



[www.tm.com.my](http://www.tm.com.my)  
**Group Corporate Communications**  
TELEKOM MALAYSIA BERHAD (128740-P)  
Level 8 (South Wing), Menara TM  
Jalan Pantai Baharu, 50672 Kuala Lumpur  
Malaysia



This sustainability report is printed on recycled and environment friendly material.

SUSTAINABILITY  
REPORT

2010



# sustainability report 2010

## start today

## save tomorrow

1 > About This Report • 2-5 > Message from Group Chief Executive Officer • 6-8 > Corporate Profile  
• 9 > Group Corporate Structure • 10-11 > Awards and Recognition • 12-13 > TM Worldwide Coverage  
• 14-15 > Sustainability Strategy And Analysis • 16-19 > Corporate Governance • 20-31 > Workplace  
• 32-37 > Marketplace • 38-45 > Community • 46-52 > Environment • 53-63 > Gri Content Index 64-66 > Assurance Statement

### ● ● ● about this report

#### TM Sustainability Report 2010

This is the third Sustainability Report to be produced by Telekom Malaysia Berhad (TM), which provides disclosure of our sustainability efforts in a proactive approach to 'connect, communicate, collaborate' more fully with our stakeholders. Together with our Annual Report, which highlights the financial aspects of our business activities, the two reports provide a clear, comprehensive and transparent representation of our performance in managing the economic, social and environmental aspects of our operations.

We have endeavoured to present our data in the most accurate manner possible, using quantitative indicators where relevant. In order to indicate the progression of our sustainability endeavours, we have compared our achievements in 2010 against those of the previous year, and will use our 2010 performance as a benchmark for our 2011 targets. For greater transparency, we have adopted the Social Return on Investment (SROI) calculations to quantify some of our major CSR activities.

In keeping with international best practice, TM adopts new guidelines in sustainability initiatives as they emerge. In 2010, these included the ISO26000 on social responsibility.

#### Scope of Report

Reporting period: January to December 2010

Reporting Cycle: Annually

Coverage: TM and its subsidiaries as included in the Group's consolidated financial statements. Subsidiaries refer to all companies in which TM holds a majority stake or has direct managerial control.

#### Reference and Guidelines

Principle Guidelines: Global Reporting Initiative (GRI-G3) framework; ISO26000 Social Responsibility Guidelines.

#### Additional Guidelines

- Bursa Malaysia's Corporate Social Responsibility (CSR) Framework.
- Silver Book by the Putrajaya Committee on Government-Linked Companies (GLC) Transformation.

#### Reliability of Information Disclosed

We strive continually to improve the materiality and reliability of the information presented and have adopted an approach aligned with the ISO26000 and the UN Global Compact. This report has been verified by an external third party and has also been assessed by the Global Reporting Initiative (GRI) for how comprehensively we have applied the latest GRI-G3 guidelines, achieving the top Application Level of A+.

Our approach to sustainability is also widely endorsed by our stakeholders, as reflected in the many awards we have received from respected, independent assessments of our performance. These are listed in the report.

#### Feedback

This report is available to all stakeholders in hard copy on request and can be downloaded from our website. For further information and comments, please contact:

Group Corporate Communications  
Telekom Malaysia Berhad  
Level 8, South Wing  
Menara TM, Jalan Pantai Baharu  
50672 Kuala Lumpur  
Malaysia  
Telephone : +603 2240 9494  
Facsimile : +603 7955 3620  
Email : [gcc@tm.com.my](mailto:gcc@tm.com.my)





