BEE and a report on this is tabled for the consideration of NRC in February prior to finalisation of the Notice of AGM. After considering the above factors, the Board has recommended the Directors for re-elections.

**FOSTERING COMMITMENT OF THE BOARD AND BOARD ATTENDANCE**

Our Board is of the opinion that the provisions in the CA 2016 and Main LR are sufficient to ensure adequate commitment by the Directors to perform their duties; and that each Director is able to commit sufficient time to the Company without it being formally regulated.

This is evidenced by the attendance of Directors and time spent at Board and Committee meetings. A high level of flexibility has been demonstrated with Board members able to accommodate the Company according to its needs.

The Board also agreed for Directors upon appointment to notify the Company Secretary of their directorships in other companies for disclosure to the Board at Board meetings.

A schedule for TM Board meetings was formulated and presented to the Board in November 2015 and shared with the Directors before the beginning of the year to ensure Directors' time commitment.

A total of nine meetings were held during the year; six scheduled Board meetings to discuss and decide on quarterly financial results, performance reports and various other matters based on predetermined agendas; one special meeting to discuss on important issues requiring Board's urgent approval and two Board retreat cum special meetings. The strategic retreat meeting was held in July 2016 for the Company's strategic discussions and growth plans, while a Board retreat was held in December 2016 on the Group's AOP and financial targets. Besides the Board meetings, urgent decisions were approved via six Directors' Circular Resolutions during the year.

The amount of time spent on Board and Committees meetings for the financial year, is monitored via the BPIP. TM Board spent a total of 38 hours at nine Board meetings held throughout 2016.

Decisions made at Board meetings are mostly on consensus or via majority vote, save for items reserved for the Special Shareholder as stipulated in the Company's AA. Resolutions in writing by all the Directors or their alternates who may at the time be present in Malaysia shall be valid and effectual as if the resolution had been passed at a Board meeting. The AA of the Company is accessible on TM's official website at [www.tm.com.my](http://www.tm.com.my).

All Directors complied with the minimum attendance of at least 50.0% of Board meetings held in the financial period pursuant to the Main LR. The Board has also agreed for the 50.0% minimum attendance requirement to be adopted for Board Committees, with attendance from alternate Directors considered for purposes of the attendance of the principal Director. Overall, all Committee members complied with the attendance threshold.

## STATEMENT ON CORPORATE GOVERNANCE

Details of attendance of each Director on the Board, Board Committees, the 31<sup>st</sup> AGM and the Extraordinary General Meeting (EGM) for the financial year ended 31 December 2016 are as follows:

No.	TM Board		BAC		NRC		BTC		BRC		BIC		31 <sup>st</sup> AGM Attended	EGM Attended	
	No. of Meetings	Attended/ Held %	No. of Meetings	Attended/ Held %	No. of Meetings	Attended/ Held %	No. of Meetings	Attended/ Held %	No. of Meetings	Attended/ Held %	No. of Meetings	Attended/ Held %			
<b>Directors</b>															
1.	Tan Sri Dato' Seri Dr Sulaiman Mahbob (Chairman)	9/9	100.0	-	-	-	-	-	-	-	-	-	√	√	
2.	Tan Sri Dato' Sri Zamzamzairani Mohd Isa (MD/Group CEO)	9/9	100.0	-	-	-	-	13/13	100.0	-	-	-	√	√	
3.	Datuk Bazlan Osman (ED/Group CFO)	9/9	100.0	-	-	-	-	13/13	100.0	4/4	100.0	6/6	100.0	√	√
4.	Dato' Sri Dr Mohamad Isa Hussain	8/9	89.0	-	-	-	-	11/13 <sup>1</sup>	100.0 <sup>1</sup>	-	-	4/6 <sup>1</sup>	100.0 <sup>1</sup>	√	√
5.	Tunku Dato' Mahmood Fawzy Tunku Muhiyiddin	9/9	100.0	8/8	100.0	5/5	100.0	-	-	-	-	3/3	100.0	√	√
6.	Datuk Zalekha Hassan	9/9	100.0	8/8	100.0	4/5	80.0	13/13	100.0	-	-	-	-	√	√
7.	Dato' Ibrahim Marsidi	8/9	89.0	-	-	5/5	100.0	13/13	100.0	2/2	100.0	-	-	√	√
8.	Davide Giacomo Federico Benello	9/9	100.0	-	-	-	-	-	-	-	-	-	-	√	√
9.	Datuk Seri Fateh Iskandar Tan Sri Dato' Mohamed Mansor	8/9	89.0	-	-	-	-	-	-	4/4	100.0	5/6	83.0	√	√
10.	Gee Siew Yoong	9/9	100.0	8/8	100.0	-	-	-	-	4/4	100.0	6/6	100.0	√	√
11.	Tunku Afwida Tunku Dato' A.Malek (appointed wef 28 April 2016)	5/5	100.0	4/4	100.0	2/2	100.0	-	-	-	-	2/3	67.0	N/A	N/A
12.	Balasingham A. Namasiwayam (appointed wef 28 April 2016)	5/5	100.0	4/4	100.0	2/2	100.0	-	-	2/2	100.0	-	-	N/A	N/A
<b>Alternate Director</b>															
1.	Asri Hamidin (A Hamidon) (Alternate to Dato' Sri Dr Mohamad Isa Hussain)	-	-	-	-	-	-	2/2	-	-	-	2/2	-	-	-
2.	Nik Rizal Kamil Tan Sri Nik Ibrahim Kamil (Alternate to Tunku Dato' Mahmood Fawzy Tunku Muhiyiddin)	6/9	-	-	-	-	-	13/13	100.0	-	-	5/6	83.0	√	√
<b>Directors who have retired since the last report</b>															
1.	Dato' Danapalan T.P Vingaralam (retired on 28 April 2016)	4/4	-	-	-	2/2	-	-	-	1/1	-	2/2	-	√	N/A
2.	Dato' Ir Abdul Rahim Abu Bakar (retired on 28 April 2016)	3/4	-	-	-	2/2	-	-	-	1/1	-	2/2	-	-	N/A

The average meeting attendance is calculated based on the attendance from the date of appointment to the date of resignation.

<sup>1</sup> During the year, Directors with alternates, in either the main Board or Committees, have endeavoured to ensure that each meeting was represented by them or their respective alternates in ensuring compliance with provisions of the Main LR and Board Charter.

<sup>1</sup> Alternate Director as principal member of Committee. Nik Rizal was re-designated as Alternate Member to Tunku Dato' Mahmood Fawzy on BIC on 25 May 2016. He attended two out of three meetings prior to the re-designation.

<sup>1</sup> Represented by alternate Director



STATEMENT ON CORPORATE GOVERNANCE

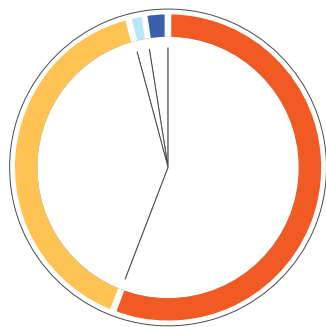
**DIRECTOR'S REMUNERATION**

Our Directors' remuneration policy ensures that the remuneration mix is market competitive and equitable. The aim of the remuneration policy and philosophy is to:

- Align with our strategic thrusts and value drivers.
- Attract and retain Directors of such calibre who are able to provide the necessary skills and experience, commensurate with the responsibilities for the effective management of TM Group.
- Support the philosophy of value-based management.

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

**Executive Directors' (EDs)**



- Fixed ..... 40%
- Performance based Incentives ..... 56%
- Allowances ..... 1.5%
- Customary Benefits/Incentives ..... 2.5%

As EDs, the MD/Group CEO and ED/Group CFO are paid salaries, allowances, performance based incentives including bonus and other customary benefits as appropriate to Top Management. A significant portion of the EDs' 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 BSC. The EDs are not paid Director's fees or meeting allowances for Board and Board Committee meetings that they attend and are members of.

The performances of the EDs (as well as that of the Pivotal Positions and the Company Secretary) are reviewed annually by the NRC, and recommendations are submitted to the Board on specific adjustments in their remuneration and/or reward payments, reflecting their contributions for the year. The MD/Group CEO and Management team members are rewarded according to a combination of achievement of targets and their 360-degree ratings. These payments are competitive in line with the Group's corporate objectives and strategy. The EDs recused themselves during deliberations on their performance rewards and remuneration review at the NRC and Board meetings.

In 2013, the Long-Term Incentive Plan (LTIP) - Performance Share Plan (PSP) for EDs and Top Management under TM Rewards Transformation initiatives was implemented and granted to eligible participants based on an approved mechanism. Its main objective is to align the interests of our Top Management with that of our shareholders, driving a high performance culture and as a retention tool. It has been implemented for a 3-year performance period until end 2016. With the introduction of the LTIP PSP, the remuneration package for EDs now has more emphasis on performance-link elements.

At the EGM of the Company held on 28 April 2016, the shareholders have approved a new LTIP for all eligible employees and EDs. The LTIP comprises a Restricted Share (RS) Grant and Performance Share (PS) Grant, the main differences of which are 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. The LTIP is administered and managed by the LTIP Committee, a sub-committee of the NRC established in accordance with the by-laws governing the LTIP (LTIP By-Law). Having acquired all relevant approvals, the LTIP was implemented on 29 September 2016. As at the end of 2016 and the date of this statement, only RS has been granted to Eligible Employees as defined by the LTIP By-Law.

**Non-Executive Directors (NEDs)**

NEDs' remuneration package is determined by the Board as a whole. Their director's fee is based on a standard fixed fee, which is subject to shareholders' approval, while meeting allowances are paid based on attendance at Board and Committee meetings.

Fees for the NINE Chairman, SID and NEDs were approved by shareholders at the 28<sup>th</sup> AGM on 7 May 2013 and subsist to date. The shareholders at the 31<sup>st</sup> AGM have approved the said fees from the date of the 31<sup>st</sup> AGM to 32<sup>nd</sup> AGM.

Despite the recommendations pursuant to Clause 6.11 of the Board Charter to review the Directors' Remuneration every three years, the Board is not proposing for any changes to the fee structure at the upcoming 32<sup>nd</sup> AGM as it is still competitive and at par with the prevalent market.

## STATEMENT ON CORPORATE GOVERNANCE

In compliance with Section 230(1) of CA 2016, the resolution on the payment of the following Directors' fees, from the 32<sup>nd</sup> AGM until the conclusion of the next AGM is tabled at the forthcoming AGM for shareholders' approval.

Directors	Directors' Fee
NINE Chairman	RM276,000 per annum @ RM23,000 per month
NEDs	RM180,000 per annum @ RM15,000 per month
SID	RM27,000 per annum @ RM2,250 per month

In addition to the directors' fees, NEDs are paid meeting allowances for Board and Board Committees. The meeting allowances' structure stipulated in the Board Charter are as follows:

	Meeting Allowance Per Attendance (RM)						
	Board	BAC	NRC	BTC	BRC	BIC	LTIP Committee
Chairman	3,500	3,250	2,500	3,250	2,500	2,500	2,500
NED	3,000	2,500	2,000	2,500	2,000	2,000	2,000

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 Directors who attend meetings in the absence of their substantive Directors.

TM has also in place a Subsidiaries' Remuneration Framework. Under the framework, subsidiaries are categorized into tiers based on their strategic, revenue and impact levels to TM, as well as focus of business. TM Directors appointed on boards of subsidiaries are entitled to the following fees:

	Chairman		NED		Committee Fee	
	Fixed Fee (Monthly)	Meeting Fee	Fixed Fee (Monthly)	Meeting Fee	Chairman Meeting Fee	Member Meeting Fee
Tier 1 Subsidiaries	RM11,500	RM1,500	RM7,500	RM1,000	RM500	RM300
Tier 2 Subsidiaries	Nil	RM1,500	Nil	RM1,000	Nil	Nil

Apart from the above directors' fees and meeting allowances, which are considered as benefits payable to NEDs, the Directors are also entitled to customary benefits such as claimable benefits on annual business development trips, leave passage, business equipment, telecommunication bills, insurance and medical coverage.

The Board acknowledged the new requirement of Section 230(1) of the CA 2016 for the fees and any benefits payable to Directors of listed company and its subsidiaries to be approved at a general meeting of the Company. Accordingly, shareholders' approval is sought for the payment of the above remuneration to the NEDs.

To maintain appropriate check and balance, NEDs are not entitled to participate in any employees share scheme or variable performance-linked incentive schemes pursuant to the Blue Book issued by the Putrajaya Committee on Government Linked Companies (GLCs) High Performance (PCG).

## CORPORATE GOVERNANCE

## STATEMENT ON CORPORATE GOVERNANCE

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 2016, are as follows:

NO.	NAME OF DIRECTORS	SALARY (RM)	PERFORMANCE INCENTIVES (RM)	FEES (RM)		ALLOWANCE (RM)		BENEFITS IN KIND (RM)	TOTAL AMOUNT (RM)
				TM	SUBSIDIARY	TM	SUBSIDIARY		
<b>NON-INDEPENDENT AND EXECUTIVE DIRECTORS (NIED):</b>									
1	Tan Sri Dato' Sri Zamzamairani Mohd Isa	2,285,810.00 <sup>a</sup>	3,313,123.77 <sup>b</sup>	-	-	60,000.00 <sup>c</sup>	-	134,662.31	5,793,596.08
2	Datuk Bazlan Osman	1,302,592.00 <sup>a</sup>	1,736,647.02 <sup>b</sup>	-	-	60,000.00 <sup>c</sup>	-	96,188.77	3,195,427.79
<b>NON-INDEPENDENT AND NON-EXECUTIVE DIRECTORS (NINED):</b>									
3	Tan Sri Dato' Seri Dr. Sulaiman Mahbob	-	-	276,000.00	276,000.00	42,000.00	14,000.00	35,200.00	643,200.00
4	Tunku Dato' Mahmood Fawzy Tunku Muhiyiddin	-	-	270,000.00 <sup>d</sup>	-	87,500.00 <sup>d</sup>	-	51,250.00	408,750.00
5	Dato' Sri Dr Mohamad Isa Hussain	-	-	180,000.00	-	57,500.00	-	51,250.00	288,750.00
<b>ALTERNATE DIRECTORS (NON-INDEPENDENT AND NON-EXECUTIVE ALTERNATE DIRECTORS):</b>									
6	Nik Rizal Kamil Tan Sri Nik Ibrahim Kamil (Alternate to Tunku Dato' Mahmood Fawzy)	-	-	-	-	43,000.00 <sup>e</sup>	-	-	43,000.00
7	Asri Hamidin (Q Hamidon) (Alternate Director to Dato' Sri Dr. Mohamad Isa Hussain)	-	-	-	-	19,500.00	-	-	19,500.00
<b>INDEPENDENT AND NON-EXECUTIVE DIRECTORS (INED):</b>									
8	Datuk Zalekha Hassan	-	-	180,000.00	90,000.00	109,500.00	4,000.00	51,250.00	434,750.00
9	Dato' Ibrahim Marsidi	-	-	180,000.00	90,000.00	98,750.00	4,000.00	51,250.00	424,000.00
10	Davide Giacomo Federico Benello	-	-	180,000.00	-	130,000.00 <sup>f</sup>	-	-	310,000.00
11	Datuk Seri Fateh Iskandar Tan Sri Dato' Mohamed Mansor	-	-	180,000.00	90,000.00	52,000.00	5,000.00	-	327,000.00
12	Gee Siew Yoong	-	-	180,000.00	-	82,000.00	-	48,830.00	310,830.00
13	Tunku Afwida Tunku Dato' A.Malek (Appointed on 28 April 2016)	-	-	120,000.00	-	35,000.00	-	51,250.00	206,250.00
14	Balasingham A. Namasiwayam (Appointed on 28 April 2016)	-	-	120,000.00	-	37,000.00	-	51,250.00	208,250.00
<b>INED RETIRED AT PREVIOUS YEAR AGM:</b>									
15	Dato' Ir Abdul Rahim Abu Bakar	-	-	60,000.00	-	28,500.00	-	-	88,500.00
16	Dato' Danapalan T.P Vingaralam	-	-	60,000.00	90,000.00	50,000.00	6,800.00	-	206,800.00
	<b>TOTAL AMOUNT</b>	<b>3,588,402.00</b>	<b>5,049,770.79</b>	<b>1,986,000.00</b>	<b>636,000.00</b>	<b>992,250.00</b>	<b>33,800.00</b>	<b>622,381.08</b>	<b>12,908,603.87</b>

<sup>a</sup> Inclusive of Company's contribution to provident fund.

<sup>b</sup> Inclusive of LTIP - PSP

<sup>c</sup> Car allowances in lieu of provision of company car.

<sup>d</sup> Inclusive of fee and allowance received from a Tier 1 subsidiary amounting to RM90,000 and RM7,000 respectively.

<sup>e</sup> Payment made to Khazanah Nasional Berhad (Khazanah) as management fee for Khazanah's nominee director.

<sup>f</sup> Inclusive of per diem allowance for foreign director amounting RM90,000.

**STATEMENT ON CORPORATE GOVERNANCE**

**Directors' Indemnity**

TM maintained a Directors' and Officers' Liability Insurance throughout the financial year. Directors and Officers are indemnified against any liability incurred by them in the discharge of their duties while holding office as Directors and Officers of the Company.

The existing policy period of insurance is from 1 June 2016 to 31 May 2017 with worldwide coverage of up to RM50 million for each and every claim. It protects the Directors and Officers from loss resulting from claims made against them alleging a wrongful act in the discharge of their duties on behalf of TM. This insurance does not, however, provide coverage in the event of any negligence, fraud, breach of duty, breach of trust or fine upon conviction.

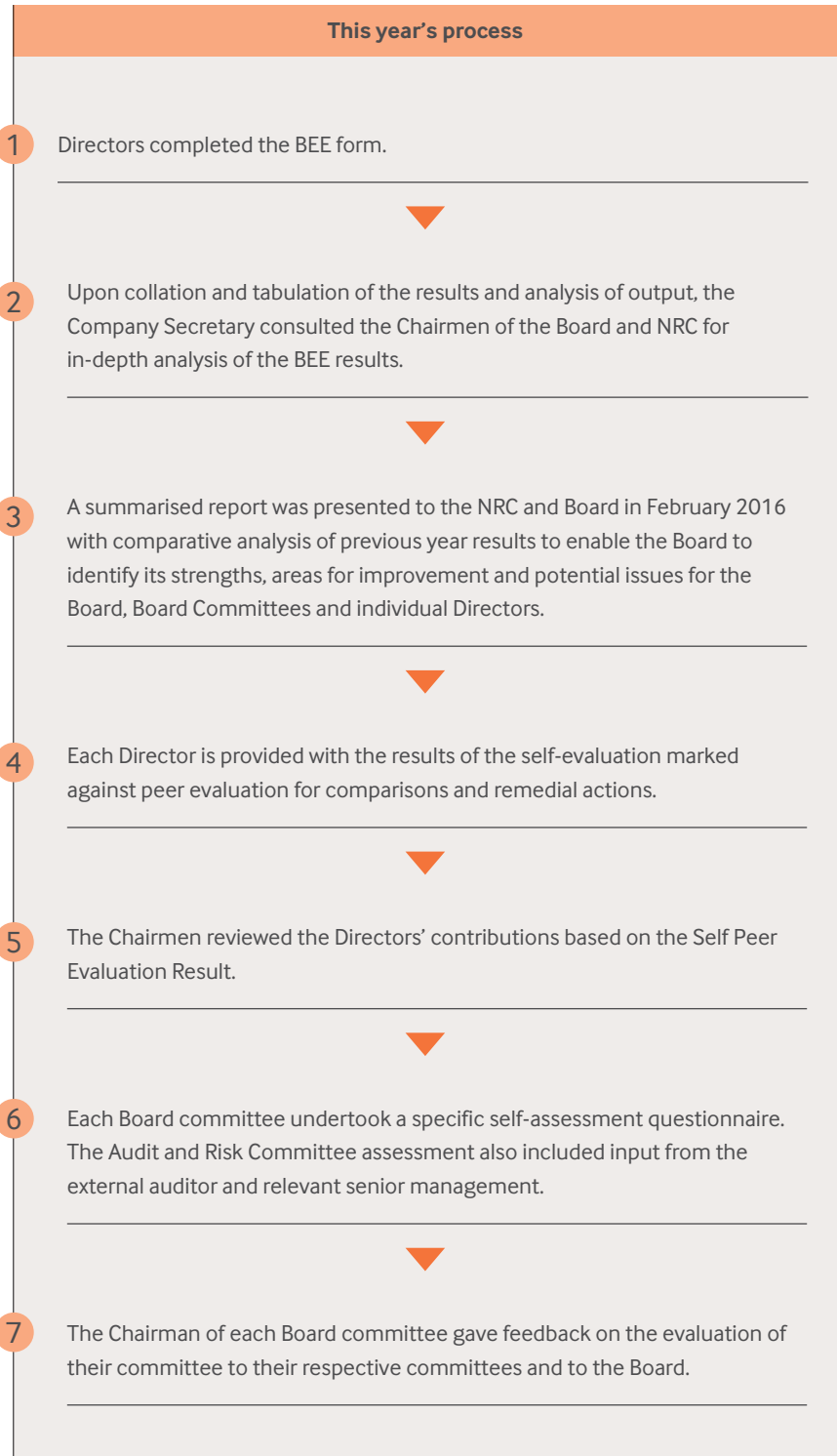
Based on the analysis of the risk factors and previous trends, the Board agreed that the existing coverage is adequate to cover the Directors and Officers against claims. During the year, the Directors jointly contributed to the acceptable apportionment of the premium payment of this policy. Pursuant to the CA 2016, premium payment for the policy will be fully covered by the Company henceforth.

**EVALUATING BOARD PERFORMANCE AND KEEPING UP-TO-DATE**

**BOARD EFFECTIVENESS EVALUATION (BEE)**

Our BEE was adopted in 2004. Conducted internally since 2011, it comprises a Board Evaluation, a Committee Evaluation and a Directors' Self and Peer Assessment. It is designed to improve the Board's effectiveness as well as to draw the Board's attention to key areas that need to be addressed in order to maintain Board cohesion despite its diversity.

BEE assesses the Board's responsibilities, composition, ways to foster commitment, administration and process, conduct, interaction and communication with management and stakeholders, and its evaluation on the Chairman and MD/Group CEO.



STATEMENT ON CORPORATE GOVERNANCE

2015 financial year evaluation	Actions taken in 2016
<p><b>Diversity</b></p> <p>The need for relevant skills and experienced board member in IT and technology that is in line with the Company and Group’s vision development</p>	<p>NRC has taken the initiative to review the board composition and succession plan for the Board. The Directors Pool has also been expanded to include the required diversification that the Board needs.</p>
<p><b>Appointments to the Board</b></p> <p>Succession planning and talent pool/Directors Pool required further in-depth discussion for both Board and Management. Board need to have visibility on the matter for long term planning for the Company</p>	<p>Selection of Directors through a Directors Pool was made to replace Directors that did not seek re-elections at the 31<sup>st</sup> AGM. New appointments were made based on the need to replace the vacated skills and expertise.</p>
<p><b>Information flow</b></p> <p>To have frequent updates on the selected issues that are relevant to Company based on the current environment</p>	<p>The Board was apprised on the issues at the Board meeting and retreats.</p>

2016 Evaluation

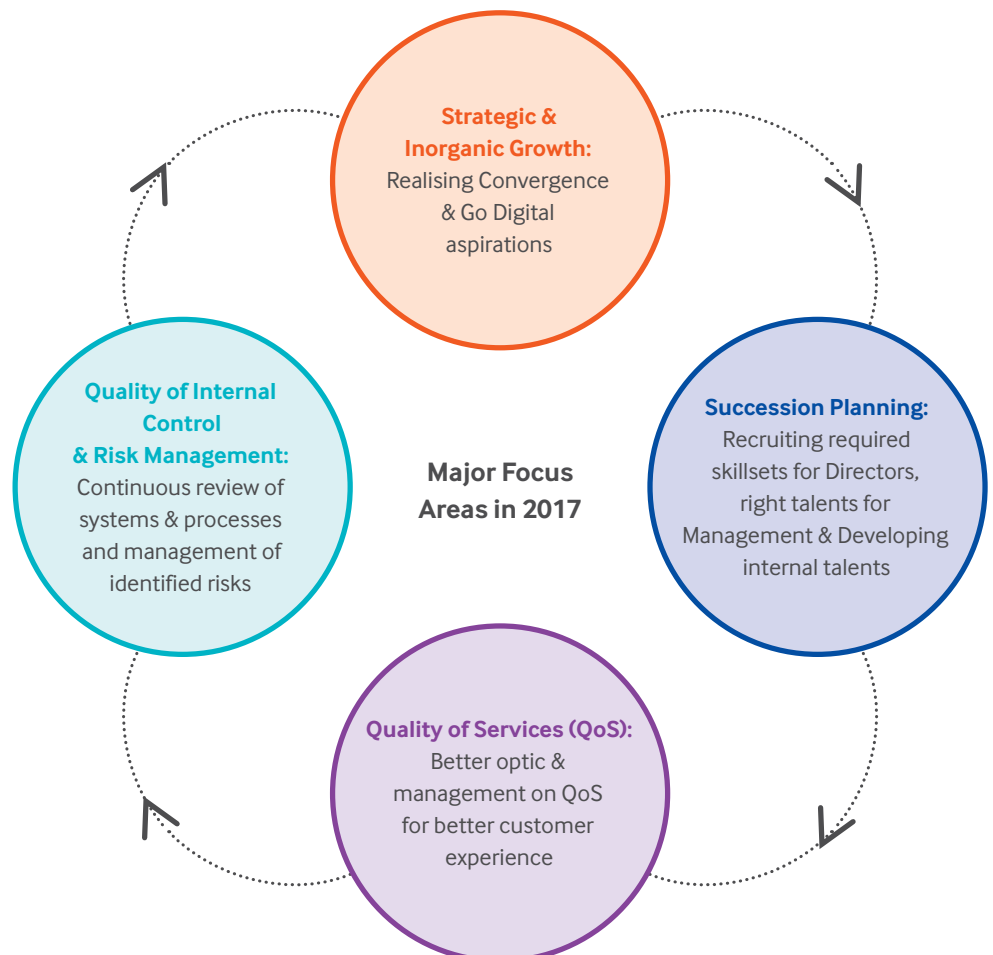
BEE 2016 revealed that the Board has carried out its duties well and amicably with most areas rated as “Good” or “Outstanding”. The Board agreed that it has performed well in these challenging times and is satisfied with its overall performance with some areas identified for improvements.

The BEE also assesses the effectiveness of the Board Committees, particularly their structure and processes as well as accountability and responsibility. All Board Committees are rated “Good” to “Outstanding” indicating that the Committee members have discharged their duties and responsibilities well with commitment and professionalism to the benefit of the Company.

Self and Peer Evaluation are conducted to assess each Director’s professional competency, attributes and personality. Directors’ Peer Evaluation results continued to be high in 2016. It is important for Chairman of NRC and Board in determining Directors’ fit on the Board in ensuring healthy dynamics and a collectively strong Board.

Recommendations for the 2017 financial year

Based on the 2016 BEE results, the Board will continue to focus on the following strategic areas in 2017 to maintain TM’s competitive edge:



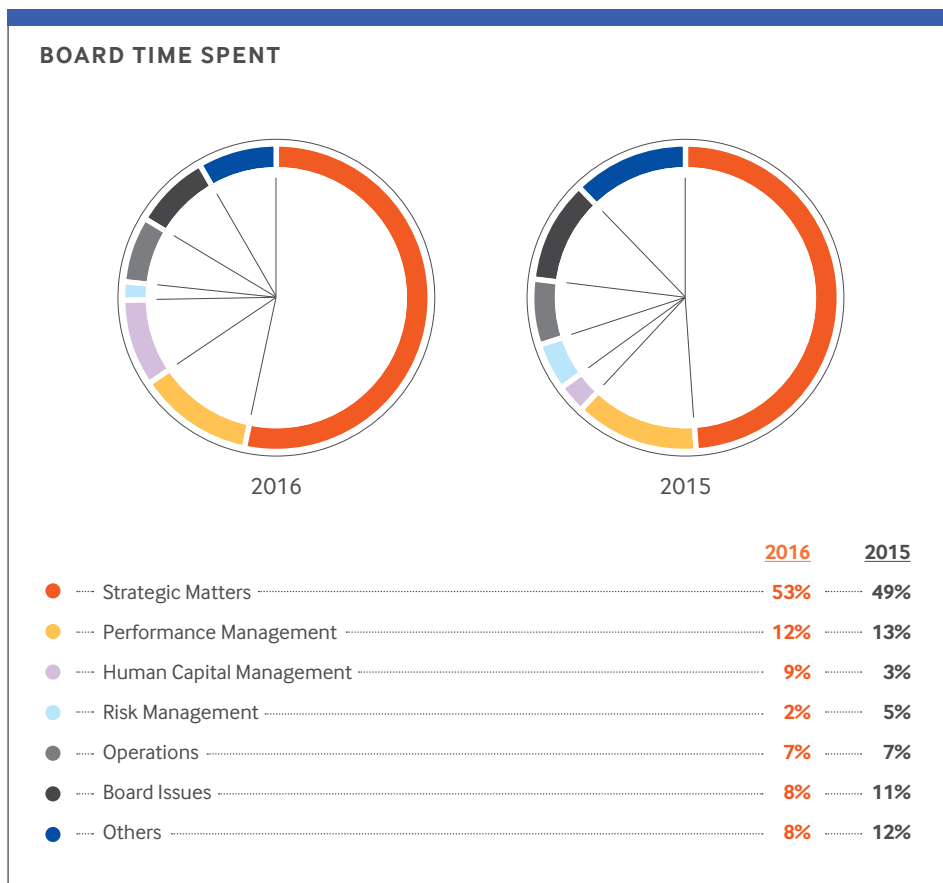
STATEMENT ON CORPORATE GOVERNANCE

**BOARD PERFORMANCE IMPROVEMENT PROGRAMME (BPIP)**

The BPIP Governance work stream, adopted since January 2008, has undergone enhancements throughout the years to improve the Board’s functions and structure and ensure the Board’s priorities are aligned with the MD/Group CEO’s mandate.

Various initiatives have been introduced as Board Operating Mode (BOM) deliverables to enhance the Board’s effectiveness. These deliverables are monitored and reported to the Board annually. Management formulates a whole-year plan for TM Board Meeting Priorities and Agenda taking into account the MD/Group CEO Priorities as well as major focus areas requested by the Board based on the BEE results, for the Board’s approval in April 2016. The Board Agenda is aligned to the Company’s vision and mission, consistent with the Board’s key roles and the mandate provided to the MD/Group CEO.

In 2016, the Board’s main focus was on strategic matters, in line with its business direction and the competitive telecommunications industry landscape, followed by performance management. Time spent on various broad agenda topics at Board meetings in 2016 is as illustrated below:



**BOARD TRAINING PROGRAMME (BTP) AND KNOWLEDGE ACQUISITION**

BTP Guidelines were adopted in January 2005 to address the training needs of Directors in the absence of Bursa Securities’ Continuous Education Programme (CEP) requirements. Today, they are in line with the MCCG 2012 which advocates the continuous training of Directors. This enhances the skills of the Directors and ensures they are kept updated of industry trends.

The training structure for the Board is monitored and updated to be relevant to changing business needs. As a result of close monitoring of the BTP by the NRC and in line with the BEE, the Directors’ training structure for 2016 was aligned to their needs to focus on training programmes that would cater to the Company’s transformation and convergence plan, beyond connectivity and digitalisation environment.

TM has continuously organised in-house training for Directors’ development. During the year, in-house training sessions were arranged in relation to “Northgate Capital: Northgate Investment Management”, “Grand Challenges Facing the Internet” and “Study Visit on Digital and VADS CXO Summit 2016”.

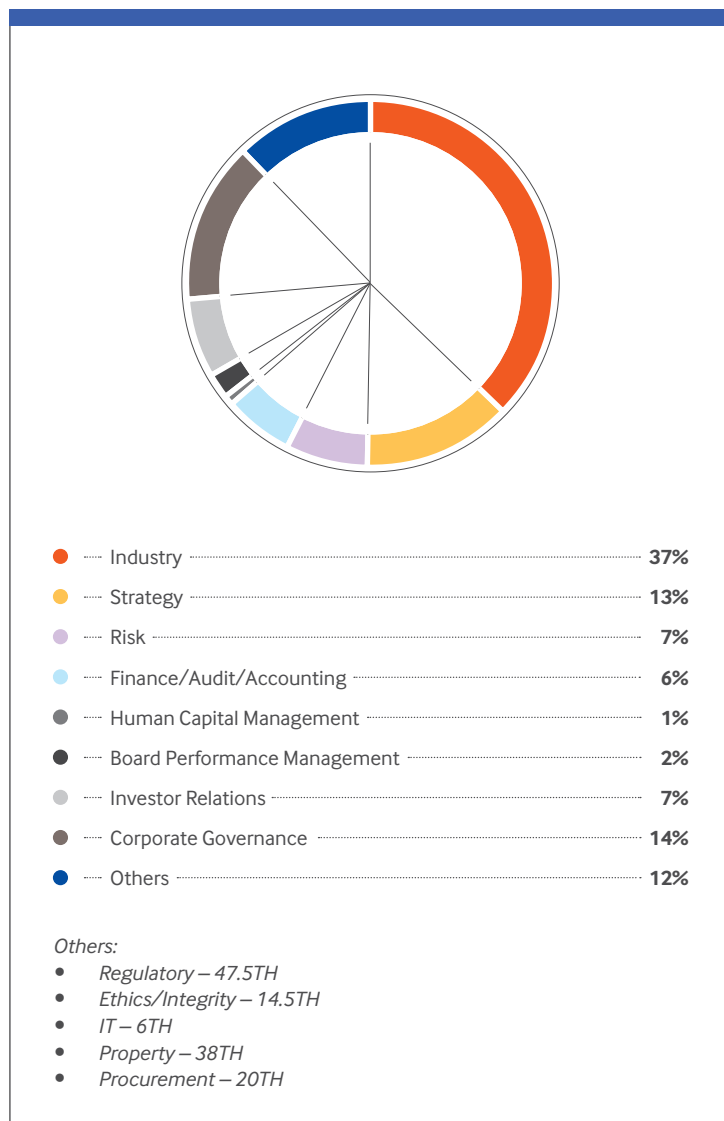
Based on BTP records, other than Encik Asri Hamidin, an Alternate Director, all Directors completed the minimum requirement of 36 training hours for the year, which was pro-rated for Directors appointed during the year. The Board concurred that being a full-time government servant, Encik Asri’s participation in government organised seminars and trainings is adequate to enhance his skills for TM’s BTP purpose.

The Directors via BEE 2016, also concurred that they have devoted sufficient time to update their knowledge and enhance their skills through appropriate continuing education programmes and life-long learning in order to sustain their active participation in Board deliberations.

STATEMENT ON CORPORATE GOVERNANCE

A salient finding of the BPIP in 2016 was that Directors spent more than 50% of their training on key areas, namely industry knowledge and strategy. This is in line with the need to maintain and enhance their knowledge as well as remain up to date with developments in the business and telecommunications markets.

The Directors' training structure in 2016 is illustrated in the chart below:



**Mandatory Accreditation Programme**

All TM Directors completed the Mandatory Accreditation Programme (MAP) as prescribed by Bursa Securities including the newly appointed directors, Mr Balasingham and Tunku Afwida, who have completed their MAP on 27 and 28 October 2009 respectively.

**Board Induction**

The Chairman is responsible for ensuring that each Director receives an induction on joining the Board and receives the training he or she requires, tailored to his or her specific requirements.

Induction briefings and updates on the telco industry, as well as TM's aspirations, business targets and group performance, were organised for the newly appointed Directors. In the current point of TM's journey towards convergence and digitalisation, it is imperative that the new directors are put up to speed on the Company's history, current position and the challenges moving forward. Several inductions sessions were organised for the new directors on the Group's activities and performance as follows:

Topics	Date
TM business overview, business plan targets and performance	3 May
Overview on Webe Digital Sdn Bhd's business	20 May
Enterprise Risk Management	14 June
Overview on VADS Berhad's business	7 October
Financial Performance Overview on TM Group	20 October

Newly appointed directors were also given short briefings on specific issues as requested to facilitate constructive and way forward discussion during the board meetings.

**Industry Information Packs (Info-packs)**

The Board is updated on information relating to the telecommunications industry and developments thereof with the issuance of quarterly Info-packs, which compiles a summary of analysts' views on TM, local and global trends, events, competitive intelligence, industry reports, periodicals and local and overseas regulatory updates.

## STATEMENT ON CORPORATE GOVERNANCE

During the year, Directors also attended other relevant training programmes and seminars organised by the relevant regulatory authorities and professional bodies. Training needs for the Directors continued to be evaluated through the BTP to identify how best to aid the Directors in discharging their duties.

In the quest for continuous learning and acquisition of relevant skills and knowledge and to enhance their business expertise and professionalism, the Directors attended the following conferences, seminars and training programmes in 2016:

Training Focus	List of Conferences/Seminars and Training Programmes
Accounting	Impact of MFRS 16 – Accounting for Lease
Audit	Audit Technical update
Board Performance Management	Role of the Chairman & Independent Directors Seminar 2016
Corporate Governance	<ul style="list-style-type: none"> <li>• 8<sup>th</sup> Annual Corporate Governance Summit 2016 “Decoding uncertainties, Delivering value”</li> <li>• Achieving Higher Performance: Leveraging Governance Practices</li> <li>• Ring the Bell for Gender Equality</li> <li>• Anti-Money Laundering Act/Counter Financing of Terrorism: The Law and Compliance</li> <li>• Awareness on Sustainability Reporting</li> <li>• Bank Negara Malaysia (BNM) – Financial Institutions Directors’ Education Forum Dialogue on the Corporate Governance Concept Paper</li> <li>• Leadership Excellence from the Chair</li> <li>• Executive Compensation and the Role of the Remuneration Committee</li> <li>• Integrity Forum</li> <li>• FTSE 350 Remuneration Committee Debates</li> <li>• MSWG Institutional Investor Council Corporate Governance Week 2016</li> <li>• National Economic Governance: Parliamentary Committees</li> <li>• The Rise of the South at a Crossroads: A View from East Asia &amp; Latin America</li> <li>• The Strategy, the Leadership, the Stakeholders and the Board</li> <li>• Sustainability Engagement Series for Directors/Chief Executive Officer</li> </ul>
Corporate Governance/ Risk Management	Thought Leadership Session for Directors -Improving Board Risk Oversight Effectiveness
Ethics	3 <sup>rd</sup> Malaysia’s War on Corruption Symposium 2016
Finance	<ul style="list-style-type: none"> <li>• ACCA President’s Debate</li> <li>• BNM Concept Paper on Shareholder Suitability</li> <li>• Business &amp; Financing Session with the World Bank Group in collaboration with PEMANDU</li> <li>• Deutsche Bank 2016 Global Emerging Markets (GEMs) One-on-One Conference</li> <li>• Financials Hidden in Plain Sight: Why Directors &amp; Management Need to Ask Hard Questions</li> <li>• Forum on Public Service Delivery: The Auditor General’s Report 2015</li> <li>• Live Long &amp; Prosper: Aging in East Asia Pacific</li> <li>• Meeting with Investors, Regulators and Executives to Discuss Capital Allocation by Financial Markets</li> <li>• Money Matters Training</li> <li>• Sustainability Reporting Briefing</li> <li>• Telecoms Finance Summit</li> </ul>
Human Capital Management	<ul style="list-style-type: none"> <li>• High Level Dialogue on Talent Management</li> <li>• Induction Briefing: Long Term Incentive Plan (LTIP)</li> </ul>
Industry	<ul style="list-style-type: none"> <li>• Commonwealth Broadband Asia Forum 2016</li> <li>• International Broadcasting Convention</li> <li>• Future of Telecommunications in Europe – Assogestioni</li> <li>• Application of Internet of Things to insurance</li> <li>• Montgomery Summit Conference</li> <li>• The Role of MOF’s Audit Committee in ensuring application of Corporate Governance</li> <li>• Seminar on Internet of Things</li> <li>• The Innovation Zone: Unleashing the Mindset</li> <li>• TM Customer Experience Summit 2016 – Customer Experience in Digital Era</li> <li>• Khazanah Megatrends Forum 2016</li> <li>• Induction Briefing: Overview of Malaysian Telecom Industry as well as the snapshot on TM</li> <li>• Induction Briefing: LTE Project Update/webe</li> </ul>