message  
from  
group  
chief  
executive  
officer

Dato' Sri Zamzamzairani Mohd Isa



AT TM, CORPORATE RESPONSIBILITY (CR) IS DEEPLY INGRAINED INTO THE VERY FABRIC OF OUR BEING AND IS EMBEDDED IN ALL ASPECTS OF OUR OPERATIONS. TM PRIDES ITSELF WITH A DEEP SENSE OF DUTY TO THE NATION AND OUR STAKEHOLDERS; ESPECIALLY TO OUR CUSTOMERS, EMPLOYEES AND COMMUNITY – WHERE WE HOLD CORPORATE GOVERNANCE, TRANSPARENCY AND INTEGRITY IN THE HIGHEST REGARD. IN OUR LATEST EFFORTS TO FURTHER INCREASE OUR LONG-STANDING POSITION ON CR, TM HAS BEEN PRODUCING A SEPARATE SUSTAINABILITY REPORT SINCE 2008. WE BELIEVE THIS REPORT ADDS GREATER DEPTH AND DIMENSION TO THE INFORMATION DISCLOSED TO OUR STAKEHOLDERS, ESPECIALLY WITH REGARD TO THE SOCIAL AND ENVIRONMENTAL VALUE OF OUR OPERATIONS. THE HOPE IS THAT, TAKEN TOGETHER WITH OUR ANNUAL REPORT, WE PROVIDE A CLEAR AND CONCISE PICTURE OF HOW OUR BUSINESS STRATEGIES HELP US ACHIEVE A HEALTHY TRIPLE BOTTOM LINE OF ECONOMIC, SOCIAL AND ENVIRONMENTAL PERFORMANCE.



In an intensely competitive and rapidly evolving industry such as telecommunications, sustainable development plays an essential role in ensuring an organisation's viability. At TM, we realise that sustainability issues can affect our investment value, our risk profile and potential liabilities. As a result, our Board of Directors and senior management are increasingly focused on ensuring the sustainability of all our activities. To us, sustainability is a value proposition that augments our inherent strengths while reinforcing the positive impact we make on the communities in which we have a presence.

We believe in safeguarding the long-term interests of our stakeholders in order to ensure our own viability. That we have been successful in this regard is evident from the fact that we rank among the oldest corporations in Malaysia. TM has been fulfilling the telecommunications needs of the nation, contributing to its socio-economic development, for over 64 years. Hence, we can safely say sustainability has been built into our corporate DNA. What's more, our sustainability has been intricately linked with that of the nation, and we feel duty bound to maintaining this.

Today, as we roll out the country's ambitious High Speed Broadband (HSBB) programme, we are once again playing a significant role in supporting a key government agenda - one that will vouchsafe its sustainability by contributing to the country's GDP and global competitiveness. In fact, we believe the need to think global is not just a prerequisite of successful governments but also that of any company wishing to remain relevant in the long term. This means embracing global issues and taking measures to adopt global best practices.

At TM, this borderless perspective is reflected in greater environmental consciousness. In recent years, as issues of climate change have become more urgent, we have been intensifying our efforts to minimise our carbon footprint. We have committed to reducing our CO2 emissions, and to embracing more efficient hence less wasteful behaviours. Most encouragingly, the changes we have implemented are sustainable and will result in our becoming a progressively greener organisation.

In preparing this report, we have been guided by the Global Reporting Initiative (GRI) which evaluates sustainable development according to the three parameters of economic, social and environmental performance. By and large, these parameters correspond to

the four pillars that support our corporate responsibility programmes in the marketplace, workplace, community and the environment (our marketplace and workplace initiatives corresponding to what the GRI-G3 would consider the economic aspects of our sustainability performance).

I am extremely pleased to report that TM has achieved a GRI rating of A+ for the third consecutive year since we first started, and this is testament to the level of commitment TM has made to the practice and implementation of our CR programmes and initiatives.

While this report goes on to elaborate in detail how we ensure our sustainability in the marketplace, workplace and community and how we contribute to the sustainability of the environment, allow me to comment on TM's performance according to the GRI-G3's preferred triple bottom-line.