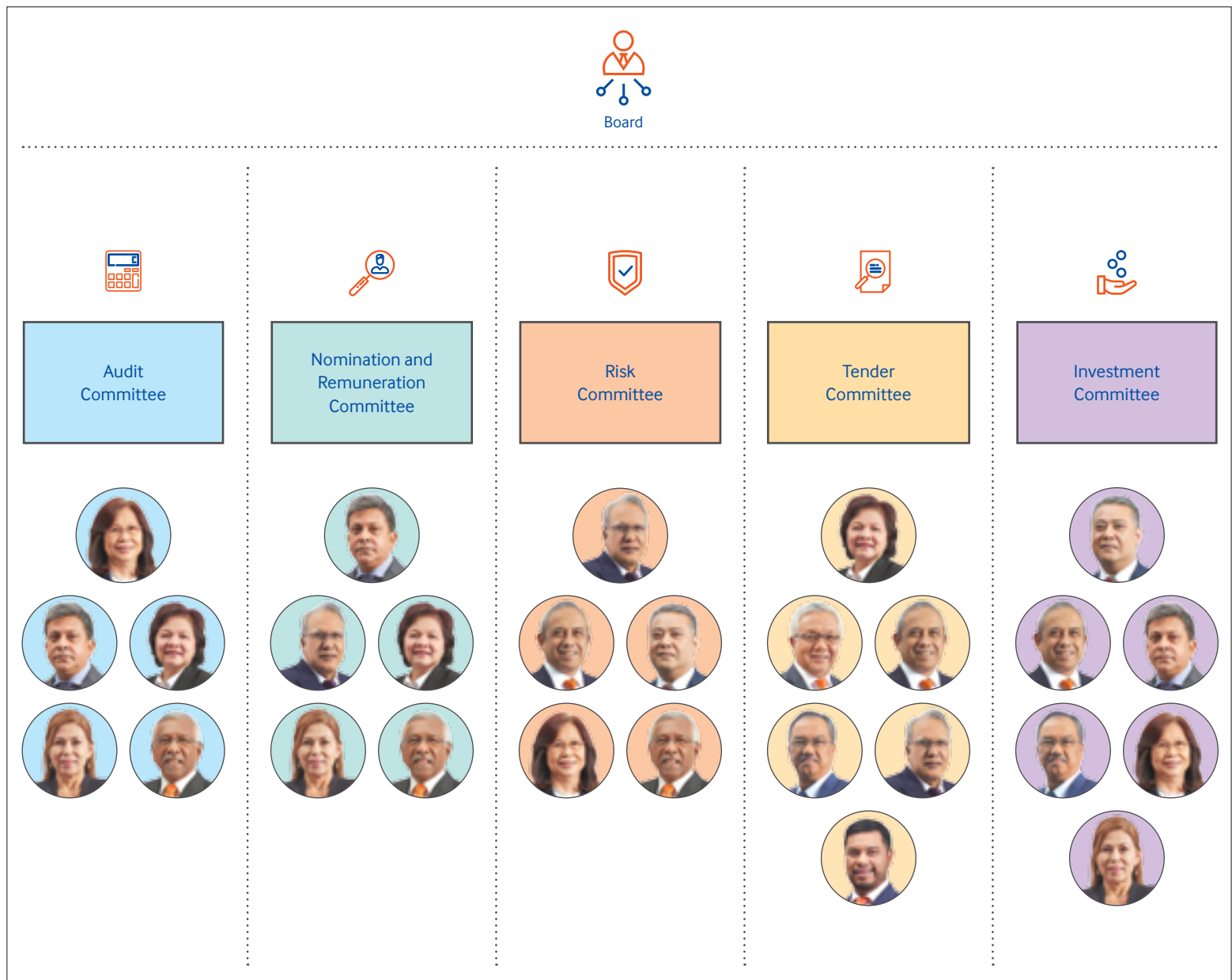
## STATEMENT ON CORPORATE GOVERNANCE

Training Focus	List of Conferences/Seminars and Training Programmes
Industry	<ul style="list-style-type: none"> <li>• Induction Briefing: VADS Data Centre</li> <li>• Visit to Contact Centre and Indosat/XL Axiata meeting</li> <li>• Inauguration/Official Ceremony of Manjung 4 Power Plant, Sultan Azlan Shah Power Station, Manjung, Perak</li> <li>• Technical visit to Hydroelectric Project with emphasis on environmental issues</li> <li>• Technical visit to Power Station</li> <li>• Technical visit to Tin Smelter</li> <li>• Visit to open-pit tin mining operations at Rahman Hydraulic Tin Sdn Bhd</li> <li>• Webe Field site visit</li> <li>• Visit to DHL and ICN on Aeropolis</li> <li>• Study visit on Digital &amp; CXO Summit</li> <li>• Study visit to South Korea's Smart City, Digital Library and Digital Content</li> </ul>
Information Technology	<ul style="list-style-type: none"> <li>• Seminar: Cyber Security – NED Difference</li> <li>• Technical Update Seminar</li> </ul>
Integrity	<ul style="list-style-type: none"> <li>• Integrity Forum</li> </ul>
Leadership	<ul style="list-style-type: none"> <li>• European NED Conference</li> <li>• Malaysia OpenGov Leadership Forum 2016</li> </ul>
Procurement	ProcureCon Asia 2016: Transforming Procurement into a Business Enabler
Procurement/ Integrity	5 <sup>th</sup> Annual National Procurement & Integrity Forum for the Public and Private Sectors 2016
Property	<ul style="list-style-type: none"> <li>• 19<sup>th</sup> National Housing &amp; Property Summit 2016 – Revitalising The Housing &amp; Property Industry – What Next for the Housing &amp; Property Sector?</li> <li>• REHDA 2016 Property Outlook/Round Table Session</li> <li>• Strata Management Seminar: The Good, The Bad and the Ugly</li> <li>• TA Securities Roundtable Forum: Is There Light at the end of the Tunnel for Consumers</li> <li>• The State of the Nation's Housing</li> </ul>
Regulatory	<ul style="list-style-type: none"> <li>• Current &amp; Emerging Regulatory Issues in the Capital Market</li> <li>• Amendments to Bursa's Listing Requirements – How to Rise Up to Meet Those Challenges!</li> <li>• Briefing on Companies Act 2016 and Its Implications to Directors</li> <li>• Briefing and Engagement session on Trans-Pacific Partnership Agreement</li> <li>• Policy Evaluation: Applying Evaluation Principles and Methods</li> <li>• The Art and Science of Policy Making: Tools, Techniques, Processes &amp; Policy Choices in a Volatile World</li> <li>• The Policy Making Environment in Malaysia: A Search for Relevance</li> <li>• Unveiling of Malaysia Airports Runway to Success 2020</li> </ul>
Risk Management	<ul style="list-style-type: none"> <li>• Audit Committee Update – Managing Risk</li> <li>• Board Risk Intelligence 2016: Risk Governance into Practice</li> <li>• C-Suite Risk Conference</li> <li>• Cyber Risk – New Challenge for the Board of Directors</li> <li>• Enterprise Wide Risk Management (EWRM) and Risk Organisation</li> <li>• Induction Briefing: TM's Enterprise Risk Management (ERM)</li> <li>• Risk Oversight &amp; Compliance – Action Plan for Board of Directors</li> <li>• Warning Signals &amp; Lessons Learned in Corporate Credit</li> <li>• Whistle Blowing and Cyber Fraud</li> </ul>
Strategy	<ul style="list-style-type: none"> <li>• 12<sup>th</sup> World Islamic Economic Forum (WIEF)</li> <li>• 30<sup>th</sup> Asia Pacific Roundtable</li> <li>• Akamai Foster Forward: Grand Challenges Facing the Internet</li> <li>• Khazanah Europe Investment Ltd</li> <li>• Northgate Capital</li> <li>• Outlook of the World's Economy: Challenges &amp; Opportunities for Malaysian Companies</li> <li>• Seminar: Assessing the Implications of Brexit</li> <li>• The Most Innovative Companies</li> </ul>

STATEMENT ON CORPORATE GOVERNANCE

BOARD COMMITTEES

Article 118 of the Company's AA provides the Board the discretion to delegate its powers to its Committees. All Committees have specific ToRs, operating procedures and their respective authority parameters approved by the Board. The Committees' modes of operation are reviewed from time to time to ensure they are relevant and up to date. The ToRs of the Board Committees are detailed in the Board Charter which is available on the Company's official website. TM has established five main Board Committees which are entrusted to carry out the Board's delegated tasks:



There is also a provision for the establishment of an ad-hoc Board Sub-Committee (BSC) based on specialisation required and the nature of the issue/case raised.

On 9 March 2016, the Board approved the formation of a LTIP Committee, a sub-committee to NRC, for the purpose of implementing and administering LTIP based on its By-Laws. The proceedings and deliberations of the LTIP Committee is reported to the NRC at its Meeting.

The proceedings and deliberations of the Board Committees are reported to the Board at every Board meeting by Chairmen of the various Board Committees on matters reserved for the Board, and where the Board committees have no authority to make decisions, recommendations are highlighted in their respective reports together with the Committee members' comments and views for the Board's deliberation and endorsement.

STATEMENT ON CORPORATE GOVERNANCE

## AUDIT COMMITTEE



Chairperson

**Gee Siew Yoong**

Independent Non-Executive Director

Member

> **Tunku Dato' Mahmood Fawzy Tunku Muhiyiddin**  
Non-Independent Non-Executive Director

> **Datuk Zalekha Hassan**  
Independent Non-Executive Director

> **Tunku Afwida Tunku Dato' A.Malek**  
Independent Non-Executive Director

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

**Key objective:**

Besides complying with the requirement of the Main LR of Bursa Securities, the establishment of an audit committee is to primarily assist the Board in fulfilling its oversight responsibilities through review of financial information and provides an objective non-executive review of the effectiveness and efficiency of the Group's internal control.

### Membership

In line with Paragraph 15.09 of the Main LR of Bursa Securities and Clause 5.1.2 of the Board Charter with regard to the governance of the Board Audit Committee (BAC), TM BAC membership comprises:

- All NEDs, a majority of whom are INEDs.
- No alternate Director is appointed as a member.
- At least one member fulfilling the requisite qualifications under paragraph 15.09 (1) (c) of the Main LR.

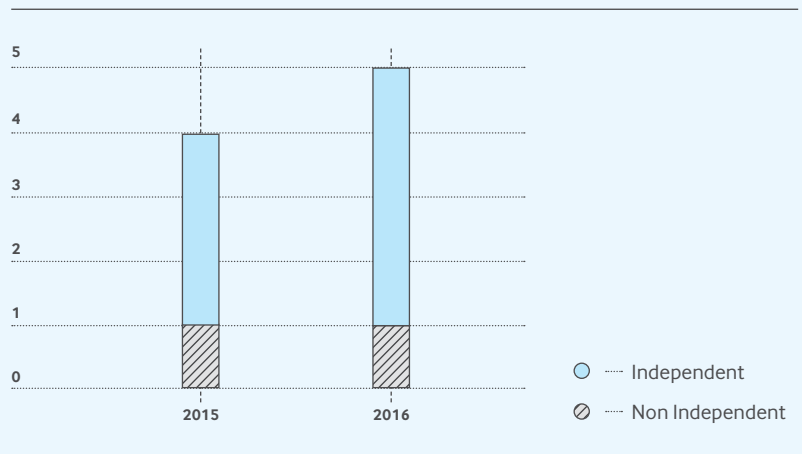
Currently, two BAC members fulfil the requirement of paragraph 15.09 (1)(c)(i), the Chairperson and Tunku Afwida. Ms Gee Siew Yoong, is a member of the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants (MIA). Whilst Tunku Afwida is a Chartered Accountant with the Institute of Chartered Accountants in England and Wales and is a member of the MIA. All BAC members, as shown by their profiles, are able to read and understand financial statements, and ask pertinent questions about the Company's financial reporting process.

During the year, membership of BAC was revised following the retirement of Dato' Danapalan as Director at TM's 31<sup>st</sup> AGM on 28 April 2016. According to Clause 5.1.2.1 of the BAC ToR, Dato' Danapalan also ceased as BAC member effective on the same day.

On 25 May 2016, Tunku Afwida and Mr Balasingham, newly appointed Directors to TM Board, were appointed to the BAC.

These changes were considered by the NRC and approved by the Board. Announcements to the effect were made to Bursa Securities accordingly.

The composition of BAC, as compared to 2015, is as follows:



## STATEMENT ON CORPORATE GOVERNANCE

**Responsibilities**

The ToR establishes the powers, duties and responsibilities of the BAC, and is incorporated in the Board Charter which is accessible on the Company's official website at [www.tm.com.my](http://www.tm.com.my). The Board Charter is reviewed on a regular basis to enhance its processes and procedures and ensure alignment with new requirements and regulations.

During the year, no revision was made to the BAC ToR.

**Overview**

Through the year in review, BAC has executed its duties and responsibilities to the best of its abilities. It has timely reviewed all 3 quarters of 2016 and the 4<sup>th</sup> quarter 2015 financial reports, the relevant reports for the inclusion of the 2015 annual report, dealt with audit issues raised by internal and external auditors, perused issues of concern, reviewed internal and external audit plans, provided opinion on related party transactions and reviewed matters regarding fraud and wrongdoings in the Company. BAC also monitored the independence of the external auditors and has recommended for the Board's approval the request for proposal for the provision of external audit and other services.

**Attendance at scheduled meetings**

BAC meetings in 2016 were pre-arranged in October 2015 together with TM Board and other Committee meeting schedules. The tentative dates were tabled to TM Board at its meeting on 26 November 2015 and adopted by BAC in November 2015. The early planning ensures that all members are able to provide the required time commitment for the meetings.

Eight meetings were held during the financial year 2016 with total time spent of approximately 24 hours. Members' attendance at these meetings is listed below:

BAC Member	Number of BAC Meetings	
	Attended/ Held	%
Gee Siew Yoong (Chairman)	8/8	100.0
Datuk Zalekha Hassan	8/8	100.0
Tunku Dato' Mahmood Fawzy Tunku Muhiyiddin	8/8	100.0
Tunku Afwida Tunku Dato' A.Malek (appointed on 25 May 2016)	4/4	100.0
Balasingham A. Namasiwayam (appointed on 25 May 2016)	4/4	100.0
Dato' Danapalan T. P Vinggrasalam (retired on 28 April 2016)	3/3	-

Apart from the above meetings, BAC has also approved one Circular Resolution in Writing.

During the financial year, attendance at all BAC meetings met the requisite quorum as stipulated in the BAC ToR. Majority of the members present at all meetings were Independent Directors.

**How the Committee operates**

The BAC meetings were structured into two deliberation clusters:

Meetings	Financial Results	Other Audit Matters
Dates	22 February 23 May 25 August 21 November	21 January 14 April 13 July 2 November
Matters Discussed	<ul style="list-style-type: none"> <li>Quarterly results and related matters</li> <li>Annual Report matters</li> </ul>	<ul style="list-style-type: none"> <li>Management issues under the purview of BAC</li> <li>Internal and external audit matters</li> </ul>

This segregation ensured efficient planning by Management and sufficient time spent for the members to deliberate and discuss the various matters.

Operational issues that could potentially jeopardise the Company's performance highlighted by the Group Internal Auditor (GIA) or external auditors that BAC deemed warrants closer monitoring or constant updates will be segregated as separate agenda item until the issues are resolved to BAC's satisfaction.

BAC has also during the course of the year requested presentation by Management on issues that merits in-depth explanation to ensure appropriate resolutions. Issues highlighted during the year were with regards to system and revenue leakages.

The Company Secretaries act as the BAC Secretary in all BAC meetings. The meetings were also attended by the ED/Group CFO, Chief Internal Auditor (CIA) together with other members of Senior Management and external auditors, upon invitation, to brief BAC on pertinent issues.

Proposal papers are delivered within five days from the date of the meeting to enable ample time for the members to review the proposals. During 2016, proposal papers were made accessible via electronic means in dual platforms for immediate delivery and access by members.

Minutes of BAC meetings are circulated to all members and extracts of the decisions made are escalated to relevant process owners for action. Significant matters reserved for the Board's approval are tabled at TM Board meetings. The Chairman of BAC provides a report and highlights significant points on the decisions and recommendations of BAC to TM Board.

## STATEMENT ON CORPORATE GOVERNANCE

**Main activities of BAC in 2016 (and how BAC met its responsibilities)**

Throughout 2016, BAC executed various strategies and actions to discharge its duties and responsibilities effectively. Main activities performed during the financial year are as follows:

**1. Internal Control**

- a) Deliberated on the Directors' Statement on Risk Management and Internal Control (SORMIC), which was reviewed by the external auditor, in February 2016 for inclusion in the 2015 Annual Report. The statement was also jointly reviewed by the BRC.

The SORMIC was supported by the 2015 Special Report on Annual Internal Control Assurance, Internal Control Incident and MD/Group CEO and ED/Group CFO Assurance Statement on Effectiveness of Risk Management and Internal Control. Based on these documents, BAC reviewed and concluded that the SORMIC presented a true and fair view of the Company's state of internal control.

- 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.

The issues raised were discussed at length to secure satisfactory conclusion on moving forward actions by Management.

- c) Deliberated on the quarterly reports from the Audit and Business Assurance Committee (ABAC), a sub-management committee headed by the ED/Group CFO, on actions taken by Management to resolve significant internal control and accounting issues highlighted by the internal and external auditors.

BAC deliberates and monitors the progress and status of the audit issues raised by auditors for TM Group until BAC deemed it has reached its satisfactory conclusions and concurrence of the internal and external auditors.

Issues relating to security of Company's assets was deemed by BAC to require in-depth investigation.

- d) Monitored specific issues or concerns requested by BAC members that affect the Company's efficiency and performance, which are tabled to BAC on a quarterly basis until BAC is satisfied sufficient control is in place.

During the year, issues regarding debtors and churn management were closely monitored. In view of the improvement as evidenced in the 2016 financial statements, BAC at its meeting on 23 January 2017 concurred that issue relating to debtors is to be monitored by Management only. Updates on the matter is to be provided to BAC via the business performance reports.

- e) Deliberated on the following reports from the Best Practices Committee (BPC), a sub-committee of BAC headed by the ED/Group CFO:
- Updates and developments on corporate governance and best business practices, statutory and regulatory requirements, compliance with accounting standards and other business guidelines.
  - Updates on the progress of the adoption of TM Group Business Policy and Governance by TM Subsidiaries.
  - Updates on any material litigations and their financial impact to the Group.
  - Review of related party transactions (RPTs) or recurrent related party transactions (RRPT) during each quarter.

**2. Financial Reporting**

The following matters were reviewed by the BAC before being recommended to TM Board for approval:

- a) Quarterly audited and unaudited financial statements of TM Group in compliance with Malaysian Financial Reporting Standards (MFRS) 134 and the Main LR.
- BAC deliberated on the Company's quarterly financial statements on 22 February, 23 May, 25 August and 21 November for the financial quarters of 4Q 2015, 1Q 2016, 2Q 2016 and 3Q 2016 respectively. BAC concluded that the reports presented a true and fair view of the Company's financial performance.
  - BAC discussed the quarterly internal audit reviews to ensure compliance with MFRS 134.
  - BAC also reviewed the draft announcements of the audited and unaudited financial statements to Bursa Securities, to ensure compliance with regulatory requirements.
- b) Reviewed the audited financial statements of TM Group for the financial year ended 31 December 2015 in February 2016 and concluded that the financial reports presented a true and fair view of the Company's financial performance for the year and was in compliance with regulatory requirements.
- c) Proposed the dividend payout for the financial year.

## STATEMENT ON CORPORATE GOVERNANCE

**3. External Audit**

- a) Reviewed the external auditor's report for the financial year ended 31 December 2015 and SORMIC in February 2016 before recommending to TM Board for approval.
- b) Reviewed the Internal Control Memorandum (ICM), together with Management's response to the findings of the external auditor. The interim findings were presented in November 2015 while the 2015 ICM was tabled in April 2016.

The audit issues raised by the external auditor were deliberated and monitored by ABAC and tracked by Group Business Assurance Division until their conclusion. The activity and status thereof were reported on a quarterly basis to BAC.

- c) Reviewed the 2016 Interim Audit Committee Report in November 2016 prior to the tabling of the final report for BAC's deliberation in February 2017.

Key audit matters and areas of concern highlighted by the external auditor provided a level platform for Management, BAC and external auditor to focus on.

- d) Reviewed the 2016 external auditor's audit plan for TM Group, encompassing the proposed work blueprint, nature and scope for the year's audit and engagement strategy in August 2016 prior to its implementation. The review included an audit on the IT systems that directly implicate the integrity of the financial information.

BAC noted the plan and thus able to strategise and ensure efficient use of internal audit resources to audit the maximum areas possible during the year in order to ensure effective internal control is in place. External auditor was also requested to expand audit on several areas which BAC deemed merit the attention such as the application of data analytics in enhancing the integrity of reporting data.

- e) Reviewed the terms of engagement of the external auditor for the 2016 statutory audit and SORMIC, upon confirmation of its independence and objectivity, in November 2016, prior to tabling for TM Board's approval. The engagement of the external auditor for TM Group was supervised and processed under the Group's umbrella to streamline their terms of engagement.

- f) Reviewed the overall performance and, upon satisfactory assessment of the effectiveness of the external auditor for TM Group, recommended their re-appointment and fees payable in respect of the scope of work performed for TM Board's approval.

Assessments of the effectiveness of the external auditor were conducted by relevant Management members and the BAC coordinated by the GIA. The external auditor's qualifications and performance, quality of communication and interaction, and independence, objectivity and professional skepticism were assessed.

The findings of the 2015 assessment tabulated by GIA were thereafter presented to BAC in April 2016. Both BAC and Management are generally satisfied with the external auditor's quality of service and sufficiency of resources provided, professional skepticism, quality of communication and interaction, independence and objectivity. The external auditor has also provided independent and professional service to the Company throughout the year of assessment. BAC further opined that the external auditor has fulfilled its duties and responsibilities during the engagement. Result of the assessment, and particularly areas of concern, were shared with the external auditor for improvement moving forward.

The external auditor, which has been TM's external auditor since 1999, was recommended to be re-appointed for the ensuing year. The financial year ended 2016 marked its fourth year of engagement with the current audit partner and audit team.

- g) In April 2016, the Company embarked on a request for proposal for the provision of external audit and other services, taking into consideration best practice on engagement of external auditor. The evaluation result was reviewed and deliberated by BAC and TM Board in November 2016. Arising therefrom, the Board recommended the engagement of the current external auditor for the financial year ending 2017, subject to the shareholders' approval. The exercise provides BAC and the Board the benchmarking platform on audit methodology and services as well as pricing offered by industry players.

## STATEMENT ON CORPORATE GOVERNANCE

- h) Reviewed the independence status of the external auditor and recommended that they be re-appointed for the ensuing year.

Every year, the BAC secures written assurance from the external auditor confirming their independence throughout their term of engagement for the financial year in review.

In the 2016 audit plan tabled to the BAC on 25 August 2016, the external auditor declared that they have maintained their independence in the course of audit for TM Group during the year in accordance with the firm's requirement and the By-Laws on Professional Independence of the MIA. They further declared that upon review of the non-audit services to TM, none of the services provided compromise their independence as the Group's external auditor.

Apart from the written assurance, BAC has also relied on the result of the assessment of the effectiveness of the external auditor undertaken by GIA with particular focus on their independence, objectivity and professional scepticism.

- i) Reviewed and approved the non-audit services provided by the external auditor while ensuring there was no impairment of independence or objectivity. This includes monitoring the fee of the total non-audit work carried out by the external auditor so as not to jeopardise their independent status.

Pursuant to the provision in the Board Charter, BAC has monitored the non-audit engagement of the external auditor to ensure their independence was not impaired and that they remained objective throughout the financial year.

The non-audit engagements underwent relevant procurement processes and procedures. BAC has authorised the ED/Group CFO to approve the proposed non-audit engagement for any engagement valued below 50% of the cumulative value of the statutory audit fee for the current year. A report on the engagement of external auditors approved by the ED/Group CFO for non-audit work and the cumulative value is tabled every quarter to BAC.

Non-audit service fees paid to the external auditor during the year and its value relative to the statutory audit fees are as follows:

Particulars	RM (million)	
	Company	Group
<b>2016 Statutory Audit Fees</b>		
• Statutory Audit	1.61	2.95
• Other Audit Related Services	0.73	1.07
<b>Total Audit and Audit Related Services</b>	<b>2.34</b>	<b>4.02</b>
<b>2016 Non-Audit Fees</b>		
Tax Service	0.53	0.55
Other Services	1.20	1.20
<b>Total Non-Audit Fees</b>	<b>1.73</b>	<b>1.75</b>
<b>Percentage of Non-Audit Fees over Statutory Audit &amp; Other Audit Related Services &amp; Fees</b>	<b>73.9%</b>	<b>43.5%</b>

The Company engaged the external auditor for the following non-audit works:

- Taxation matters including consultation and preparation of the Group's application for tax incentives to Ministry of Finance and tax computation review for year of assessment 2015;
  - Service Culture Consultation work for Customer Experience Management & Transformation (CEMT) Division, sourced via relevant tender procurement process; and
  - As Independent scrutineers for the AGM and EGM.
- j) BAC also exercised its right to hold meetings with the external auditor without Management's presence. This session was to enable open discussion with the BAC and ensure the external auditor was not restricted in its scope of audit.
- During the year, only one formal private engagement was held, on 14 April 2016, as the external auditor had on two separate occasions indicated to BAC that there were no pertinent issues requiring additional private audience with the BAC.
- k) The BAC Chairman, CIA and external auditor also held private sessions without Management's presence as and when required. These helped to reinforce the independence of the internal and external audit functions of the Company.

## STATEMENT ON CORPORATE GOVERNANCE

### 4. Internal Audit

- a) Reviewed and approved the GIA's Annual Audit Plan and budget in January 2016 to ensure adequate scope and comprehensive coverage of the Group's activities.

BAC has further requested GIA to review a few areas of concerns that are not included under the external auditor's audit scope for the year.

BAC noted in November 2016 that GIA has appointed a consultant for quality assurance review on GIA as required by the International Standards for the Professional Practice of Internal Auditing. The assessment is still ongoing on the date of this report.

- b) Reviewed the KPIs, performance, competency and resources of the internal audit function to ensure that, collectively, GIA has the required expertise and professionalism to discharge its duties.

The Statement on Internal Audit is set out on pages 173 to 174 inclusive, of the Integrated Annual Report.

- c) Deliberated on the internal audit reports, audit recommendations and Management's action plan regarding these recommendations. Where appropriate, BAC instructed Management to rectify and improve the control systems based on GIA's recommendations and suggestions for improvements. The detailed reports and findings by GIA were delivered to BAC members as and when the audit was completed and analysis made. A summary of the major findings was presented and deliberated at BAC's interval meetings.
- d) Kept updated on 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 being properly addressed.
- e) Held private meetings and discussions with CIA on key internal controls and internal audit related matters.