## **ECONOMIC SUSTAINABILITY**

Our economic sustainability rests on our being able to continue to deliver products that meet our customers' needs and expectations. A major challenge we have faced in recent years has been the erosion of voice use as a result of greater migration to mobile services. Our response has been to reduce as far as possible the attrition rate of fixed voice service with the introduction of attractive value-add packages while concentrating on the promotion of fixed broadband which offers far superior quality to that of the wireless variety. TM's sustainability is anchored on making good on our promise as Malaysia's broadband champion, to deliver an enhanced and integrated digital lifestyle to Malaysian homes.

The High Speed Broadband (HSBB) project that we embarked on in 2008 is also key to the future sustainability of not only TM, but that of the nation. It is one of the most ambitious projects in the world in terms of scope and implementation, and is already one of the fastest roll-outs globally. This helps fuel the Government's Economic Transformation Programme (ETP) aimed at progressing the nation to achieve high-income status. In this regard, we believe we are well positioned to be the preferred ICT partner to deliver the ETP, given our unrivalled local and international reach, as well as our proven resources and expertise.

We realise we need to ensure that our HSBB service provides us with a reasonable return on investment, given that we are pumping in no less than RM8.9 billion into the project over a period of 10 years as opposed to RM2.4 billion from the Government over the first three years. Towards this end, we have focused intently on training our employees, our contractors and vendors to ensure the highest quality service in installation and minimising problems encountered by customers post-installation. I am pleased to be able to say that in terms of rolling out this highly strategic project, we are not only very much on track with our scheduled deadlines but have even made several global firsts in going to the market. We have also delivered a consistently high quality of service, leading to take-up rates that have exceeded global benchmarks.

Customer service, not just for HSBB but across the board at TM, is crucial to retaining existing clients and attracting new ones. We have accordingly realigned the entire business model of TM to the six main customer segments we serve in order to provide them with niche products that suit their individual requirements. No effort is spared to improve on our service delivery too, especially in meeting appointments and dealing with service disruption. In 2010, we spent no less than 5.1% of our total revenue on enhancing our customer experience.

**SOCIAL SUSTAINABILITY**

To TM, social sustainability is about creating greater equality among the different communities in the country. We do this through the provision of two essential services - telecommunications and quality education. Both of these serve as powerful enablers of socio-economic development, hence forming the core of our social contract with the nation.

There are still areas in the country that lack telecommunications infrastructure. Where we are not able to extend the reach of our fixed line network, we provide wireless services wherever possible to serve the local communities. In order to further expand the reach of our telecommunications services to rural and remote areas, we also operate 15 TMpoint on Wheels, namely mobile units that take to villages the products and services offered by our normal TMpoint outlets. In addition, we enable access to the internet in rural areas via our 168 Community Broadband Centres and 99 Community Broadband Libraries. As a result of these initiatives, I am proud to say, TM is *the* telecommunications provider of the people.

*Education has always been one of the core elements in TM's CR initiatives, opening up possibilities to achieve various objectives, such as bridging the digital divide, as well as helping those in need*



Our efforts to empower the nation through education, meanwhile, are delivered through a multi-pronged approach via our foundation, Yayasan TM (YTM), Multimedia University (MMU), Multimedia College (MMC) and our signature school adoption programmes, among others. Over the last 16 years, YTM has spent a total of RM408 million to help 12,345 deserving students pursue their academic dreams at the best universities in Malaysia and abroad. Through MMU and MMC we have produced 30,637 graduates. Currently MMU has 10,202 students in its Malacca Campus and 9,346 students in its Cyberjaya Campus, of whom 4,131 are international students representing 58 countries. At the same time, TM is a staunch supporter of the Khazanah Nasional-driven PINTAR programme aimed at improving academic standards in rural schools. So far, we have adopted four schools under this programme. The success of PINTAR inspired us to launch into the *Projek Sekolah Angkat Bersama KPKK & TM* in collaboration with the Ministry of Information, Communications and Culture to upgrade the IT facilities and telecommunications infrastructure in three suburban schools. Although this programme began only in 2010, we are confident of its success, given that it is based on the PINTAR model, and look forward to expanding it to more schools in the near future.