### 5. RPTs 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.

In 2016, BAC approved the following RPTs:

- Proposed Collaborations between TM, Packet One Networks (Malaysia) Sdn Bhd (now known as Webe Digital Sdn Bhd) and Celcom Axiata Berhad (Celcom) for Domestic Roaming, Next Generation Backhaul and HSBB Access Services.

The announcement was made on 28 January 2016 based on findings of the BAC review.

- Proposed Joint Development of 2 pieces of TM's Freehold Land at Lot 461 and Lot 493, Seksyen 19, GRN 11471, Bandar Kuala Lumpur, District of Kuala Lumpur, Wilayah Persekutuan (Bukit Mahkamah Land) with UEM Sunrise Berhad (UEMS) and Sunrise Quality Sdn Bhd, a wholly-owned subsidiary of UEMS.

The announcement was made on 27 May 2016 based on findings of the BAC review.

- b) Reviewed the estimated RRPT Mandate for the ensuing year and Circular to Shareholders on the Renewal of Shareholders' Mandate for RRPT, and recommended the same for TM Board's approval.

BAC reviewed the proposed estimates for RRPT mandate involving Axiata Group Berhad (Axiata) and/or its subsidiaries (Axiata Group) and Astro Malaysia Holdings Berhad (AMH) and its subsidiaries (AMH Group) for the shareholders' approval at the 31<sup>st</sup> AGM. Comparisons were made based on the actual utilisation of the contract amount of previous mandated estimates.

- c) Periodically reviewed the RRPTs that were mandated at the 31<sup>st</sup> AGM held on 28 April 2016 and tracked the transactions against their mandated amount to ensure they were at arm's length.

Based on the approved RRPT mandate involving Axiata Group and AMH Group, BAC found that there were reasonable controls in monitoring the RRPT amount transacted during the year.

### 6. Integrity and Ethics

- a) Deliberated on reports in relation to internal control incidents, investigations and domestic inquiries and major cases of internal and external misconduct that breach the Group's Code of Business Ethics, Integrity Pact and whistle-blower programme. These reports were reported to BAC on a quarterly basis.

BAC provided input and/or directives on the next course of action on the issues highlighted and was updated on progress of the cases from time to time by the Corporate Investigation Unit (formerly Special Affairs Unit) (CIU) until conclusion of the issues. During the year CIU highlighted several investigations conducted on TM employees that led to investigations by Malaysian Anti-Corruption Commission (MACC) and/or police reports.



## STATEMENT ON CORPORATE GOVERNANCE

**7. Annual Reporting**

- a) Reviewed the disclosures on the BAC Report, SORMIC, Statements on Internal Audit, Investor Relations, Additional Compliance and Corporate Integrity Report for the financial year ended 31 December 2016 for inclusion in the Integrated Annual Report 2016 and recommended their adoption by the Board.

These reports were first perused by BPC for comments and cohesiveness, prior to tabling the same for BAC's consideration, review and recommendation to the Board.

**8. Others**

- a) Monitored project review reports on issues such as:
- The blueprint on Customer Experience Management and Transformation in light of the transformation of TM customer care system.
  - The review on IT and network assets useful life.
  - The effectiveness of Group IT System in ensuring operational improvements.
  - Monitoring internal control issues arising from human capital aspect such as people associated non-compliances.
  - Reviewed on the security of the Company's infrastructure and possible implications to the Company.

**Significant judgements and issues**

Matter considered	Action
<p><b>1. Useful life of assets, impairment of Property, Plant and Equipment and Intangible Assets</b></p> <p>The estimated useful lives of property, plant and equipment are reviewed by Management on an annual basis based on factors such as business plan and strategies, expected level of usage, changes in technology, latest findings in research and development, updated practices which may enhance performance of certain network assets and future technological developments.</p>	<p>Fully aware that in a capital intensive operation like TM Group, future results of operations could be materially affected by changes in estimates of assets' useful lives brought about by changes in the factors mentioned, due review and discussion is carried out on this. The appropriate Management review committees have been set up to perform reviews of useful life of assets, impairment of Property, Plant and Equipment and Intangible Assets of the Group, consisting of and chaired by key Management individuals possessing the relevant experience and expertise in overseeing such annual reviews.</p> <p>The outcome of such reviews are updated to BAC and deliberated in ensuring reasonableness of due conclusion and resulting financial impact.</p> <p>During the financial year, aside from write-offs of certain WiMAX assets, depreciation of remaining WiMAX assets in operations was accelerated in view of planned roll-out of new LTE sites.</p>

## STATEMENT ON CORPORATE GOVERNANCE

Matter considered	Action
<p><b>2. Fair Value of Derivatives and Other Financial Instruments</b></p> <p>The Group recognised two significant derivatives in the form of obligations and options to purchase shares of a subsidiary, Webe Digital Sdn Bhd (webe) (formerly known as Packet One Networks (Malaysia) Sdn Bhd), from its Non-Controlling Interests i.e. Green Packet Berhad (GP) through its wholly owned subsidiary, Packet One Sdn Bhd (POSB) and SK Telecom Ltd (SKT) from the acquisition of webe on 30 September 2014. The recognitions were necessary after detail assessment made in compliance with MFRS 132 Financial Instruments: Presentation and MFRS 139 Financial Instruments: Recognition and Measurement.</p> <p>As webe's shares are not traded in any active markets, their fair value is determined by using valuation techniques. The Group exercises its judgment in selecting a variety of valuation methods and makes assumptions that are mainly based on market conditions existing at the end of each reporting period.</p>	<p>BAC is periodically updated of the fair value of these derivatives which are quantified based on the present value of future cash flows that are subjected to the Group's annual budget review process which ultimately requires approval of TM's Board of Directors.</p> <p>In estimating the fair value of put and call options on shares of webe, BAC is updated of the valuation models used in projecting expected share prices and the comparable discounts and growth rates reflective of market conditions specific to the telecommunication industry existing at the end of the reporting period.</p> <p>BAC is aware and mindful that the use of different methodologies or assumptions could lead to different measurements of fair values and as such, due assurance should be established in ensuring the estimates of fair values are appropriate.</p>
<p><b>3. Carrying value and recoverability of Goodwill</b></p> <p>The Group tests the carrying value of goodwills for impairment annually in accordance with its accounting policy or whenever events or changes in circumstances indicate that this is necessary. The assumptions used, results and conclusion of the impairment assessment are stated in note 24 to the financial statements.</p>	<p>BAC reviews and provides comments on the assumptions and parameters used in the annual review and test of carrying value of two significant goodwills carried by the Group i.e. VADS Berhad and webe.</p> <p>Key parameters used, assumptions applied in projecting future cash flows and reasonableness of resulting uplift or otherwise in the resulting recoverable values are flexed and challenged through due sensitivity analysis as well as appropriate benchmarking against the telecommunication industry and comparable peers.</p> <p>The necessary disclosures for inclusion in the Group's financial statements and Integrated Annual Report are also scrutinised in assessing the adequacy of the disclosures made for due understanding and relevance of key stakeholders in providing the necessary future outlook over the carrying value of the goodwills.</p>

## STATEMENT ON CORPORATE GOVERNANCE

**Regulators and our financial reporting**

The quarterly financial result reports, upon approval by the Board were disseminated to the public through Bursa Securities and the relevant regulators, Securities Commission (SC) and Malaysian Communications and Multimedia Commission (MCMC).

During the year in review, the announcements on the Company's financial results to Bursa Securities were made during trading break hour of 12:30 pm – 1:30 pm on the date of the approval of the financial results.

Simultaneously, the distribution of the financial results to the relevant regulators were made through multiple electronic systems as prescribed by the said regulators.

The following are the approval track for financial results:

Financial Result	Date of Approval & Recommendation by BAC to Board	Date of Approval by the Board	Date of Dissemination to relevant regulators
Audited 4Q 2015	22 February	24 February	24 February
Unaudited 1Q 2016	23 May	25 May	25 May
Unaudited 2Q 2016	25 August	30 August	30 August
Unaudited 3Q 2016	21 November	25 November	25 November

During the year, an amended announcement to the 3Q 2016 financial results was made to the public through Bursa Securities on 5 December 2016. An amendment was made to the footnote to the comparative Segmental Information in the Explanatory Notes. The error was fairly minor and did not affect the financial results figures.

**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.

BAC scored a rating of above 3.5 out of 4.0 in the BEE 2016, indicating the effective and professional discharge of its duties and responsibilities to the benefit of the Company.

TM Board agreed that the BAC has continued to show strong performance over the years. The BAC members, as indicated in their profiles illustrated on pages 96 to 101 inclusive, have sound judgement, objectivity, independent attitude, management experience, professionalism, integrity, knowledge of the industry and are financially literate. With balanced diversity of skills and experience, they have discharged their duties and responsibilities with excellence. TM Board further agreed to maintain the composition of the BAC.

**Training**

During the year, BAC members attended various conferences, seminars and training programmes to enhance their knowledge in order to efficiently discharge their duties as Directors of the Company as well as to enhance their technical competencies in their respective fields of expertise. Details of the training are included in the Statement of Corporate Governance on pages 134 to 137 inclusive, of the Integrated Annual Report.

The 2016 BEE shows that the BAC members were able to maintain a high level of technical competency and generally keep themselves abreast of technical changes and updates.

## STATEMENT ON CORPORATE GOVERNANCE

## NOMINATION AND REMUNERATION COMMITTEE



*Chairperson*

**Tunku Dato' Mahmood Fawzy Tunku Muhiyiddin**

Non-Independent Non-Executive Director

*Member*

> **Dato' Ibrahim Marsidi**

Senior Independent Non-Executive Director

> **Datuk Zalekha Hassan**

Independent Non-Executive Director

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

Independent Non-Executive Director

> **Balasingham A. Namasiwayam**

Independent Non-Executive Director

### Key objective:

The key objectives of the NRC are to assist the Board amongst others, in regard to selection, nomination, appointment, assessment, remuneration and compensation of Board and Pivotal Positions. It also enhance the efficiency and transparency of TM's governance related matters or issues that may directly or indirectly affect the Board.

### Membership

The NRC comprises exclusively of NEDs, with 80% of its members being independent. Tunku Dato' Mahmood Fawzy Tunku Muhiyiddin, who is the sole NINED in the committee, continues to be the Chairman of the NRC. Based on findings of the BEE, the NRC continues to perform effectively under his chairmanship.

The Chairman was selected based on pre-determined process taking into consideration the skills, knowledge and experiences required. As a NINED representing a Government Linked Investment Company on the Committee, he is able to align the evaluation of existing Directors and selection of new Directors with the Company's requirements. This ensures adequate checks and balances in the decision-making process as the final decisions or recommendations of the NRC require the endorsement of the Board.

Although the SID is not the Chairman of TM's NRC, which is a departure from the recommendation of the MCCG 2012, the Board, via the BEE findings, agreed that the NRC, chaired and led by Tunku Dato' Mahmood Fawzy, has maintained its independence and objectivity during the process of Board appointments and performance evaluation. His impeccable knowledge of board and company governance matters, as well as strong leadership, coupled with the support of his fellow committee members, have created an effective NRC.

During the year, the composition of the Committee undergone changes whereby, Dato' Ir Abdul Rahim and Dato' Danapalan who did not seek re-election at the 31<sup>st</sup> AGM held on 28 April 2016, retired as Directors upon the conclusion of the meeting. Consequently, they also ceased to be the members of the NRC with effect from the same day.

Following thereto, Tunku Afwida and Mr Balasingham were appointed as NRC members on 25 May 2016.

### Responsibilities

The NRC has dual roles since its inception. Both roles have been combined for the purpose of expediency and practicality, whereby the same members are entrusted with both functions. Apart from the nomination and remuneration roles, NRC also oversees governance matters.

### Overview

Throughout the year in review, NRC has continued to provide efficient support to the Board. Key issues deliberated on the assessment and nominations of two new INEDs, succession plan for Board and Pivotal Positions, as well as establishment of performance linked reward ie. the LTIP, and the LTIP Committee.

The NRC is governed by its own ToR which is stipulated in the Board Charter, accessible on the Company's official website at [www.tm.com.my](http://www.tm.com.my).

Pursuant to the MCCG 2012's recommendation that an annual review be conducted on the Board Charter, amendments have been made on periodic basis to continuously strengthen its governance and ensure operational efficiency as well as to reflect relevant changes in regulations and internal policies.

## STATEMENT ON CORPORATE GOVERNANCE

In carrying out its duties and responsibilities, the NRC has the following authority:

- Full, free and unrestricted access to TM's records, properties and personnel;
- Report its recommendations to the Board for its consideration and approval;
- Acquire the services of professional recruitment firms to source for candidates for directorship or seek independent professional advice whenever necessary; and
- Seek the advice of external consultants on the appropriateness of remuneration packages and other employment conditions, if required.

#### Attendance at Scheduled Meetings

NRC convened five meetings in 2016 with a total time spent of 10 hours. Matters requiring NRC's urgent decision were circulated to its members via Circular Resolutions together with the proposal papers for consideration. In 2016, three NRC Circular Resolutions were circulated and approved. Details of the members attendance are as follow:

NRC Member	Number of NRC Meetings	
	Attended/Held	%
Tunku Dato' Mahmood Fawzy Tunku Muhiyiddin (Chairman)	5/5	100
Dato' Ibrahim Marsidi	5/5	100
Datuk Zalekha Hassan	4/5	80
Tunku Afwida Tunku Dato' A.Malek (appointed on 25 May 2016)	2/2	100
Balasingham A. Namasiwayam (appointed on 25 May 2016)	2/2	100
Dato' Ir Abdul Rahim Abu Bakar (retired on 28 April 2016)	2/2	-
Dato' Danapalan T. P Vinggrasalam (retired on 28 April 2016)	2/2	-

#### Main activities of NRC in 2016 (and how NRC met its responsibilities):

The Board recognised the NRC's contributions and acknowledged that all NRC members, including the newly appointed members have undertaken their responsibilities diligently and efficiently. During the year, the NRC have undertaken the following key activities:

##### a) Nomination Function

NRC ensure Board composition meets the needs of the Company. It also develops, maintains and reviews the criteria to be used in the recruitment process and annual assessment of directors.

NRC considered and made recommendations to the Board on the following matters:

- Re-appointment and re-election of Directors at the 31<sup>st</sup> AGM.
- Appointment of new SID.
- Appointment of INEDs on the Board of TM.
- Re-designation of existing Joint Secretary as Company Secretary pursuant to approved succession plan.
- Extension and re-designation of External Directors on the Board of TM subsidiaries.
- Establishment of the LTIP Committee as a Sub-Committee to the NRC.
- Annual assessment and review of composition of all TM Board Committees.
- Annual assessment of independence status of the INEDs.

##### b) Remuneration Function

Considered and made recommendations to the Board on the following matters:

- Payment and Vesting of Shares pursuant to the LTIP - PSP.
- LTIP for EDs and eligible TM employees.
- Review of the Board's Remuneration and Benefits Policy.
- 2015 performance evaluation of the EDs, Senior Management in pivotal positions as well as the Company Secretary against pre-set KPIs.
- Revised measure for inclusion in the KPI for 2017-2020.

## STATEMENT ON CORPORATE GOVERNANCE

Pursuant to the Board Charter, NRC ensures that the remuneration package is reviewed annually in order to attract competent and talented Directors to the Board. No revision is proposed to the subsisting Directors' fees at the forthcoming AGM.

### c) Governance

Considered and made recommendations or reported to the Board on the following matters:

- Implementation and scope of the BEE assessment for 2016.
- Status of Directors' continuing education programme in compliance with the BTP.
- Observance of governance requirements by the Directors including their attendance at Board and committee meetings held during the financial year.
- Evaluated and confirmed that the minimum 50% attendance requirement at Board meetings imposed by the Main LR was met by all Directors. TM Directors complied with the minimum 50% attendance requirement at committee meetings pursuant to the Board Charter.
- Annual review of the Board Charter.
- Implementation of succession planning for the Board.

### NRC Effectiveness Review and Performance

Based on the 2016 BEE findings, the Board believes that the current NRC's composition provides the appropriate balance in terms of skills, knowledge and experience to promote the interests of all stakeholders and to meet the needs of the Group.

### Establishment of a NRC Sub-Committee, LTIP Committee

During the year, NRC proposed the formation of its sub-committee, known as the LTIP Committee which was approved by the Board on 9 March 2016. Its main objective is to oversee the administration and implementation of the LTIP as approved by shareholders on 28 April 2016.

### Membership

- Tunku Dato' Mahmood Fawzy Tunku Muhiyiddin (Chairman)
- Davide Giacomo Federico Benello
- Tunku Afwida Tunku Dato' A.Malek
- Balasingham A. Namasiwayam
- Nik Rizal Kamil Tan Sri Dato' Nik Ibrahim Kamil

During the year, LTIP Committee met twice to deliberate on its ToR and the design and implementation plan of the LTIP. All members attended both meetings held during the year.

## STATEMENT ON CORPORATE GOVERNANCE

## RISK COMMITTEE



*Chairperson*

**Dato' Ibrahim Marsidi**

Senior Independent Non-Executive Director

*Member*

> **Datuk Bazlan Osman**

Non-Independent Executive Director

> **Datuk Seri Fateh Iskandar Tan Sri Dato' Mohamed Mansor**

Independent Non-Executive Director

> **Gee Siew Yoong**

Independent Non-Executive Director

> **Balasingham A. Namasiwayam**

Independent Non-Executive Director

**Key objective:**

BRC was established to oversee the Company's risk management framework and policies. BRC also monitors key business risks to safeguard shareholders' investments and TM's interests and assets.

### Membership

In 2016 BRC consists of five members including its Chairman. During the year, the following changes were made to the BRC's composition:

- Cessation of Dato' Danapalan T.P Vinggrasalam as Chairman/member, and Dato' Ir Abdul Rahim Abu Bakar as a member effective 28 April 2016;
- Appointment of Dato' Ibrahim Marsidi as Chairman and a member effective 25 May 2016; and
- Appointment of Mr Balasingham A. Namasiwayam as a new member effective 25 May 2016.

The BRC's performance and effectiveness were assessed by the Board via the annual BEE. The results showed that the BRC has the relevant technical competencies and knowledge, had performed effectively in discharging its duties and responsibilities and is proactive in engaging on the Group risk issues.

### Responsibilities

BRC is responsible to enhance the Corporate Governance practices of TM Group with focus on risks issues and assist the Board in overseeing a sound and robust enterprise risk management framework and policies for TM Group.

The powers, duties and responsibilities of the BRC are incorporated in the Board Charter which is accessible to the public on the Company's official website at [www.tm.com.my](http://www.tm.com.my).

### Overview

BRC oversees the following:

- the review of policies and plans for risk management.
- the effectiveness of implementation of the policies.
- appropriate steps are adopted for potential or unpredictable risks.
- risks are managed within the appropriate and adequate levels of tolerance as approved by the Board.
- the risk management plans are widely disseminated throughout the Group and integrated in the Group's day-to-day activities.

BRC also has liaised closely with the GIA and BAC to exchange information relevant to risk.

BRC has been proactive in highlighting risk issues that may have potential impact to TM's business and provided guidance on the risk controls to mitigate and/or pre-empt the risks. Management has been guided well by BRC's views and advice in monitoring the Group's corporate risks.

STATEMENT ON CORPORATE GOVERNANCE

**Attendance at scheduled meetings**

BRC meetings for 2016 were pre-arranged in November 2015. The dates were communicated to the members early to ensure their time commitment.

Four meetings were held in 2016 with total time spent of approximately 6.15 hours. The attendance of each member at BRC meetings held in 2016 is as follows:

BRC Member	Number of BRC Meetings	
	Attended/Held	%
Dato' Ibrahim Marsidi <i>(appointed as Chairman/Member on 25 May 2016)</i>	2/2	100.0
Datuk Bazlan Osman	4/4	100.0
Datuk Seri Fateh Iskandar Tan Sri Dato' Mohamed Mansor	4/4	100.0
Gee Siew Yoong	4/4	100.0
Balasingham A. Namasiwayam	2/2	100.0
Dato' Danapalan T.P Vinggrasalam <i>(retired on 28 April 2016)</i>	1/1	-
Dato' Ir Abdul Rahim Abu Bakar <i>(retired on 28 April 2016)</i>	1/1	-

BRC has the necessary support from the Board in carrying out its duties and reports its deliberations and decisions at every TM Board meeting.

The Vice President of Group Business Assurance (GBA), who also acts as Head of Risk Management Unit, attended the BRC meetings as permanent invitee. Other attendees, external or internal, were invited to attend all or part of meetings as and when appropriate and with the consent of the Chairman, to facilitate BRC business.

**ERM Governance and Framework**

Risk Management practice is internalised throughout TM Group with the embracement of the ERM tool to support our convergence agenda. In the year 2016, the ERM framework was further enhanced by introducing a forward-looking risk assessment and management approach. This approach enables TM's ERM to be dynamic and more relevant in a fast changing business environment, giving the Board a better foresight of risks and facilitating its role of providing reasonable assurance to the shareholders.

The enhancement entails refining the definition of risk outlook and making it more visible in management and board risk reports. Risk outlook indicates the potential direction of the level of risk over the intermediate term, namely six months to one year. It is derived from the residual risk rating and takes into account the leading indicators of the risk profile (which provide early warning signals) as well as the leading indicators of the effectiveness of new controls.



**Main Activities of BRC in 2016**

During the year, BRC continues to be active and undertook the following activities:

- Communication initiatives comprising a Group-wide Risk Management Day, knowledge sharing sessions with ERM resource persons, the distribution of a quarterly Newsletter (known as *Risk Monitor*) and continuous engagements with TM staff at all levels.
- Expanding the ERM practice and promoting its benefits to the state level by holding risk assessments and awareness sessions.
- Better focus on Compliance Management by establishing a Compliance Steering Committee to oversee corporate compliance initiatives.
- Conducted a workshop to review the list of critical areas for national security.
- Widened the scope of ERM to divisions undergoing ISO 9001:2015 certification by implementing process risk management.
- Holding a refresher session with SIRIM on MS ISO 31000:2010.
- Utilising the Management of Enterprise Risk, Compliance, Insurance, Incident and Information Security (MERCIS) system to record and monitor risks in line with TM's digitalisation journey.
- Conducted the second Risk Maturity survey. The findings showed that risk maturity level in TM has increased to 3.52 (out of 5) from 2.91 in 2012.