## ENVIRONMENTAL SUSTAINABILITY

TM is fortunate in that our operations are not by their nature polluting or hazardous to the environment. If anything, the use of electronic communication has led to a reduction on the reliance on paper and is contributing in a real way to a healthier environment.

At the same time, we are conscious of the role we can, and should play, in minimising as far as possible our carbon footprint and any other adverse impact we have on the environment, however small. We have consequently adopted best practices across our systems, processes and infrastructure to be a more eco-conscious organisation. For example, we have switched to energy-efficient equipment, employ energy-saving systems such as retrofit chillers, and are relying more on electronic communication to reduce our dependency on paper. In compliance with the national CFCs Phase-out Plan, we are

replacing the CO<sub>2</sub> System or Halon 1301 used for fire protection in our buildings nationwide by the environment friendly Novec™ 1230. This phase-out is expected to be completed by 2012. A number of major initiatives being undertaken are also contributing to greater energy efficiencies. Most significantly, the new fibre optics network that we are laying nationwide consumes half the amount of energy of the legacy copper cable it is replacing. Additionally, the reduction of our IT support systems from 700 to 70 will also necessarily reduce our energy requirements and, hence, our carbon emissions.

We are reinforcing these organisational initiatives with eco-friendly actions in the workplace. Since 2009, we have been running an extensive 3R campaign to reduce, reuse and recycle waste, which also involves our anchor tenant at Menara TM, Unilever. As at end 2010, a total of 83 tonnes of recyclables had been collected. In 2010, we further strengthened our internal environmental movement by launching BumiKu (or Our Earth), which has encouraged our employees to carpool. At the community level, we are collaborating with Unilever and the University of Malaya to help the residents of Kondo Rakyat Pantai Dalam integrate environmental consciousness into their daily lives by, for example, recycling materials, composting and planting more greens.

We are also helping to nurture a generation of eco-warriors via a TM Earth Camp run in partnership with the Malaysian Nature Society (MNS) that allows school children to get closer to nature and appreciate its many wonders. This on-going initiative, launched in March 2010, targets children from all over the country.

*Environmental awareness in TM is not limited only to the organisation itself, but is also extended to the public*



## ACKNOWLEDGEMENTS

None of the initiatives highlighted above would have achieved the required results if not for the dedication of TM's most important stakeholder - our employees. Our own efforts to create a conducive and rewarding work environment for our employees are detailed under the Workplace section in this report. Suffice to say that TM truly appreciates the hard work and commitment of all our employees, to whom I would like to express my heartfelt gratitude. I would also like to thank all our business associates, partners and customers for their continued loyalty. Finally, a word of acknowledgement to the regulators and government authorities for their constant support over the years. This Sustainability Report is dedicated to all of you. We hope you find it useful and informative, and welcome feedback on how we can further improve our operations, hence our sustainability.

**Dato' Sri Zamzamzairani Mohd Isa**  
Group Chief Executive Officer



## vision

To be Malaysia's leading new generation communications provider, embracing customer needs through innovation and execution excellence

## mission

To achieve our vision, we are determined to do the following:

- Strive towards customer service excellence and operational efficiency
- Enrich consumer lifestyle and experience by providing innovative new generation services
- Improve the performance of our business customers by providing high value information and communications solutions
- Deliver value for stakeholders by generating shareholder value and supporting Malaysia's growth and development



## corporate profile



TM IS THE LARGEST INTEGRATED COMMUNICATIONS SOLUTIONS PROVIDER IN MALAYSIA, AND ONE OF ASIA'S LEADING COMMUNICATIONS COMPANIES. IT HAS A MARKET CAPITALISATION OF RM13.9 BILLION AND A WORKFORCE OF 26,743 EMPLOYEES. ESTABLISHED AS THE TELECOMMUNICATIONS DEPARTMENT OF MALAYA IN 1946, IT WAS PRIVATISED IN 1987 AND LISTED ON BURSA SECURITIES IN 1990. THE PHENOMENAL GROWTH THAT FOLLOWED LED TO A DEMERGER OF TM'S MOBILE AND FIXED SERVICES IN 2008. THIS ALLOWED TM TO FOCUS MORE INTENTLY ON ITS CORE BUSINESSES OF INTERNET AND MULTIMEDIA, DATA AND THE FIXED LINE.