**Managing Operational Risk**

The following describes the material risks that affected TM and the controls taken throughout 2016 to mitigate them.

**Competition and Revenue Gap**

2016 was an intense year as industry players fiercely engaged in price wars and raced to entice customers with the best value proposition for their broadband services. TM also operates in a very diverse and fragmented market for the ICT and BPO segment. To mitigate competition and revenue gap risk, TM rolled out new plans for UniFi – the UniFi Advance and UniFi Pro, intensified upselling activities and campaigns and undertook various programmes to increase activation rate and improve customer experience.



## STATEMENT ON CORPORATE GOVERNANCE

**Fraud**

TM continued to implement controls to prevent fraud. In 2016, TM put in place validation systems to ensure genuine customer acquisition, embedded anti-fraud features in the online systems and enhanced the Identification Management System to prevent fraud. Risk assessments were done at an early stage during product and service developments to detect and plug any loopholes for fraud.

**Compliance**

As part of the continuous process to strengthen external compliance, the Compliance Steering Committee (Compliance SC) and a Compliance Project Management Office (Compliance PMO) were established with clear terms of reference. The Compliance SC's roles include approving and driving the implementation of compliance initiatives, debottlenecking issues and recommending additional compliance initiatives as necessary. The Compliance PMO, on the other hand, develops standardised compliance framework and guidelines in addition to managing and tracking compliance issues and providing necessary support and guidance to process owners.

**Corporate Security Threat***Cable Theft*

The controls that have continuously been put in place proved to be effective as the number of cable theft cases decreased in 2016. Among the controls are the installation of anti-cable theft features for underground and overhead cables and the expansion of the alarm system installation at hot-spot areas.

*Logical/cybersecurity*

The impact of cyber-attacks can be catastrophic to an organisation, requiring TM to be more vigilant as cybercriminals become more sophisticated by the day. TM beefed up its logical security through the strengthening of access controls and firewalls. In addition, greater awareness programmes were being instilled among TM staff on data leakage and vulnerability to address human factors.

**Credit Risk**

As a result of various initiatives to curb Non-Payment from Day One (NPD1), there was

marked improvement in credit risk in 2016. Nonetheless TM undertook further controls by ensuring genuine customer acquisition through biometric validation, strengthening collection management and embarking on the credit management system enhancement to support multiple collection strategies.

**Forex Sensitivity**

The continued weakening of the ringgit brings significant impact to TM through foreign currency-denominated borrowings and procurement spending. Although TM has some revenues in foreign currency from its Global Business as a natural hedge, financial hedging instruments using the ringgit in procurement contracts and revising procurement policies help to mitigate TM's residual foreign currency risks.

**Occupational Safety, Health and Environment (OSHE)**

Injury or damage due to unsafe act or condition at the workplace leads to business interruption and reputational loss. The controls undertaken to mitigate this risk include enhancing staff awareness on OSHE practices including ergonomics, conducting compliance audit and site inspections, and embarking on the Hazard Identification, Risk Assessment and Risk Control (HIRARC) review program.

**Business Continuity**

The multiple earthquakes happening in Sabah could lead to a potential crisis. Although no crisis were triggered during the year, the risk assessment, Business Impact Analysis (BIA) and desk top exercises conducted have increased our preparedness. In addition, TM continued to strengthen the hard and soft capabilities of the Business Continuity Management (BCM) Group-wide. Among others, we have proactively developed a Recovery Strategy plan for the Mass Market cluster and enhanced BCM capabilities in Group Procurement, webe and VADS.

**webe**

An ERM structure has been established in webe to oversee and execute the implementation of ERM. Focus of the ERM programme in 2016 was to support the launch of webe in September 2016, increase in customer base and smooth implementation of webe's digital features such

as the webe community, live chat and the online purchase and self-care portal.

**Emerging Risks****Trans-Pacific Partnership Agreement (TPPA) and Regional Comprehensive Economic Partnership (RCEP)**

Notwithstanding the uncertainty of TPPA, a series of impact analysis were conducted and will be followed up by further assessments once the affected laws and regulations are amended. TM is also monitoring the progress and impact of RCEP, another regional trade agreement, which is expected to be finalised in 2017.

**Broadband Improvement Plan (BIP)**

In October 2016, the Government has announced in 2017 Budget that fixed line broadband service providers will offer higher speed and competitive broadband pricing beginning 2017. The increased broadband speed announced for 2017 has been embedded in TM's business plan. TM is engaging the government including MCMC and will continue to provide valued service offerings to meet customers' requirements and pursue aggressively its convergence champion agenda.

**Digitalisation**

Taking cognisance of TM's direction on going digital and to ensure that our digitalisation journey is successful, it is imperative to identify and mitigate the risks early. Risks related to digitalisation are currently being identified and assessed in support of the digitalisation journey.

**Conclusion**

The era of digitalisation changes the landscape in which TM operates, giving rise to new risks for TM and intensifies some of the existing risks. The Board will continue strengthening the effectiveness of the ERM framework, ensuring its soundness and fulfilling its role to protect and enhance shareholder value in support of TM's aspiration to be convergence champion.

## STATEMENT ON CORPORATE GOVERNANCE

## TENDER COMMITTEE



*Chairperson*

**Datuk Zalekha Hassan**

Independent Non-Executive Director

*Member*

> **Tan Sri Dato' Sri Zamzamzairani Mohd Isa**

Non-Independent Executive Director

> **Datuk Bazlan Osman**

Non-Independent Executive Director

> **Dato' Sri Dr Mohmad Isa Hussain**

Non-Independent Non-Executive Director

> **Dato' Ibrahim Marsidi**

Senior Independent Non-Executive Director

> **Nik Rizal Kamil Tan Sri Dato' Nik Ibrahim Kamil**

Non-Independent Non-Executive Alternate Director

*Alternate Member*

> **Asri Hamidin @ Hamidon**

Non-Independent Non-Executive Alternate Director

*(Alternate to Dato' Sri Dr Mohmad Isa Hussain)*

**Key objective:**

BTC was established to consider procurement proposals of TM Group based on the approved LoA, in line with the Board's delegation of power.

### Membership

There are no changes to the membership of BTC in 2016.

### Responsibilities

BTC's key responsibilities are as follows:

- a) Facilitate a more transparent, efficient and faster decision making process.
- b) Provide a platform for the Board via its Committee to discuss procurement proposals and interact with the Management for further information and clarifications before deliberating and approving the proposals.
- c) Ensure that all procurement policies and procedures are fully adhered to before making any approvals or recommendations.
- d) Ensure that the best interests of the Company and Group are met and protected at all times.

The key functions of the BTC are summarised as follows:

- a) Ensure that the procurement process is in accordance and complies with all applicable procurement ethics, policies and procedures.
- b) Verify the validity of technical and financial capabilities of the tenderers.
- c) Consider and approve bids 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.
- d) Ensure that the objectives of the Bumiputera Entrepreneurship Development Programme and Vendor Programme are achieved through careful monitoring of the performance and track records of the companies/vendors appointed under these programmes.

The BTC is governed by its own ToR which is stipulated in the Board Charter, accessible on the Company's official website at [www.tm.com.my](http://www.tm.com.my).

### Overview

During the year, BTC has executed its duties and responsibilities well whilst providing sound advice on procurement governance for adoption by the Company.

## STATEMENT ON CORPORATE GOVERNANCE

**Attendance at scheduled meetings**

BTC held 13 meetings during the year in review, with total time spent of 29 hours. TM's Chief Procurement Officer (CPO) attended these meetings as a permanent invitee while the Chief Technology and Innovation Officer (CTIO) was invited as and when required to provide additional input on technical matters. Management Evaluation Committee members were also invited to brief the BTC on specific issues as and when required.

Members' attendance is as listed below:

BTC Member	Number of BTC Meetings	
	Attended/Held	%
Datuk Zalekha Hassan (Chairperson)	13/13	100
Tan Sri Dato' Sri Zamzamzairani Mohd Isa	13/13	100
Datuk Bazlan Osman	13/13	100
Dato' Sri Dr Mohamad Isa bin Hussain	11/13*	100
Dato' Ibrahim Marsidi	13/13	100
Nik Rizal Kamil Tan Sri Dato' Nik Ibrahim Kamil	13/13	100
Asri Hamidin (Q Hamidon (alternate to Dato' Sri Dr Mohamad Isa Hussain)	2/2	-

\* Represented by alternate Director

The Board opined that all members have collectively contributed to the effectiveness of the Committee.

**Main Activities of BTC in 2016**

During the year, BTC deliberated on the following:

- Procurement proposals within its authority limits
- Procurement performance report and status summary
- Procurement review on procurement governance model
- Three-year procurement plan
- Identified procurement issues

Significant matters reserved for Board's approval and procurement proposals within the authority limits of TM Board were tabled at Board meetings.

BTC is supported by sub-management committees chaired by the MD/Group CEO, ED/Group CFO and CPO, depending on the level of authority accorded to them.

**BTC Effectiveness Review and Performance**

In BEE 2016, BTC continues to operate effectively. The Board agreed that it is a very structured Committee and technical with very clear rules and governing process. It has also adequate support and authority and is able to make decisions that give the best value for money for TM Group.

## STATEMENT ON CORPORATE GOVERNANCE

## INVESTMENT COMMITTEE



### Chairperson

#### **Datuk Seri Fateh Iskandar Tan Sri Dato' Mohamed Mansor**

Independent Non-Executive Director

### Member

#### > **Datuk Bazlan Osman**

Non-Independent Executive Director

#### > **Dato' Sri Dr Mohamad Isa Hussain**

Non-Independent Non-Executive Director

#### > **Tunku Dato' Mahmood Fawzy Tunku Muhiyiddin**

Non-Independent Non-Executive Director

#### > **Gee Siew Yoong**

Independent Non-Executive Director

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

Independent Non-Executive Director

### Alternate Member

#### > **Nik Rizal Kamil Tan Sri Dato' Nik Ibrahim Kamil**

Non-Independent Non-Executive Alternate Director

(Alternate to Tunku Dato' Mahmood Fawzy Tunku Muhiyiddin)

#### > **Asri Hamidin @ Hamidon**

Non-Independent Non-Executive Alternate Director

(Alternate to Dato' Sri Dr Mohamad Isa Hussain)

### Key objective:

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

### Membership

BIC composition was revised in 2016 with the following changes:

- Cessations of Dato' Ir Abdul Rahim Abu Bakar as Chairman/member, and Dato' Danapalan T.P Vinggrasalam as a member effective 28 April 2016;
- Appointment of Datuk Seri Fateh Iskandar Tan Sri Dato' Mohamed Mansor as new chairman effective 25 May 2016;
- Appointment of Tunku Dato' Mahmood Fawzy Tunku Muhiyiddin and Tunku Afwida Tunku Dato' A.Malek as new members on 25 May 2016; and
- Re-designation of Nik Rizal Kamil Tan Sri Dato' Nik Ibrahim Kamil as alternate member to Tunku Dato' Mahmood Fawzy on 25 May 2016.

The changes have strengthened BIC's composition and greatly contributed to a more productive deliberations on strategic and major proposals.

### Responsibilities

The powers, duties and responsibilities of the BIC are incorporated in the Board Charter which is accessible to the public on the Company's official website at [www.tm.com.my](http://www.tm.com.my).

Key BIC's responsibilities are summarised below:

- To review, evaluate and recommend to the Board the Management's recommendations on investment and divestment related proposals.
- To review, evaluate and recommend to the Board the Management's recommendations on land matters related proposals.

In 2016, BIC was given an additional function to review post investment review (PIR) report on post-acquisition or post-investment implementation on major and strategic investment by TM and Group and provide the necessary guidance as appropriate.

### Overview

BIC has performed its duties diligently during the year and provided clear guidance and advices to Management on land related matters in accordance with TM's internal policy to protect the Group's interest.

TM Board has always considered BIC's views favourably and accepted BIC's recommendations accordingly. There were no major strategic equity investment/divestment proposal tabled during the year for BIC's consideration.

## STATEMENT ON CORPORATE GOVERNANCE

## Meetings and Attendance

BIC held six meetings in 2016 including two special meetings with total time spent of approximately 5.7 hours. Decisions and recommendations of the meetings were reported to and deliberated at the Board meetings. The attendance of each member at BIC meetings held in 2016 is as follows:

BIC Member	Number of BIC Meetings	
	Attended/Held	%
Datuk Seri Fateh Iskandar Tan Sri Dato' Mohamed Mansor <i>(appointed as Chairman on 25 May 2016)</i>	5/6	83.0
Datuk Bazlan Osman	6/6	100.0
Dato' Sri Dr Mohamad Isa Hussain	4/6*	100.0
Tunku Dato' Mahmood Fawzy Tunku Muhiyiddin <i>(appointed on 25 May 2016)</i>	3/3	100.0
Gee Siew Yoong	6/6	100.0
Tunku Afwida Tunku Dato' A.Malek <i>(appointed on 25 May 2016)</i>	2/3	67.0
Asri Hamidin (Q Hamidon <i>(alternate to Dato' Sri Dr Mohamad Isa Hussain)</i>	2/2	-
Nik Rizal Kamil Tan Sri Dato' Nik Ibrahim Kamil <i>(redesignated as alternate to Tunku Dato' Mahmood Fawzy Tunku Muhiyiddin on 25 May 2016)</i>	5/6*	83.0
Dato' Ir Abdul Rahim Abu Bakar <i>(retired on 28 April 2016)</i>	2/2	-
Dato' Danapalan T.P Vinggrasalam <i>(retired on 28 April 2016)</i>	2/2	-

\* Represented by Alternate Director

# Attended 2 out of 3 meetings prior to redesignation as Alternate Member

Relevant TM officers were invited to attend BIC meetings as and when appropriate to present Management's proposals.

## Main Activities of BIC in 2016

During the year, BIC has deliberated and recommended to the Board on the following matters:

- Proposed new Joint Land Development (JLD) of TM's land
- Approach on way forward on an existing JLD agreement
- PIR report on acquisition of a wholly-owned subsidiary and investment in an associate company

## BIC Effectiveness Review and Performance

Similar to other Board committees, the BIC's performance and effectiveness were assessed by the Board via the annual BEE. The results showed that the BIC has been proactive in engaging related issues and has fulfilled its responsibilities to enable the Board to make informed decisions.

In BEE 2016, BIC agreed that the combined experience and knowledge of the members are adequate to assess and evaluate the subject matters effectively.

## STATEMENT ON CORPORATE GOVERNANCE

## MANAGEMENT COMMITTEE & SUB-MANAGEMENT COMMITTEE



*Chairperson*

**Tan Sri Dato' Sri Zamzamzairani Mohd Isa**

MD/Group CEO

*Membership*

> **Datuk Bazlan Osman**

ED/Group CFO

> **Dr Farid Mohamed Sani**

Chief Strategy Officer

> **Dato' Mohd Khalis Abdul Rahim**

Chief Human Capital Officer

> **Dato' Rafa'ai Samsi**

Chief Technology & Innovation Officer/

Chief Customer Experience

> **Mohamad Mohamad Zain**

Chief Procurement Officer

> **Idrus Ismail**

Chief Legal & Integrity Officer

> **Ahmad Ismail**

Chief Corporate & Regulatory Officer

### Key objective:

The Board has established two main management committees, namely the Management Committee (MC) and the Group Leadership Team, both chaired by the MD/Group CEO, to deliberate on key strategic matters and monitor the Company's performance and operations.

### Management Committee (MC)

#### Membership

During the year, there were no changes to MC membership.

#### Responsibilities

The key roles and responsibilities of the MC are summarised below:

- To provide support for the MD/Group CEO in determining policies for the Company.
- To provide guidance on strategic matters.
- To consider and recommend specific identified matters (such as Company policies or decisions that have financial implications to TM Group) to TM Board.
- To consider other matters as may be delegated by the Board from time to time for review and/recommendation.

For effective deliberations, the respective heads of LOBs (Consumer & SME, Enterprise, Government, Global Wholesale and New Media), Group Brand & Communication, Mass Market Marketing Operations, Chief Digital Officer, Group Special Advisor on Transformation Program and CIA attended MC meetings as permanent invitees as determined by MD/Group CEO.

MC held regular meetings which align with the Board meeting schedule and governed by its ToR.

### Group Leadership Team (GLT)

#### Membership

GLT comprises MC members, Senior Management members who are Head of LOBs, Divisions and key subsidiaries within the Group as determined by MD/Group CEO.

The main objectives of the GLT are:

- To provide a platform for TM's key senior management team to discuss, deliberate and challenge on matters pertaining to business performance and resolve key business and operational issues.
- To provide focus and guidance on the core priorities of TM.
- To facilitate deliberations and decision on matters delegated by the MC and Board.

GLT meeting is held monthly for an effective monitoring and tracking of the Group's performance and operations.

## STATEMENT ON CORPORATE GOVERNANCE

**Sub-Management Committees**

In ensuring proper administration and supervision of the day-to-day business, EDs and key Management members are assisted and supported by various main sub-committees including:

**Business Continuity Management Steering Committee (BCMSC)**

BCMSC was established in March 2012 and is chaired by the MD/Group CEO. It is the primary decision-making platform for TM BCM overseeing BCM programmes in TM Group.

**Customer-Centricity Steering Committee (CCSC)**

CCSC was established in November 2009 and is chaired by the MD/Group CEO with the objective of improving TM's customer experience and achieving customer service charter goals.

**Long Term Evolution (LTE) Executive Steering Committee (LTE ESC)**

The LTE ESC is a cross function governing body at TM Group level, chaired by MD/Group CEO that guides and endorses strategic, key operational decisions impacting the performance and health of TM Group on mobility and convergence matters.

In 2016, this platform oversees the LTE investment network rollout and webe go-to-market project progress; providing guidance on the project as put forward by TM Group Mobility project head.

**Finance Committee (FC)**

FC, established in July 2009 and chaired by the ED/Group CFO, reviews and deliberates on financial matters pertaining to investments and budgets, resolving key financial and operational issues. Specific matters requiring the Board's decision are tabled by FC to MC for prior input before escalation to the Board.

**Group Property Committee (Property-Comm)**

Property-Comm was established in December 2009, chaired by ED/Group CFO, to oversee TM Group's property related matters and provide recommendations for approval to BIC, as deemed necessary.

**Management Procurement Committees (MPC)**

Three MPCs were established, each chaired by the MD/Group CEO, ED/Group CFO and the CPO, to deliberate on procurement matters which are segregated based on approved LoA.

**Group Product Committee (GPC)**

GPC was established in 2009 and is chaired by the Chief Strategy Officer (CSO). It acts as a strategic point of reference for unresolved cross-line business and operational issues related to product and customer segmentation. It also provides guidance and policies to ensure product synergies within the Group.

**Mass Market Management Committee (MMMC)**

MMMC, chaired by EVP Consumer & SME, was established following the alignment of the Mass Market cluster in October 2014. It deliberates on strategic matters relating to the Mass Market business for approval by MC and provides guidance and/or decision-making relating to Mass Market business operations.

**Managed Account Council (MAC)**

MAC was established in 2013, chaired by the Managed Account (MA) Chairman who is the EVP Government. Its main objective is to drive more collective focus in the MA business, providing guidance and approval on key initiatives, reviewing business performance and ensuring synergies across LOBs and subsidiaries within MA cluster including VADS Berhad.

**Group Technical Investment Committee (GTIC)**

GTIC was established in June 2012 and is chaired by the CTIO with the CSO as alternate Chairman. GTIC's objectives are to address fragmented technical investment issues, if any, and ensure alignment and optimisation of technical investment across the Group.

**Service Management Council (SMC)**

SMC was established in July 2014, chaired by the Chief Customer Experience, for strategic directions on operational issues related to service experience across all touch points.

## STATEMENT ON CORPORATE GOVERNANCE

### BOARD ACCESS TO INFORMATION

#### ACCESS TO MANAGEMENT

In an industry where technology is ever evolving, it is imperative that the Board has easy access to Senior Management to seek clarification and understanding for efficient decision making.

The Board has direct access to Senior Management with unrestricted and immediate access to information relating to the Group's business affairs. Relying on the integrity of the Company's Senior Management with access to expertise in telecommunication business, legal, accounting, financial and other advisors, the Directors are able to discharge their duties effectively to arrive at informed decisions.

Relevant and material information is provided to the Board on average five calendar days prior to meetings to accord the Directors sufficient time to assess the proposals or information.

In 2016, an average of six calendar days was recorded for distribution of Board papers save for Special Board Meetings for which a shorter timeframe has been agreed with the Board.

#### ACCESS TO COMPANY SECRETARY

The Board has full and unrestricted access to the Company Secretaries, who are equipped with the skills and expertise to provide sound corporate governance advice and ensure compliance with corporate secretarial procedures.

In 2016, the Chief Legal Compliance and Company Secretary, supported by the Joint Secretaries, are responsible to provide support and appropriate guidance to the Board on policies and procedures, rules and regulations and relevant laws as well as best practices on governance.

On 25 November 2016, TM announced the change of company secretary to take effect on 1 January 2017. Puan Hamizah Abidin, the current Joint Secretary was appointed as Group Company Secretary in place of Encik Idrus Ismail, who was reassigned as Chief Legal and Integrity Officer. Puan Hamizah continued to be supported by Cik Zaiton Ahmad, the existing Joint Secretary.

The Group Company Secretary, being the common denominator for all board and management committees' operation and overseeing the corporate secretarial functions of TM Group, other than a source of information and advisor to the Board is also able to secure consistency in Board conduct and effective Boardroom practices throughout the Group.

#### ACCESS TO DOCUMENT MANAGEMENT SYSTEM

During the year, TM has enhanced its distribution of meeting materials and dissemination of relevant information to TM directors through the TM BoardPac, an electronic meeting management system which is also a secondary archival system. Directors are supplied with a device so that all notices and proposal papers are uploaded and distributed to directors electronically. The system has essentially eliminated the conventional paper printing and distribution of meeting materials. Papers can be uploaded and distributed instantly. As it is also an archival system, directors may retrieve any past information anytime.

At the same time we continue to maintain the Meeting and Document Management System (MDMS), a secured electronic archival and retrieval system which stores all proposal papers and minutes of Board, its Committees and MC meetings.

TM also continues to employ a secured cloud solution for the purpose of distributing and sharing proposal papers for Board, Committee and subsidiaries' meetings. This not only eases the process of distribution of paper and minimises leakage of sensitive information but also enables the Directors and Management to have access to the proposal papers electronically anytime and anywhere.