Today, the Company is Malaysia's broadband champion, fuelling the Government's vision of nurturing a knowledge driven economy. TM played an integral role in achieving 55.0% national broadband penetration by 2010 under the National Broadband Initiative (NBI) via Streamyx, the broadband for general population it introduced in 2001. In September 2008, the Company took on a bigger role in broadband development when it signed a private public partnership with the Government to introduce a premier High Speed Broadband (HSBB) service in Malaysia.

TM launched its wholesale HSBB transmission service seven months later, and introduced the country's first retail HSBB service, UniFi, in March 2010. By end 2010, UniFi had been rolled out in the Klang Valley, Iskandar Malaysia and the Northern Corridor Economic Region. As of 18 March 2011, the total number of UniFi subscribers had exceeded 60,000, with coverage extending to 60 exchanges and more than 800,000 premises. The aim is to pass 1.3 million premises by the end of 2012.

TM supports the Government's agenda of nurturing a thriving ICT and multimedia hub in Malaysia. Other than local connectivity, this necessitates global capacity which TM is able to provide via a continuously expanding network of submarine cable systems.

Internally, TM is streamlining its systems and processes to achieve greater cost efficiencies and promote a culture of sustainability. It is reducing the 700 systems currently employed to 300 and eventually, to just 70. At the same time, employees are being trained with the knowledge and skills required of a new generation communications provider focused on information exchange. TM's ultimate objective is to connect Malaysians and enable them to communicate and collaborate. Towards this end, the customer-centric organisation continues to enhance its customer service delivery while bringing to market a series of innovative and value-add products.

The entire business model of the organisation has been realigned according to TM's six principal customer segments of Consumer, SME, Enterprise, Government, Wholesale and Global. In 2010, a seventh segment – New Media – was added, focusing on the fast-growing ICT and multimedia market that TM is spearheading. The new business structure enables greater synergies to be created between the various divisions, and allows TM to target its product and service offerings more specifically to the needs of the different niches.

TM's commitment to serving the people reflects a deep-rooted sense of corporate responsibility (CR) that underlines all the Company's actions. TM's CR initiatives cover the four dimensions of the marketplace, workplace, community and the environment. As a former state-owned enterprise, TM continues to bridge the digital divide. It also places much emphasis on education, which has been the focus on its foundation, Yayasan TM, since this was established in 1994.

Adopting global best practices, TM is conscious of its duty to reduce its carbon footprint and considers the environmental impact of all its business decisions to ensure a sustainable future. The greening of TM won it an Honourable Mention in the Prime Minister's CSR Awards 2010, while its Workplace Practices were judged the best in the same prestigious awards, two years running.

<b>Financial Performance</b>	<b>2009 (RM Million)</b>	<b>2010 (RM Million)</b>
Operating revenue	8,608.0	<b>8,791.0</b>
Profit before taxation and zakat	921.6	<b>1,360.2</b>
Profit for the financial year		
- Continuing operations	673.6	<b>1,245.0</b>
- Discontinued operations	-	-
Profit attributable to equity holders of the Company		
- Continuing operations	643.0	<b>1,206.5</b>
- Discontinued operations	-	-
Total shareholders' equity	6,987.5	<b>7,709.4</b>
Total assets	19,942.5	<b>20,780.0</b>
Total borrowings	6,713.5	<b>5,532.0</b>
<b>Financial ratios</b>		
Return on shareholders' equity	7.5%	<b>16.4%</b>
Return on total assets	3.4%	<b>6.0%</b>
Debt equity ratio	1.0	<b>0.7</b>
Dividend cover	0.8	<b>1.3</b>

#### **AS AT 18 MARCH 2011, TM'S MAJOR SHAREHOLDERS WERE AS FOLLOWS:**

	<b>No. of Shares Held</b>	<b>Percentage (%)</b>
Khazanah Nasional Berhad	1,000,188,088	27.96
Amanah Raya Trustees Berhad		
Skim Amanah Saham Bumiputera	400,948,900	11.21
Citigroup Nominees (Tempatan) Sdn Bhd		
Employees Provident Fund Board	394,733,100	11.03

**CORPORATE RESPONSIBILITY AT TM**

Corporate Responsibility (CR) within the TM Group is guided by a comprehensive CR Strategy which reflects the Group’s vision to be Malaysia’s leading new generation communications provider, embracing customer needs through innovation and execution excellence. In day-to-day operations, this means striving to achieve service excellence to enrich the lifestyles of its customers; providing a conducive environment that motivates and empowers employees; uplifting communities that are marginalised; and continuing to propel the nation towards greater heights through the provision of innovative, new generation services and solutions.

**MAPPING TM’S CR PRACTICES AGAINST BURSA SECURITIES CR FRAMEWORK FOR PLCS AND TRIPLE BOTTOM LINE REPORTING**

Triple Bottom line	CR Dimensions	Key Initiatives
Economic	Workplace	<ul style="list-style-type: none"> <li>- Full-time employee benefits</li> <li>- Transparent performance measurement system</li> <li>- Employee satisfaction monitoring</li> <li>- Occupational Safety, Health and Environment (OSHE) Policy implementation</li> <li>- Employee Assistance Programme (EAP)</li> <li>- Work-life balance (flexi-hour, teleworking)</li> </ul>
	Marketplace	<ul style="list-style-type: none"> <li>- Customer Satisfaction Survey and online feedback</li> <li>- Vendor training and standard procurement process</li> <li>- Policy and guidelines to govern business conduct e.g. Code of Business Ethics, Procurement Ethics</li> <li>- Engagement with shareholders through IR programmes and Annual Report</li> </ul>
Social	Community	<p>TM in Education:</p> <ul style="list-style-type: none"> <li>- Yayasan TM Scholarships</li> <li>- School Adoption Programmes: PINTAR, Projek Sekolah Angkat Bersama KPKK &amp; TM</li> <li>- Multimedia University (MMU)</li> <li>- Multimedia College (MMC)</li> <li>- Telekom Smart School (TSS)</li> </ul> <p>TM in Community and Nation Building:</p> <ul style="list-style-type: none"> <li>- Program Sejahtera for Single Mothers</li> <li>- Contributions to related causes</li> </ul>
Environment	Environment	<ul style="list-style-type: none"> <li>- Implementation of TM Environmental Management System (EMS)</li> <li>- Water management</li> <li>- Energy saving and conservation</li> <li>- Compliance to OSHE Policy</li> <li>- Green landscaping at TM Offices</li> <li>- BumiKu Campaign</li> <li>- Partnership with MNS for TM Earth Camp</li> </ul>

\* KPKK - Ministry of Information, Communications & Culture

**OUR FOCUS**

TM’s ultimate objective is to empower people by facilitating communication, simplifying both mundane and crucial activities, enabling information to flow seamlessly, and creating value by widening our reach for greater access of customers throughout the nation. We consistently adopt the latest technological advances which we then transform into lifestyle and business enhancing products and services for the benefit of the end user.