We continue to maintain multiple electronic platform as each system accommodate different cluster of audience. TM BoardPac is predominantly for TM Board of Directors, while the cloud system caters for both Management and TM Board of Directors accessible through multiple type of devices.

#### ACCESS TO EXTERNAL EXPERTS

Other than the Group's internal resources, the Board and its Committees have at their disposal access to external information and expert advice by engaging independent external experts at the expense of the Company, if they deem it necessary in ensuring performance of their duties. During the year, no external expert was separately sourced by the Board for advice.



**STATEMENT ON CORPORATE GOVERNANCE****COMMUNICATION, INTERACTION AND RELATIONSHIP WITH STAKEHOLDERS****BOARD AND MANAGEMENT**

Members of Senior Management are invited to attend Board and Committee meetings to present, report or seek recommendations for the Board's consideration on matters relating to their areas of responsibility. Concise and comprehensive proposal papers are prepared and presented for the Directors' consumption, deliberation and decision. Since 2012, MC members and permanent invitees have been invited to Board meetings during the presentation of monthly performance reports/balanced scorecards for effective deliberation on the Group's performance.

Vital decisions are communicated to the Management within one working day of the Board meeting while the minutes of Board meetings are completed for comments by the Chairman and EDs within five working days. Relevant extracts of the minutes are distributed to the Management for action within three to five working days, depending on the urgency of the items.

The board has revised its assessment form to assess the effectiveness of the meeting productivity. During the year the meeting productivity was encouraging with the rating above 78% with focus primarily on key issues.

Management was also given the opportunity to rate the Board's performance in terms of the focus, constructiveness and support given by the Board during deliberations and whether clear decisions based on relevant facts were derived from the discussions. In the year under review, Management's average rating of the Board was above 4.0 points.

**SHAREHOLDERS AND INVESTORS**

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 of the Group's performance and position. TM is committed in maintaining high standards in the dissemination of relevant and material information on the Group in order to maintain effective, comprehensive, timely and continuing disclosure of information.

The Board has established an Internal Communication Policy and Best Practices to facilitate the handling and disclosure of material information in a timely and accurate manner. 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. The Company has also adopted the Corporate Disclosure Guidelines (2<sup>nd</sup> Edition) issued in October 2013 by Bursa Securities.

Formal channels to account to shareholders and stakeholders are:

**Annual Report**

TM's annual report contains invaluable information on the Company for shareholders specifically and the public in general. As a key channel of communication between the Group and its stakeholders, it contains a comprehensive report on the Group's direction and financial performance, providing disclosure beyond the requirements of the Main LR in promoting better governance.

In 2016, the notices of the AGM and EGM are served to shareholders 23 days and 14 days respectively prior to the meetings. The Corporate and Financial Summary containing the notice of the AGM, together with the 2015 Annual Report and Sustainability Report in CD-ROM was posted to shareholders accordingly on 4 April 2016 whilst, the EGM's Circular to Shareholders was posted to shareholders on 13 April 2016. An electronic version of the full integrated annual report is also available on the Company's website for download. As per previous years, TM continues to produce an e-book version of the Integrated Annual Report, available as a download on both iOS and Android.

The complete printed version of the integrated annual report is provided to shareholders upon request. Details on the form of request for printed copy are provided in the corporate and financial summary of the integrated annual report. Our Share Registrar will ensure that the printed copy reaches shareholders within four days of requests being received.

TM has also noted the International Integrated Reporting Framework issued by the International Integrated Reporting Council (IIRC), and has analysed the state of Integrated Reporting in Malaysia. For the year under review, TM endeavours to produce an Integrated Annual Report.

**STATEMENT ON CORPORATE GOVERNANCE**

**Annual General Meetings (AGM) and Extraordinary General Meetings (EGM)**

During the AGM, the Group CEO presents a comprehensive review of the Group’s performance and value created for shareholders as well as current developments of the Group. This review is supported by a visual and graphic presentation of the key points and financial figures. Questions raised by the MSWG prior to the AGM are also shared with the shareholders during the AGM together with feedback on pertinent issues and queries relating to the Company’s business. The presentations are uploaded onto the Company’s website upon conclusion of the AGM.

In line with MCCG 2012’s recommendation in encouraging shareholders’ participation in general meetings, the notices for the AGM and EGM have been enhanced to include all relevant information with regard to shareholders’ rights at the general meeting.

The Board encourages active participation by shareholders and investors during the AGM and EGM. Attendance at the Company’s AGM continues to be high as evidenced by the presence of 3,057 shareholders, proxies and corporate representative representing 60.45% of our total ordinary shareholding at the 31<sup>st</sup> AGM of the Company held on 28 April 2016.

Attendance at EGM was also encouraging with a total presence of 2,385 shareholders, proxies and corporate representatives.

PwC was appointed as scrutineers for the proceedings of the AGM and EGM save for the resolution on its re-appointment whereby the Share Registrars has been appointed to act as scrutineers.

Upon commencement of the general meeting, the Chairman will explain the rules, including voting procedures that will govern the meeting. The Chairman will identify and reminds interested parties who should abstain from voting on particular proposals, prior to the voting on the proposal. The Company also engages independent scrutineers to count, audit and validate the votes for each proposal presented to shareholders. All resolutions tabled at the 31<sup>st</sup> AGM and EGM in 2016 were voted by show of hands.

At the general meetings, shareholders have encouragingly taken the opportunity to raise questions on the agenda items. Appropriate answers and/or clarification are provided by the Board members and Committee chairmen. A press conference is also held immediately after the AGM and EGM at which the Chairman, Group CEO, Group CFO and relevant Senior Management are present to clarify and explain issues raised by the media.

Voting for the resolutions laid at the 32<sup>nd</sup> AGM shall be by electronic polling or e-polling. Shareholders shall be able to cast a vote for each of the shares held by them.



**Investor Relations (IR)**

TM has established a dedicated IR function and acknowledged that a sound IR programme is vital in managing the interests of shareholders, stakeholders and investors in the Company. Continuous engagement is maintained with the investing community through a planned IR programme managed by the IR Unit under the patronage of the ED/Group CFO. Shareholders and market observers are also welcomed to raise queries at any time through GBC and the IR Unit.

All communication with the capital market is under the scope of our IR Policy and Guidelines, guaranteeing timely and high quality disclosure of information to shareholders and investors to enable them to form proper judgements and appraisals of the Group in making informed investment decisions.

An alternative communication line is presented to the investing community and other stakeholders through the SID. This is an important channel for minority shareholders and relevant stakeholders to air their concerns to the Company and Management.

Communication and feedback from investors can also be directed to:

investor@tm.com.my

or

Head of Investor Relations  
 Level 11 South Wing, Menara TM  
 Jalan Pantai Baharu  
 50672 Kuala Lumpur  
 Malaysia

Details of TM’s IR commitment to shareholders are set out on pages 184 to 187 inclusive, of this integrated annual report.

**STATEMENT ON CORPORATE GOVERNANCE****BOARD CONDUCT****CONFLICT OF INTEREST AND RELATED PARTY TRANSACTIONS (RPT)**

All Directors are required to make written declarations of their interest in transactions at every Board meeting to ensure accountability and ascertain potential or actual conflict of interest in relation to every issue that comes before the Board. Directors are also reminded by the Company Secretary of their fiduciary duties and responsibilities and are provided with updates on any changes thereon.

A register is maintained by the Company Secretary on Directors' interests and directorships, including his/her related persons, for the purpose of monitoring and RPT tracking by the Compliance Unit and Group Procurement.

Accordingly, our Directors have updated the Company Secretary on changes in their interest and status as and when these occurred.

The Directors further acknowledged that they are required to abstain from deliberation and voting on relevant resolutions in which they have conflict of interest at the Board or any general meeting convened and recuse themselves from the meeting. In the event that a corporate proposal is required to be approved by shareholders, interested Directors will abstain from voting in respect of their shareholdings in TM and will further undertake to ensure that persons connected to them similarly abstain from voting on the resolutions.

In 2016, two RPT announcements were made to Bursa Securities. All these transactions were considered by the BAC and were in the best interest of TM Group, fair, reasonable and on normal commercial terms and not detrimental to the interest of the minority shareholders.

**TRADING ON INSIDER INFORMATION**

TM's Directors and employees are prohibited from trading in securities or any other kind of property based on price sensitive information and knowledge which has not been publicly announced.

Notices on the closed period for trading in the Company's shares are sent to the Directors and principal officers on a quarterly basis as a reminder on the prohibition by identifying the timeframe during which Directors and the principal officers are prohibited from dealing in the Company's shares. Directors are also reminded against dealing in the Company's shares when price sensitive information is shared with them in the proposal papers.

During the year, there were no cases reported on any breach of the prohibition.

**CORPORATE INTEGRITY**

The Company Directors' Code of Ethics issued by the Companies Commission of Malaysia is internalised in TM as a tenet for proper comportment of the Board of Directors. Through disclosure of interest at every meeting, Directors have implemented the principle relating to transparency, integrity and responsibility.

Apart from the above, the conduct of TM Board, Management, employees and all stakeholders of the Group is governed by TM Code of Business Ethics (CBE), Procurement Ethics Rules and Practices, Integrity Pact, TM Anti-Corruption Guide and Whistle-blowing and Reporting Policy. These policies and guidelines aim to uphold the value of Uncompromising Integrity.

Employees, members of Procurement Committees and suppliers involved at any level of procurement activity in TM are required to sign an Integrity Pact, first introduced on 20 January 2012, which is a declaration made against corrupt practices. The Integrity Pact is an initiative adopted from the Government to curb corruption in public contracting. It is a directive by the Board and Management to enhance governance in the Company. Its implementation is in line with the provision relating to procurement in the CBE and policy against corruption and conflict of interest as laid out in the Procurement Ethics Rules and Practices.

The declaration signifies the Group's commitment to creating a business environment that is free from corruption in its interactions with business partners and the Government.

## STATEMENT ON CORPORATE GOVERNANCE

Additionally, members of BTC are required to execute a declaration prior to every meeting confirming that they have no conflict of interest in the proposals to be tabled. Confidentiality of information is also maintained throughout the procurement exercise.

The Whistleblower Policy is an initiative undertaken under TM's CBE, allowing TM Group employees to report concerns about alleged unethical behaviour, as well as actual or suspected fraud within the Group. During the year, there was increased awareness among stakeholders of the whistleblowing channel as evidenced by an increased number of reports and improved quality of information, resulting in positive actions taken against the wrongdoers.

The CBE, Procurement Ethics Rules and Practices, Integrity Pact and Whistleblower Policy underline the Company's intolerance of corrupt practices and undesirable behaviour within and in relation to the Group. This was a collective effort between Enterprise Ethics and Integrity Unit, GIA, CIU, Group Human Capital Management and Group Procurement under the Ethics & Integrity Committee.

Details of our Corporate Integrity initiatives are stated on page 179 of this Integrated Annual Report.

### CONFLICT MANAGEMENT

TM Board recognises the importance of addressing conflicts within the Board sensibly, fairly and efficiently within the Company, irrespective of the parties involved. The Chairman and SID have a tacit role to act as the intermediary to resolve any issue or sensitive matter that arises between members of the Board.

In instances of conflict or issues between Board members and employees involving unethical conduct of any member of the Board, TM has established a grievance procedure whereby aggrieved employees may escalate complaints against the Board member via a formal channel through the SID and/or the Company Secretary.

The SID and/or Company Secretary will evaluate and, if required, stream the complaint to the NRC Chairman for consultation to decide on the next course of action. If the complaint is substantiated and warrants further investigation, an independent ad hoc Board Ethics Committee will be established to review and investigate the complaint and recommend the next course of action to the NRC. Ultimately, TM Board will decide on the most appropriate action to be taken against the Director.

## ACCOUNTABILITY AND AUDIT

### FINANCIAL REPORTING

The Board ensures that shareholders are presented with a clear, balanced and meaningful assessment of the Group's financial performance and prospects. Quarterly announcements of our financial results were made on 23 May, 25 August and 21 November 2016, as well as the Chairman's Statement and Group CEO's Management Discussion & Analysis in this Integrated Annual Report. Through delegation, a focused BAC assists the Board in overseeing the Group's financial reporting process and the quality of its financial reporting.

### INTERNAL CONTROLS AND RISK MANAGEMENT

The Board has established an appropriate control environment with a control framework to review the effectiveness, adequacy and integrity of the Group's system of internal controls. It is designed to manage the risk of non-achievement of the Group's objectives and provide adequate assurance against the occurrence of any material misstatement or loss.

The Directors' Statement on Risk Management and Internal Control (SORMIC), which provides an overview of the state of internal controls within the Group, is enumerated on pages 166 to 172 inclusive, of this Integrated Annual Report.

### RELATIONSHIP WITH THE EXTERNAL AND INTERNAL AUDITORS

The Board maintains an appropriate relationship with the Company's auditors through the BAC. The authority to communicate directly with both the external and internal auditors has been explicitly accorded to the BAC in the Board Charter enabling the BAC to discharge this duty effectively.

The BAC and Board place great emphasis on the objectivity and independence of the external auditor, PwC, in providing transparent reports to the shareholders. PwC continues to report its opinion to shareholders of the Company, and this is included as part of the Group's financial reports with respect to the statutory audit for the financial year. PwC is regularly invited to attend BAC meetings to provide full disclosure of the audit undertaken by them specifically on financial matters and the integrity of systems that relate to financial aspects of the Company. BAC has also exercised its right under the Board Charter for a private discussion without the presence of Management for a full and free discussion on issues that concern both BAC and/or PwC.

**STATEMENT ON CORPORATE GOVERNANCE**

The external auditor's presence was requested at the Company's AGM to personally provide its report to the shareholders and attend to any issues raised.

Based on advice from the BAC and upon considering the assessment made by Management and BAC, the Board has agreed on the suitability of the external auditor and its independence.

**DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors have provided assurance that the financial statements prepared for each financial year give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the results and cash flow of the Group for the financial year as required by the CA 1965.

Although the enforcement of CA 2016 is effective on 31 January 2017 and effective at the date of this report, the Group's financial statements were prepared according to CA 1965 whereby it was still enforceable during the year under review.

The Statement of Responsibility by Directors for the audited financial statements of the Company and Group is as outlined on page 199 of this Annual Integrated Report. Details of the Company and the Group's financial statements for the financial year ended 31 December 2016 are set out on pages 200 to 336 inclusive, of this Annual Integrated Report.

**OUR SUSTAINABILITY APPROACH**

TM's approach to sustainability remains a steadfast commitment and is ingrained in our value chain. Our sustainability reporting comprises the Eco 360° 2016 Sustainability Report, our sustainability website and a concise summary of our approach and performance is available in this Annual Integrated Report on pages 52 to 57 inclusive. Through our reporting we aim to provide information on sustainability issues relevant to our business and of importance to our stakeholders, as defined through our annual materiality process.

**COMPLIANCE STATEMENT**

Pursuant to paragraph 15.25 of the Main LR of Bursa Securities, the Board is pleased to report that this Statement on CG provides the CG practices of the Company with reference to MCGG 2012. This Statement, together with the SORMIC, sets out the manner in which the Company has applied the principles as prescribed in MCGG 2012.

While TM has fully applied the broad principles set out in the Code, the Board continues to make exceptions to certain MCGG 2012 Recommendations and Commentaries as it believes these departures are justified.

The Board remains steadfast in strengthening its governance practices to safeguard the interests of all its stakeholders.

This Statement on CG is made in accordance with the resolution of the Board of Directors duly passed on 22 February 2017.



**Tan Sri Dato' Seri Dr Sulaiman Mahbob**  
Chairman

## DIRECTORS' STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

Pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements (LR) of Bursa Malaysia Securities Berhad (Bursa Securities), Board of Directors of Listed Companies is required to include in their annual report, a statement about the state of internal control of the listed issuer as a group. Accordingly, the TM Board of Directors (Board) is pleased to provide the following statement that has been prepared in accordance with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers endorsed by Bursa Securities which outlines the nature and scope of the risk management and internal control within TM Group during the financial year under review.

### RESPONSIBILITY AND ACCOUNTABILITY

#### The Board

The Board is responsible in the establishment as well as overseeing the Group's risk management framework and internal control systems that are designed to manage the Group's risks appetite within the acceptable level of tolerance set by the Board and Management, rather than eliminate totally the risks of failure, to achieve the Group's goals and objectives in generating potential returns to shareholders. The Board periodically reviews the effectiveness and adequacy of the framework and systems by identifying, assessing, monitoring and communicating key business risks to safeguard the shareholders' investment and the Group's assets.

The two committees at the Board level that have primary risk management and internal control oversight responsibilities are:

- **Board Risk Committee (BRC)**

The main responsibility of the BRC is to assist the Board in ensuring a sound and robust Enterprise Risk Management framework and its implementation to enhance the Group's Corporate Governance practices with focus on risk issues. The Terms of Reference (ToR) and main duties of the BRC in relation to risk management are detailed out on page 151 to 153 of this integrated annual report.

- **Board Audit Committee (BAC)**

The main responsibility of the BAC is to assist the Board in assessing the effectiveness of the Group's internal control systems and overseeing the financial reporting. The BAC also reviews the adequacy and integrity of the Group's internal control systems and management information systems, including compliance with applicable laws, rules, directives and guidelines through Group Internal Audit (GIA) functions. The BAC's ToR and main duties in assessing the adequacy and effectiveness of internal control systems implementation within the Group are detailed out on page 139 to 147 of this integrated annual report.

Other Board Committees such as Nomination and Remuneration Committee, Tender Committee, and Investment Committee are also established with clearly defined duties and responsibilities to oversee various key business activities involved within the Group. The Board acknowledges to remain responsible for all the actions of the committee with regard to the execution of the delegated roles, including the outcome of the review and disclosure on key risks and internal control systems in this Group's integrated annual report.

#### The Management

The Management is accountable to the Board and responsible for implementing the processes of identifying, evaluating, monitoring and reporting of risks and the effectiveness of internal control systems, taking appropriate and timely corrective actions as required. The Management has assured the Board that the Group's risk management and internal control systems are operating adequately and effectively, in all material aspects, based on the risk management framework and internal control systems adopted by the Group. In respect of risk management, the Management has implemented the necessary processes to:

- identify and analyse the risk appetite relevant to the business and determine the level of risk tolerance towards the achievement of the Group's objectives and strategies;
- design, implement and monitor the risk management framework in accordance with the Group's strategic vision and overall risk appetite; and
- identify changes to risks or emerging risks, take appropriate actions and promptly bring these to the attention of the Board.

**DIRECTORS' STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL**

**RISK MANAGEMENT**

**Risk Management Framework**

TM adopts MS ISO 31000 Risk Management Standard as a guideline for identifying, evaluating, managing and monitoring significant risks by the Group in order to align its risk management process with industry best practices. The Figure 1 & 2 below illustrates the risk management governance, context and framework as implemented in TM.

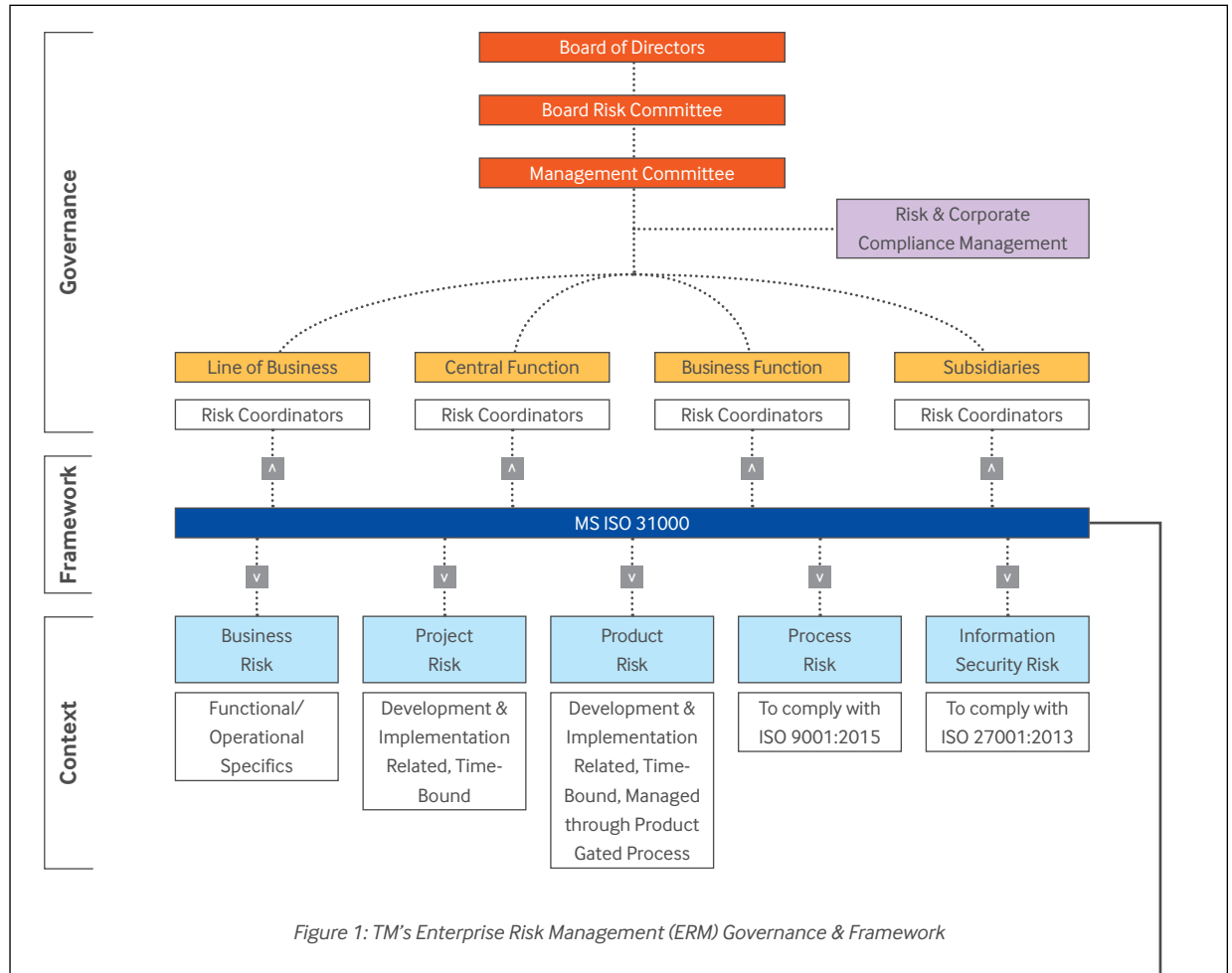


Figure 1: TM's Enterprise Risk Management (ERM) Governance & Framework

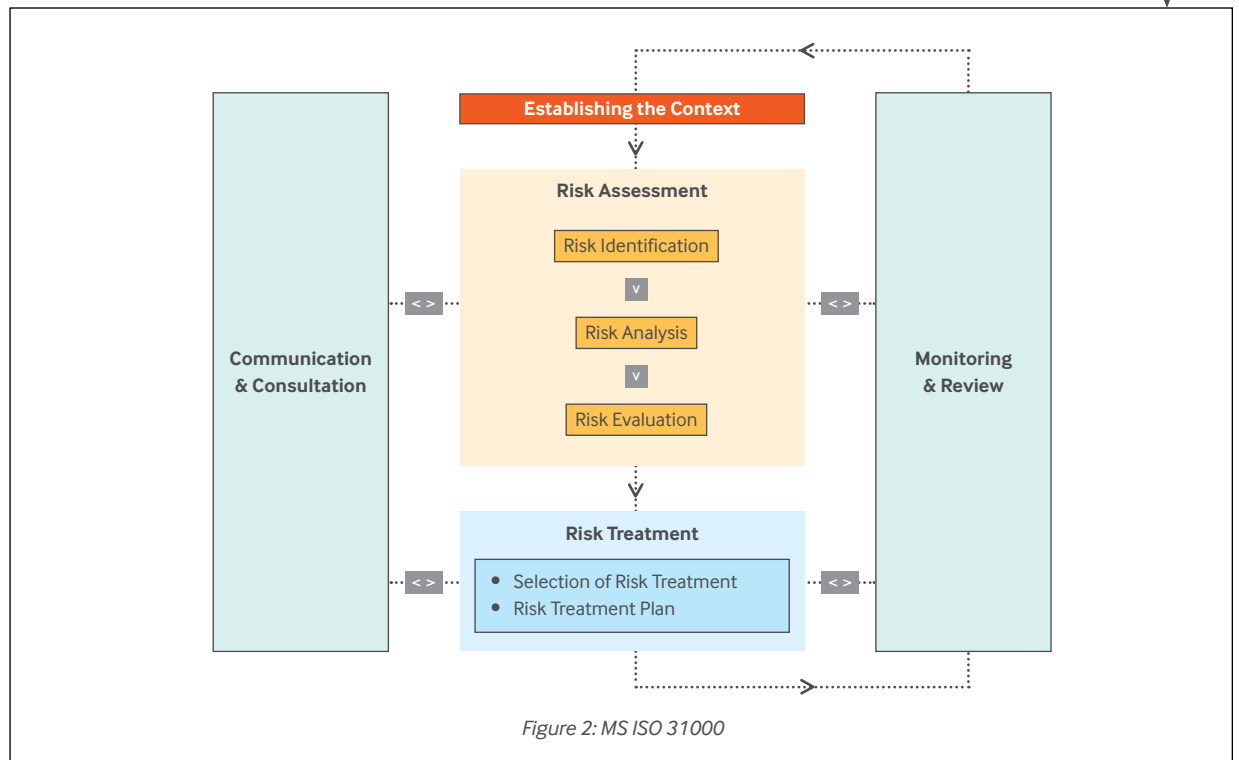


Figure 2: MS ISO 31000

**DIRECTORS' STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL**

TM's ERM structure spans the entire organisation, from the Board right down to the operational level. Through such architecture, material risk is consolidated from all Business Segments to Management Committee, escalated up to the BRC and finally to the Board. Risk Coordinators are appointed at every Line of Business (LOB), central function, business functions and subsidiaries. Their role is to coordinate the risk management activities as well as support the building of a risk awareness culture. In all risk management activities, the role of all staff in managing risks are always emphasised.

**Risk Appetite**

One of the roles of the Board is to determine the corporate risk appetite. To ensure that the risk appetite is clearly communicated across the company, the Group has reviewed the risk appetite guideline. The guideline contains the risk appetite statement that encapsulates TM's commitment to allocate necessary resources to ensure risks are being managed within the acceptable level, ensuring sustainable profitability and upholding of TM's reputation/brand to safeguard company's assets and enhance shareholder value. In addition to the corporate risk appetite established at the BRC level, each risk at the operational level has its own risk appetite. To ensure uniformity and alignment with the business strategic objectives, the process of establishing the risk appetite is also spelled out in the guideline as Figure 3 below:

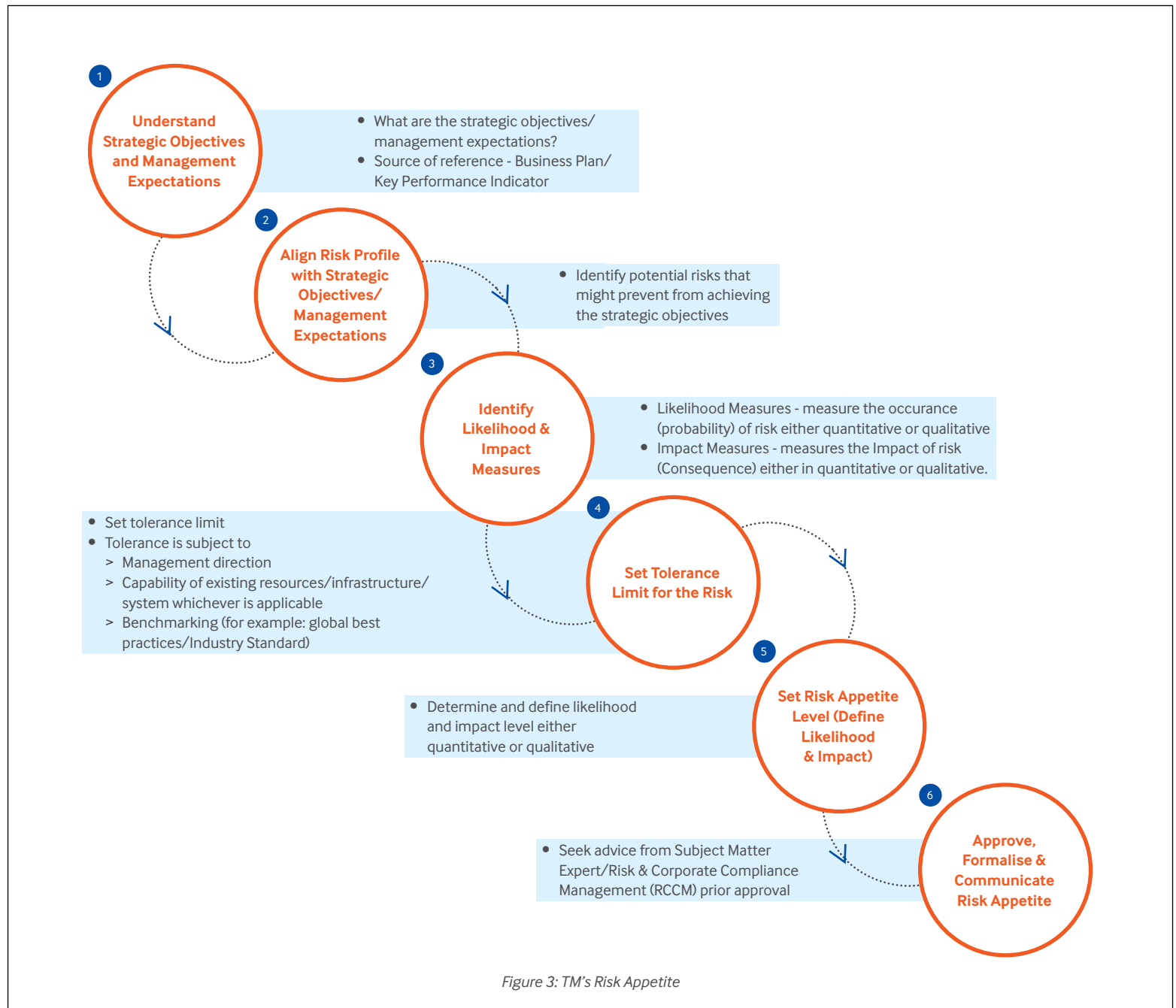


Figure 3: TM's Risk Appetite



**DIRECTORS' STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL**

**Principal Risks**

The principal risks that are being monitored by the Board is summarised in the Figure 4 below, the details of which can be found in the Risk Committee Report on pages 151 to 153.

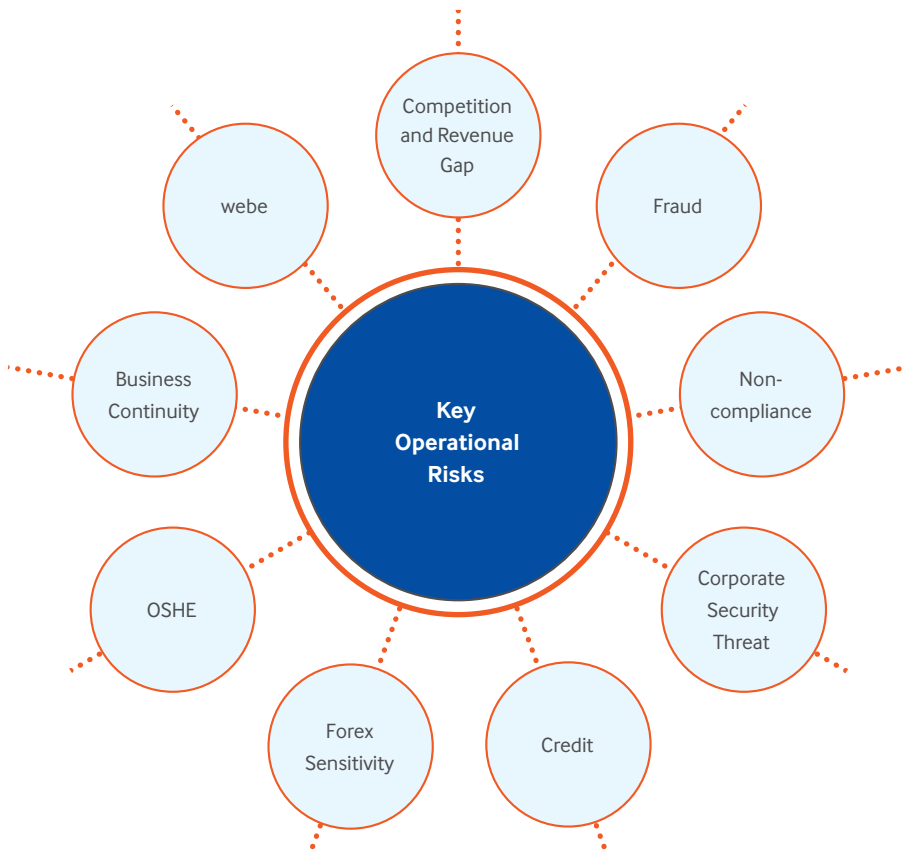


Figure 4: TM's Principal Risks

**INTERNAL CONTROL SYSTEMS**

The Board acknowledges that the internal control systems are designed to manage and reduce risks that will hinder the Group from achieving its goals and objectives. It provides reasonable assurance against the occurrence of any material misstatement of management inclusive of financial information, business, operational, environmental, compliance and financial losses or fraud. The internal control systems are embedded within the Group's operating activities and exist for fundamental business reasons.

The internal control systems are developed based on the COSO (Committee of the Sponsoring Organisations of the Treadway Commission) Internal Control Integrated Framework and regularly reviewed throughout the year by the Board, taking into consideration any changes in the regulatory, applicable laws and business environment to ensure adequacy and integrity of internal control systems.

The key elements of the internal control systems established by the Board that provides good governance and effective internal control systems include:

- **Clearly defined lines of responsibilities and authorities**

The Group has clearly defined lines of responsibilities and authorities to facilitate prompt responses in the continuously evolving business environment, effective supervision of day-to-day business conducts and accountability. These include a formal organisation structure in place and establishment of Limit of Authority (LoA) matrix that clearly outlines the Board and Management's limits and approval authorities across various key processes. The LoA is duly approved by the Board and subject to regular review and enhancement to ensure it reflects changes in accountability and risk appetite of the Group.

- **Strategic Theme, Objectives and Core Values**

In achieving the Group's vision to materialise "Life and Business Made Easier, for a better Malaysia", the Management continues to execute the Performance Improvement Programmes 3.0 initiative prioritising on fundamental productivity shift, continued growth by protecting the core, and improve institutional health enablers through customer experience and institutional building to support the Group's key business objectives in becoming the Convergence Champion. This is supported by the internalisation of the Group's Core Values, KRISTAL i.e. Total Commitment to Customers, Uncompromising Integrity and Respect & Care.

- **Risk Management and Internal Control Policy Statement**

Risk Management and Internal Control Policy Statement is issued by the Board and the Management to provide reasonable assurance towards achieving the Group's business objectives, as well as safeguarding and enhancing shareholders' investments and the Group's assets. CEO of the Group, Head of Line of Business, Head of Business and Support Groups, and CEOs of subsidiaries are responsible to implement risk management framework and practices.

## DIRECTORS' STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

- **Establishment of Framework, Policy, Manual and Procedures**

- > **Business Policy & Governance (BPG)**

TM Business Policy & Governance (BPG) is the main reference document that outlines the overall policies and governance with clearly defined process owner across key functional areas within the Group. The sub-policies, processes, procedures and guidelines are developed and properly maintained by the respective process owners to provide the details in supporting the overall policies and governance in BPG.

- > **Procurement Policy**

TM's Procurement Policy is established to control and manage procurement activities within the Group. It is TM's philosophy to procure the best goods & services in terms of quality, price, quantity, delivery, supplier and technology, using the "Total Cost of Ownership" approach to ensure the best returns to the Group.

- > **Credit Management Policy**

The Credit Management Policy enables TM to identify high-risk customers especially in detecting potential delinquent customers at an early stage and take necessary actions to safeguard any loss due to default payment. The policy also provides guidelines in making sure that the cost of providing services on credit terms and the cost of recovery is kept to a minimum level. The Group continues to improve the execution and implementation of key controls in credit management policy by assigning credit rating based on customer payment behaviour, credit treatment enforcement, collateral management and tainting of customer with persistent bad payment trend to ensure credit and payment risk to the Group are minimised.

- > **Corporate Security Policy**

The Corporate Security Policy provides a model for establishing, implementing, operating, monitoring, reviewing, maintaining and improving the Security Management in TM. The policy applies to all TM assets, including all means of handling, storing and processing of information, whether the information is intended for public access or for strictly limited distribution.

- > **Data Governance Policy**

TM Data Governance Policy provides the framework and guideline in managing data across the Group. The objective of this policy is to manage data with the purpose of delivering timely, trustworthy, and relevant information that enables informed business decisions. The policy also establishes clear ownership with roles and responsibilities to accommodate TM business needs and compliance to Malaysian regulatory requirements, inclusive of the Malaysian Personal Data Protection Act (PDPA) to ensure the privacy of data is protected and well-maintained.

- > **IT Governance Manual**

IT Governance specifies the decision rights and accountability framework to encourage desirable behaviour in the use of IT in TM. It explains the five major decision domains within IT Governance i.e. IT Principles, IT Architecture Governance, IT Infrastructure Governance, IT Investment Prioritization Governance and Business Application Needs Governance.

- > **Group IT Enterprise Architecture (GITEA) Framework**

GITEA Framework defines the technology components necessary to provide business and operational capability within the Group. It includes the inter-related architectures and the life-cycle management for the technical components, generally referred as IT infrastructure. GITEA is part of a decision-making framework governing investment and deployment of IT for the Group.

- > **Human Resource Policies and Procedures**

Human Resource Policies and Procedures are in place to provide clarity in all aspects of the human capital management within the Group. Competency-Based Development Framework is established to identify competency requirements across all divisions as well as equipping employees with necessary skill-sets via internal, external trainings and e-learning. Succession Planning is done periodically to ensure the Group has a pool of successors who are capable in meeting future organisational business needs. In achieving the next level of productivity, excellent service and performance, TM has developed SUCCESS TM Leadership Competency Model which clarifies the skills and behaviours essential for all employees.

- > **Corporate Compliance Charter and Framework**

Corporate Compliance Charter is established to provide strategic guidance as to how the corporate compliance management would be carried out within TM. The charter provides a holistic value-added corporate compliance management within the Group by leading, coordinating and managing identification and assessment of operational compliance across TM in order to prevent, reduce or transfer compliance risk exposures to the level in line with the Group risk appetite. In supporting the charter, TM Corporate Compliance Framework is established to govern the overall compliance initiatives to be carried out by the Corporate Compliance Management Unit. The framework covers the approach/ methodology, compliance monitoring programs, compliance reporting, remedial action monitoring, collaboration, training and education.

## DIRECTORS' STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

### • Ethics and Integrity

TM is committed in conducting its business in an open, honest and ethical manner. Code of Business Ethics (CBE) has always been the main reference for all employees when dealing with various stakeholders; both internal and external with high integrity standards. The strong commitment of the Group in upholding integrity when carrying out duties are evidenced by:

- > Corporate Integrity Pledge signed on 27 April 2011. The Integrity Pact which was implemented in 2012 consists of integrity declarations by TM employees as well as TM suppliers involved in procurement activities. It was revised in Nov 2016 to incorporate the execution of annual declaration by employees and by Procurement Committee members upon their appointment.
- > Procurement Ethics Rules & Practices which demonstrates greater transparency and cultivate ethical behaviours among employees, suppliers and business partners in procurement activities. Non-compliance with the Procurement Ethics Rules & Practices will result in the imposition of necessary consequence management.
- > TM Anti-Corruption Guide which supplements the CBE by setting out the policy statements and guidelines for all TM Employees in relation to improper solicitation, bribery and other corrupt activities and issues that may arise in the course of business. TM adopts a zero tolerance approach to all forms of corruption.
- > Ethics and Integrity e-Learning launched in 3 different phases in 2016 to enhance the awareness in upholding integrity values.
- > TM Integrity Movers in which 45 employees were selected and have attended a master trainer program to disseminate knowledge on ethics and integrity through knowledge sharing sessions to others.
- > Annual Declaration of Assets (DOA) and Integrity Agreement where all Management and employees are required to declare their assets and interest via Online Declaration of Assets and Interest System.

### • Whistle-Blowing Policy

The Whistle-Blowing Policy enables any employee or supplier to report actual or suspected malpractices, misconducts or violations of the Group's policies and regulations in a safe and confidential manner through the 'Ethics Line'.

### • Fraud Investigation and Management

Internal investigations are carried out by Corporate Investigation Unit (CIU), an independent unit under Group Internal Audit for any misconduct and corporate fraud committed by employees and any party who has dealings with TM. Investigation on telecommunication fraud is carried out by Fraud Investigation & Intelligence Unit (FIU) under Group Business Assurance.

### • Insurance and physical safeguards

Adequate insurance and physical safeguards on major assets are in place to ensure Group assets are sufficiently covered to minimise material loss against any mishap.

### • Business Continuity Management (BCM)

The BCM Steering Committee is chaired by the GCEO committed to enhance service reliability and resilience via improved BCM programme. The programme serves as guidance to identify potential adversities to the Group and its impact to business operations. Subsequently, overall framework is established to build organisational resilience with effective response mechanism to safeguard the interest of key stakeholders, reputation and brand.

### • Control Self-Assessment (CSA)

As TM moves up its risk maturity level, CSA allows employees to identify risks within their business environment and evaluate the adequacy and effectiveness of the internal control systems in place. Results from the CSA feature as key information in identifying high-risk areas within the Group.

### • Management Committee (MC) and Group Leadership Team (GLT)

Two top level committees have been established, namely the Management Committee and the Group Leadership Team chaired by GCEO with clear demarcation of roles in managing the Group's strategies and policies effectively. The MC focuses on providing guidance and making decisions on strategic matters, while the GLT concentrates on matters pertaining to business performance and ensures the effective execution and supervision over key operational issues.

### • Best Practice Committee (BPC)

BPC is a management committee that reports to the BAC. The BPC serves as a platform to update and discuss on current development of best practices, corporate governance, statutory and regulatory requirements set by all statutory bodies and relevant authorities.

## DIRECTORS' STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

- **Recording to Reporting (R2R) Framework**

R2R is non-compliance reporting framework adopted by Group Finance to instil and enforce behaviour change across the organisation to enhance the quality and integrity of the recording to reporting process. It serves as a mechanism for identifying and capturing financial non-compliance incidents and at the same time promotes awareness of compliance and increase senior management's accountabilities.

- **Internal Control Incident (ICI)**

Periodic ICI reporting captures and disseminates lessons learnt from significant internal control incidents to Senior Management to prevent reoccurrences in other divisions and operating companies within the Group.

- **Audit and Business Assurance Committee (ABAC)**

The ABAC, chaired by the GCFO, comprises of Senior Management from the respective LOBs and Support functions. Effective monitoring and tracking of any internal and external audit issues are in place through deliberation in the ABAC to ensure issues are timely resolved and recommendations are effectively implemented.

The People Compliance Committee (P2C) was established as part of the ABAC to serve as the governing body to address audit issues on people committing non-compliances. The P2C aims to instil a high standard of integrity and educate clear line of accountability in TM.

### INTERNAL AUDIT

Group Internal Audit (GIA) is an in-house internal audit function that reports to BAC with the objective to provide an independent, objective assurance and consulting activities designed to add value and improve the Group's operation. GIA helps the Group to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. During the financial year, the internal audit function provides continuous assessment on risks to ensure risks are adequately evaluated, managed, monitored and mitigated. GIA further evaluates the effectiveness and efficiency of the governance, risk management framework and internal control systems and provides recommendations for improvement. The Management then follows through and reviews the status of actions taken on recommendations made by the internal and external auditors.

Audit reviews are carried out through risk-based approach, in line with the Group's objectives and policies in the context of its evolving business and regulatory environment, taking into consideration input from the Senior Management and the Board.

Further information on Internal Audit is provided on page 173 to 174 inclusive of this Integrated Annual Report.

### ADEQUACY AND EFFECTIVENESS OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

The Board has received assurance from the Group Chief Executive Officer and Group Chief Finance Officer that the Group's risk management framework and internal control systems are operating adequately and effectively, in all material aspects, during the financial year under review. Taking into consideration the assurance from the Management Team and input from the relevant assurance providers, the Board is of the view that the risk management framework and internal control systems are satisfactory and adequate to safeguard shareholders' investments, customers' interests and the Group's assets and have not resulted in any material loss, contingency or uncertainty. TM's internal control systems do not apply to its associate companies, which fall within the control of their majority shareholders.