**OUR STRATEGY**

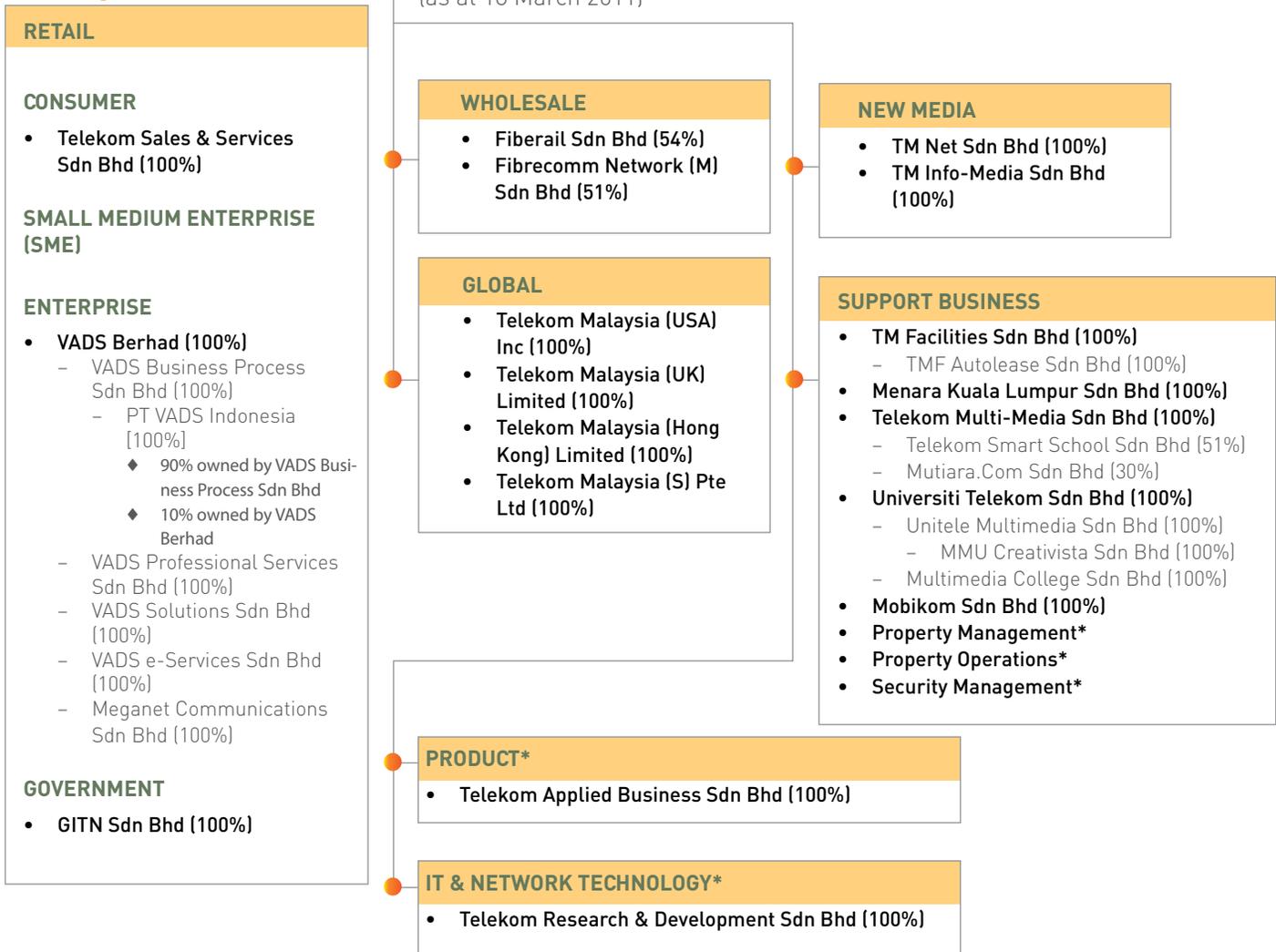
TM employs a customer-centric business structure that allows us to create greater synergies to better serve the individual markets. In 2010, we introduced a new business segment – New Media – adding this to our existing principal customer segments of Consumer, Small Medium Enterprise, Enterprise, Government, Wholesale and Global. This new segment focuses on the fast-growing ICT and multimedia market that we are spearheading.