Nonetheless, TM's interests are served through representation on the Board of Directors and Senior Management posting(s) to the associate companies as well as through the review of management accounts received. These provide the Board with performance-related information to enable informed and timely decision-making on the Group's investments in such companies.

### REVIEW OF THE STATEMENT BY THE EXTERNAL AUDITORS

As required by paragraph 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control. This was performed in accordance with Recommended Practice Guide (RPG) 5 (Revised) issued by the Malaysian Institute of Accountants. Based on their review, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this statement is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and integrity of the risk management and internal controls of the Group. RPG 5 does not require the external auditors to, and they did not, consider whether this statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control systems.

## STATEMENT ON INTERNAL AUDIT

Group Internal Audit (GIA) assists TM Group to accomplish its business objectives by implementing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management measures, control and governance processes. GIA provides independent, objective assurance and consulting services designed to add value and improve TM's operations. The internal audit charter approved by the Board Audit Committee (BAC), defines GIA's purpose, authority and responsibility. GIA reports directly to the BAC to ensure it remains free from any interference in ensuring its independence and objectivity.

The Group Chief Internal Auditor reports on activities performed by GIA as well as key strategic and control issues observed to the BAC in order to preserve its independence. BAC reviews and approves GIA's Audit Plans, Annual Budget and Human Resources requirements to ensure the function is well resourced and aligned with the Group's objectives. In addition, BAC approves and periodically reviews GIA's and the Group Chief Internal Auditor's performance to observe the progress and achievements.

GIA adopts the International Professional Practices Framework (IPPF)<sup>®</sup> inclusive of the mandatory elements; Core Principles for the Professional Practice of Internal Auditing, International Standards For The Professional Practice Of Internal Auditing of The Institute of Internal Auditors, the definition of Internal Auditing, and Code of Ethics to manage its functions and perform the audit engagements.

### PRACTICES AND FRAMEWORK

GIA is guided by the internal policies, procedures and framework as well as the Internal Control Framework of the Committee of Sponsoring Organisations of the Treadway Commission (COSO), Control Objectives for Information and Related Technology (COBIT) and Enhanced Telecom Operations Map (eTOM) framework in assessing and reporting on the adequacy and effectiveness of the design, implementation and efficiency of the Group's overall system of internal controls, risk management and governance.

### SCOPE AND COVERAGE

GIA continues to adopt a risk-based audit plan approach to provide assurance to the Board that programmes being carried out have been prioritised based on the Group's strategies, objectives, key risks and core areas. Input from various sources – inclusive of Enterprise Risk Management (ERM), Business Plan, past internal and external audits, Management and the Board – permits the identification of auditable risk areas. In 2016, the Group's audit universe expanded to mobile and wireless, in addition to the existing areas which includes Lines of Businesses (LOBs), Central Functions, Local Subsidiaries, Regional Offices, Network, Finance, Procurement and Information Technology.

GIA conducted reviews on governance, risk management and controls in the areas of finance, compliance, human resource, operations, project management, network and Information Technology as well as data analytics. Among the key areas covered were:

- Sales and marketing
- Service agreement management
- Customer experience management
- Credit management
- Product lifecycle management
- Service fulfilment management
- IT security and governance
- ID Management
- Data lifecycle management
- Billing and revenue assurance
- Major project deliverables and management
- Procurement, inclusive of contract and outsourcing management
- Asset and customer premises equipment management
- Accounting/financial activities

All internal audit reports were presented to the BAC with recommendations from GIA and feedback from Management. GIA subsequently monitored and verified the implementation status on a quarterly basis through the ABAC.

In addition to performing audit engagement, GIA has been actively involved with the management in developing compliance teams within management units. The involvement from GIA includes sharing of best practices and knowledge on internal auditing, risk management and internal controls.

## STATEMENT ON INTERNAL AUDIT

### RESOURCES

A total of RM7.07 million was spent on internal audit activities in 2016.  
A summary of the internal audit costs is as follows:

Category	RM (million)	% of total cost
Manpower	5.45	77
Incidentals (incl. travelling)	0.46	7
Internal recharges (incl. space rental, IT charges, training etc)	1.16	16
<b>Total</b>	<b>7.07</b>	<b>100</b>

All internal audit activities in 2016 were performed in-house by a group of 42 internal auditors from various background and competencies, as follows.

Discipline	No. of Internal Auditors	Percentage
Accounting and Finance	11	26
Information Technology	7	17
Engineering/Network	11	26
Marketing	4	10
Business Administration	6	14
Procurement/Human Resources	3	7
<b>Total</b>	<b>42</b>	<b>100</b>

### INTERNAL AUDIT QUALITY

The Group Chief Internal Auditor develops and maintains a Quality Assurance and Improvement Programme that covers all aspects of internal audit activities. The quality assurance programme assesses the efficiency and effectiveness of GIA processes and identifies opportunities for improvement via internal and external assessments.

GIA has a peer reviewer mechanism to ensure relevant, reliable and sufficient assessment to support audit engagement's results and conclusions. Peer reviewers with relevant expertise among Senior Auditors or the GIA Management team are selected to provide professional advice and ensure that all risk areas are adequately covered prior to communicating the final engagement results to the appropriate parties.

### PROFESSIONAL QUALIFICATIONS & CONTINUOUS COMPETENCY DEVELOPMENT

GIA is committed to equip TM's internal auditors with sufficient knowledge, skills and competencies to discharge their duties and responsibilities. The internal auditors are also encouraged to obtain appropriate professional certifications and qualifications. To date, 14 of our internal auditors hold a total of 27 certifications and qualifications between them. These have been awarded by various recognised professional bodies.

In 2016, the internal auditors attended 2,620 hours of external and internal training, seminars and workshops in multiple technical disciplines and internal soft skills training on leadership, communication and negotiation to enhance their job performance and career prospects. These include the Internal Audit Basic Training module developed by GIA using real business environment case studies.



**Hazimi Kassim**  
Group Chief Internal Auditor



**Gee Siew Yoong**  
Chairman, Audit Committee

# BUSINESS CONTINUITY MANAGEMENT



### Our Goals:

- 1 To strengthen business continuity capabilities in broadband and mobility
- 2 To spread business continuity practice to supply chain management



### Highlights of 2016:

- 1 Achieved BCMS ISO 22301:2012 certification
- 2 Established a Business Continuity Roadmap 2016-2018 for our operational pillars and state functions

Our business continuity is critical to the delivery of an excellent customer experience, as well as to ensuring the availability of telecommunications in times of national emergency. It also protects against financial loss, bad reputation and regulatory non-compliance. In order to safeguard our business continuity, we continually strengthen our capabilities across our operational pillars of Network, Information Technology, Contact Centre, Corporate Office and Procurement.



Every new service introduced is supported by a business continuity management (BCM) programme, hence one such programme was established for webe during the year. We also focused on instilling the practice of business continuity among our partners and suppliers.



Figure: SIRIM BCMS ISO 22301:2012 Certificate

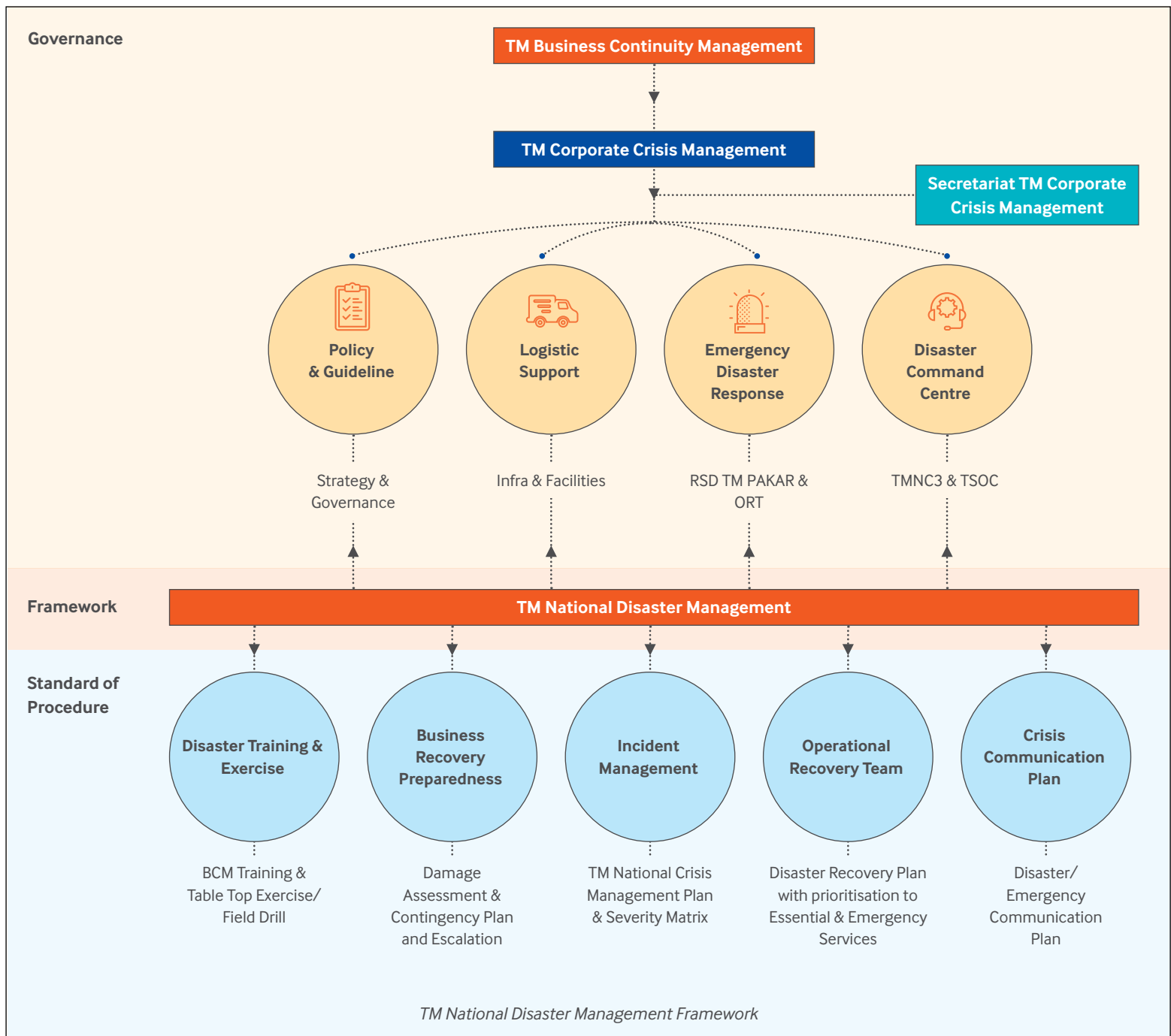


Figure: BCMS ISO 22301:2012 Surveillance Audit by SIRIM at TMNOCCyberjaya

Our efforts to embed business continuity into our operations were duly rewarded when, through our Network Operation Centre (NOC), TM became the first telco in Malaysia to be certified with BCMS ISO 22301:2012 by SIRIM QAS International. This was achieved on 5 August 2016.

**BUSINESS CONTINUITY MANAGEMENT**

The National Disaster Management framework in our Business Continuity Plan consists of a structured organisation and governance, comprising a TM National Crisis Command Centre (TMNC3), TM State Operation Centres (TSOC) and Operational Recovery Team (ORT). The robustness of this framework is validated by the fact that MCMC uses it as a benchmark for all operators.



In early 2016, we reinforced this framework in the earthquake-prone state of Sabah. A Business Impact Analysis (BIA) workshop was conducted at which a Business Continuity Plan (BCP) and Disaster Recovery Plan (DRP) SOP were established. As part of Disaster Management preparedness, we enhanced BCM awareness at the Sabah State Operation Centre and went through the paces of a Table Top Exercise (TTE) for recovery process with the state Operation Recovery Team.

**Going Forward**

To further entrench our business continuity, we developed a Business Continuity Roadmap 2016-2018 for our operations and state functions. We believe strongly that our business continuity is integral to our vision of delivering Life and Business Made Easier for a better Malaysia.



## ADDITIONAL COMPLIANCE INFORMATION

IN ACCORDANCE WITH APPENDIX 9C OF THE MAIN MARKET LISTING REQUIREMENTS (MAIN LR) OF BURSA MALAYSIA SECURITIES BERHAD (BURSA SECURITIES)

The following information is provided in compliance with the Main LR of Bursa Securities:

### 1.0 UTILISATION OF PROCEEDS FROM CORPORATE PROPOSALS

On 3 March 2015, the Company through its wholly-owned subsidiary, Tulip Maple Berhad, received approval for the establishment of a Multi-Currency Euro Medium Term Notes (EMTN) Sukuk programme of up to USD750.0 million in nominal value (or its equivalent in foreign currencies). Pursuant to the approval, the programme was transacted as follows:

Issuance Date	Type	Nominal Value (RM million)	Maturity Date	Proceeds Utilisation
25 February 2016	EMTN	50.0	25 February 2026	For capital expenditure and business operating requirements
19 August 2016	EMTN	50.0	21 August 2023	For capital expenditure and business operating requirements
15 November 2016	EMTN	75.0	15 November 2026	For capital expenditure and business operating requirements

In 2016, the Company also issued several Islamic Commercial Papers (ICP) as part of the ICP/Islamic Medium Term Notes (IMTN) programmes approved in 2013. A summary of the transactions and utilisation of the proceeds is tabled below:

Issuance Date	Type	Nominal Value (RM million)	Maturity Date	Proceeds Utilisation
3 August 2016	ICP	150.0	2 September 2016	For capital expenditure and business operating requirements
12 October 2016	ICP	300.0	9 December 2016	For capital expenditure and business operating requirement

*(Disclosed in accordance with Appendix 9C, Part A, item 13 of the Main LR)*

### 2.0 MATERIAL CONTRACTS INVOLVING INTERESTS OF DIRECTORS AND MAJOR SHAREHOLDERS

There were no material contracts or any contracts in relation to loans entered into by the Company and/or its subsidiaries involving the interests of the Directors, chief executive who is not a director or major shareholders either still subsisting as at 31 December 2016 or entered into since the end of the previous financial year ended 31 December 2015.

*(Disclosed in accordance with Appendix 9C, Part A, items 21 and 22 of the Main LR)*

### 3.0 LISTING OF PROPERTIES

The Company has on 3 May 2002, obtained a waiver from Bursa Securities from having to disclose detailed particulars of its properties for the Company's 2001 Annual Report and subsequent annual reports. The waiver is still subsisting to date.

The net book value of land and buildings, and usage of properties for the financial year ended 31 December 2016 is disclosed on pages 342 to 343 inclusive, of this Integrated Annual Report.

*(Disclosed in accordance with Appendix 9C, Part A, item 25 of the Main LR)*

### 4.0 RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE (RRPT)

At the Extraordinary General Meeting held on 28 April 2016, the Company had obtained a general mandate from its shareholders on the RRPT entered into by the Company and/or its subsidiaries as set out in the Circular to Shareholders dated 4 April 2016 (RRPT Mandate). This RRPT Mandate is valid until the conclusion of the forthcoming Thirty-second Annual General Meeting of the Company to be held on 26 April 2017.

**ADDITIONAL COMPLIANCE INFORMATION**

IN ACCORDANCE WITH APPENDIX 9C OF THE MAIN MARKET LISTING REQUIREMENTS (MAIN LR) OF BURSA MALAYSIA SECURITIES BERHAD (BURSA SECURITIES)

Pursuant to Paragraph 10.09(2)(b) and Paragraph 3.1.5 of Practice Note 12 of the Main LR, details of the RRPT entered into during the financial year ended 31 December 2016 pursuant to the said RRPT Mandate are as follows:

Transacting Companies in our Group	Transacting Related Parties	Interested Major Shareholder/ Director	Nature of Relationship	Nature of RRPT	Value of Transactions (RM'000)
Our Company and/or our subsidiaries	Axiata Group Berhad (Axiata) and/or its subsidiaries (Axiata Group)	Minister of Finance, a body established under the Minister of Finance (Incorporation) Act 1957 (MOF Inc.), Khazanah Nasional Berhad (Khazanah), Dato' Sri Dr. Mohamad Isa Hussain and Asri Hamidin (A Hamidon), Tunku Dato' Mahmood Fawzy Tunku Muhiyiddin and Nik Rizal Kamil Tan Sri Nik Ibrahim Kamil	In addition to their shareholdings in our Company, MOF Inc. and Khazanah have direct and indirect shareholdings of 37.57% in Axiata.  Dato' Sri Dr. Mohamad Isa and his Alternate, Asri, are representatives of MOF Inc. on our Board. Tunku Dato' Mahmood Fawzy and his Alternate, Nik Rizal Kamil, are representatives of Khazanah on our Board.	<u>Revenue</u>	
				– Interconnect revenue from Axiata Group.	80,862
				– Provision of leased-line services to Axiata Group.	12,025
				– Provision of data and bandwidth related services to Axiata Group.	55,510
				– Site rental for telecommunications infrastructure, equipment and related charges by TM Group to Celcom Axiata Berhad (Celcom).	51,284
				– Provision of Internet access and broadband services to Celcom.	79
				– Provision of contact centre and business process outsourcing services by VADS Berhad (VADS) to Axiata Group.	55,866
				– Provision of fibre optic core and bandwidth services by Fiberail Sdn Bhd to Celcom.	4,166
				– Provision of fibre optic, bandwidth, space and facility by Fibrecomm Network (M) Sdn Bhd (Fibrecomm) to Celcom.	3,613
				– Rental of office premises to Axiata Group.	16,975
				<u>Cost</u>	
				– Interconnect charges by Axiata Group.	85,324
				– Leased-line charges by Axiata Group.	2,238
				– Fibre optic and leased-line charges by Celcom to Fibrecomm.	1,116
				– Core rental and mobile services from Celcom to TM Group.	5,490
				– Domestic roaming charges by Celcom to TM Group.	9,057
				– Site rental for telecommunications infrastructure, equipment and related charges by Axiata Berhad to TM Group.	6,035
				<b>TOTAL</b>	<b>389,640</b>
				Our Company and/or our subsidiaries	Astro Malaysia Holdings (AMH) Berhad and its subsidiaries (AMH Group)
– Provision of data centre services by VADS to AMH.	1,632				
– Provision of internet access, broadband and fibre circuit services to AMH.	4,427				
– Provision of ICT products, radio transmission and connectivity services to AMH.	19,936				
<u>Cost</u>					
– Provision of content by AMH to TM Group.	57,499				
<b>TOTAL</b>	<b>83,494</b>				

## CORPORATE INTEGRITY

Our corporate governance is supported by ethical behaviour of all TM representatives, from our Board of Directors to Employees as well as our Business Partners.

With Enterprise, Ethics & Integrity Unit (“EEIU”) taking the lead in implementing the initiatives, we continuously inculcate, in all TM representatives a work culture that embraces integrity as a way of life.

### Key Initiatives in 2016:

Aimed at strengthening and institutionalising anti-corruption mechanisms and promoting ethical practices, initiatives were put in place focusing on three main areas namely improving internal policies and processes, creating ownership and accountability and educating the people.

1

#### TM Integrity Day

TM Integrity Day 2016 was one of the most successful Integrity @ Heart Programme with approximately 1000 TM employees (including the Management Team) attended the event held at TM Convention Centre. The event was graced with the presence of TM Chairman who delivered a speech in the “Up Close & Personal with TM Chairman” session and launched the revised Code of Business Ethics, Ethics and Integrity e-Learning and Declaration of Assets and Interests. Prominent speakers such as Dr. Md. Akbal Abdullah and Miss Low Ngai Yuen delivered their special address on issues related to integrity who later joined other panelists such as Tuan Haji Mohd Jaafar Abd Majid and Encik Hazimi Kassim in the Integrity Chat Session.

2

#### Revised Code of Business Ethics

The new Code of Business Ethics is a comprehensive guidance to the standards of behaviour expected of all TM employees and solutions to any business ethical issues that they may encounter in conducting business. It introduces provisions on prohibition of receiving and giving gifts, entertainment and corporate hospitality. It also enhances the provision on TM’s whistleblowing policy that is complimented with case handling process for illegal, unethical and improper business conduct in TM. The provision on TM’s dealing with competition was strengthened with a clause on compliance to the Competition Act 2010 is incorporated.

3

#### Revised Integrity Pact

Enforced ever since 2012, Integrity Pact is a signed commitment created to solicit greater cooperation from all TM representatives in our fight against corruption. In embracing the spirit of life and business made easier, the Integrity Pact was revised in 2016 by introducing some significant changes such as reciprocal undertaking with both TM and Business Partners as the signatories and one-time execution of the Integrity Pledge by the Business Partners and procurement committee members.

4

#### Annual Declaration of Assets and Interests (“DOA”)

All TM employees are mandated to annually declare their assets and interests including the interests that their family may have in TM in any form, either directly or indirectly. The declaration is undertaken via the Online Declaration of Assets and Interest System and is expected to create more transparent and accountable workforce.

5

#### Ethics and Integrity e-Learning

Recognising that everyone plays a role in practicing good governance and eradicating corruption, the Ethics and Integrity e-Learning was implemented in 2016 with focus given on educating employees at executive level on the contents of the revised Code of Business Ethics and Anti-Corruption Guide in a user-friendly and easy-to-understand environment.

6

#### AMANAH Module

“AMANAH” is the abbreviation of “A – Amalan kita, M – Masa, A – Anda, N – Natijah, A – Allah and H – Hamba”, a module developed by Group Human Capital Management as part of the initiatives undertaken by Integrity Fellows nationwide. The module is infused with some spiritual element with the objective of instilling “AMANAH” as a culture that TM employees should practise in every sphere of life.

7

#### Integrity Movers

Integrity Movers is a continuation of Integrity Fellows Programme with a number of 45 employees selected as ambassadors who are not only expected to demonstrate high standards of ethical behaviour but also shouldered with the responsibility of reinforcing the Kristal Value of “Uncompromising Integrity” on the identified audience. They were earlier trained in an intensified six-day training to equip themselves with the necessary skills through the Neuro-Linguistic Programme.

8

#### Reaching Out Programmes

To continuously raise awareness on good governance practices and prevention of corruption in TM, a series of reaching out programmes were conducted covering 6 regions and involving more than 5,500 employees. The reaching out programmes were also joined by employees at management level who delivered the strong tone from the top management in relation to TM’s position on integrity.

### Going Forward

We look forward to further enhancing our integrity and anti-corruption framework and establishing a good and trust-worthy governance structure through periodic review of internal policies and processes and creating accountable and transparent workforce via continuous engagement programmes and trainings with effective modules.