We have an enduring relationship with the Government, and have supported its development agenda over the years. Today, as we launch Malaysia’s first retail HSBB service, brand named UniFi, we are proud to be able to partner the Government once again, this time in achieving its Economic Transformation Programme. Our commitment to the nation is reflected in our Corporate Responsibility (CR) values, which enhance our efforts to connect, communicate and collaborate with the people.



# group corporate structure

(as at 18 March 2011)



\* Business Functions

This chart presents our active subsidiaries, associates and Strategic Business Units (SBU) categorised under major business segments/lines of business.



# awards and recognition

*"Anugerah Pelancongan  
Kebangsaan Malaysia"*  
2008-2009

- Tarikan Pelancongan  
Terbaik - Tarikan  
Berinovasi (Buatan  
Malaysia)

**9 January 2010**

PC.COM Award

- Best Fixed Broadband

**9 February 2010**

12<sup>th</sup> Annual Chinese New Year  
(CNY) Greeting Advertisement  
Awards

- Grand Prize

**3 March 2010**

Starbiz-ICR Malaysia Corporate  
Responsibility (CR) Awards  
2009

- Community Category

**5 March 2010**

Prime Minister's CSR Awards  
2009

- Best Workplace Practices  
Category

**8 March 2010**

Putra Brand Awards

- Best Communication  
Network

**24 March 2010**



BrandLaureate Top 10  
Masterbrand Awards  
2009-2010

- Communications Category
- BrandLaureate Product Branding – Media: Digital Directory (Yellow Pages)

**26 March 2010**

Reader's Digest Trusted Brand  
2010

- Streamyx – Platinum

**5 May 2010**

Labour Day Celebrations 2010

- "Anugerah Majikan Prihatin"

**8 May 2010**

2010 Frost & Sullivan Malaysia  
Telecoms Awards

- Data Communications Service Provider of the Year

**12 May 2010**

International Invention,  
Innovation and Technology  
Exhibition (ITEX)

- Most Innovative Products Award
- Three Gold Awards
- Two Silver Awards
- Six Bronze Awards

**14 May 2010**

Malaysian Media Awards

- Advertiser of the Year
- Three Gold Awards
- Two Silver Awards
- Two Bronze Awards

**25 May 2010**

Asia HRD Congress

- Award for Company's Human Capital Development programmes

**8 July 2010**

2010 Top Ranking Performers  
Awards APAC Region Final

- Highly Commended Award
- Gold Award
- Silver Award

**10 July 2010**

10<sup>th</sup> Malaysia HR Awards 2010  
HR Excellence

- Gold Award

**20 July 2010**

Share Guide Association  
Malaysia (SGAM) 21<sup>st</sup> Annual  
Conference and ICT Awards

- Unified Communications Excellence

**20 July 2010**

Malaysian Business-CIMA  
Enterprise Governance Awards  
2010

- 1st Runner Up Overall

**1 October 2010**

Computerworld Reader's  
Choice Awards

- Managed Connectivity Services Provider

**13 October 2010**

IT Inspiration Awards

- CIO of the year
- CIO of the CIOs

**10 November 2010**

Prime Minister's CSR Awards

- Best Workplace Practices
- Honourable Mention in the Environment Category

**1 December 2010**

"Malam Penghargaan Jalur Lebar  
1Malaysia"

- Pakej Jalur Lebar Terbaik
- Penglibatan Paling Aktif dalam Kembara Jalur Lebar

**13 December 2010**

Malaysian Corporate Governance  
Index 2010 Awards

- Industry Excellence
- Best Conduct of Annual General Meeting
- Corporate Governance

**14 December 2010**



**NACRA AWARDS 2010:**

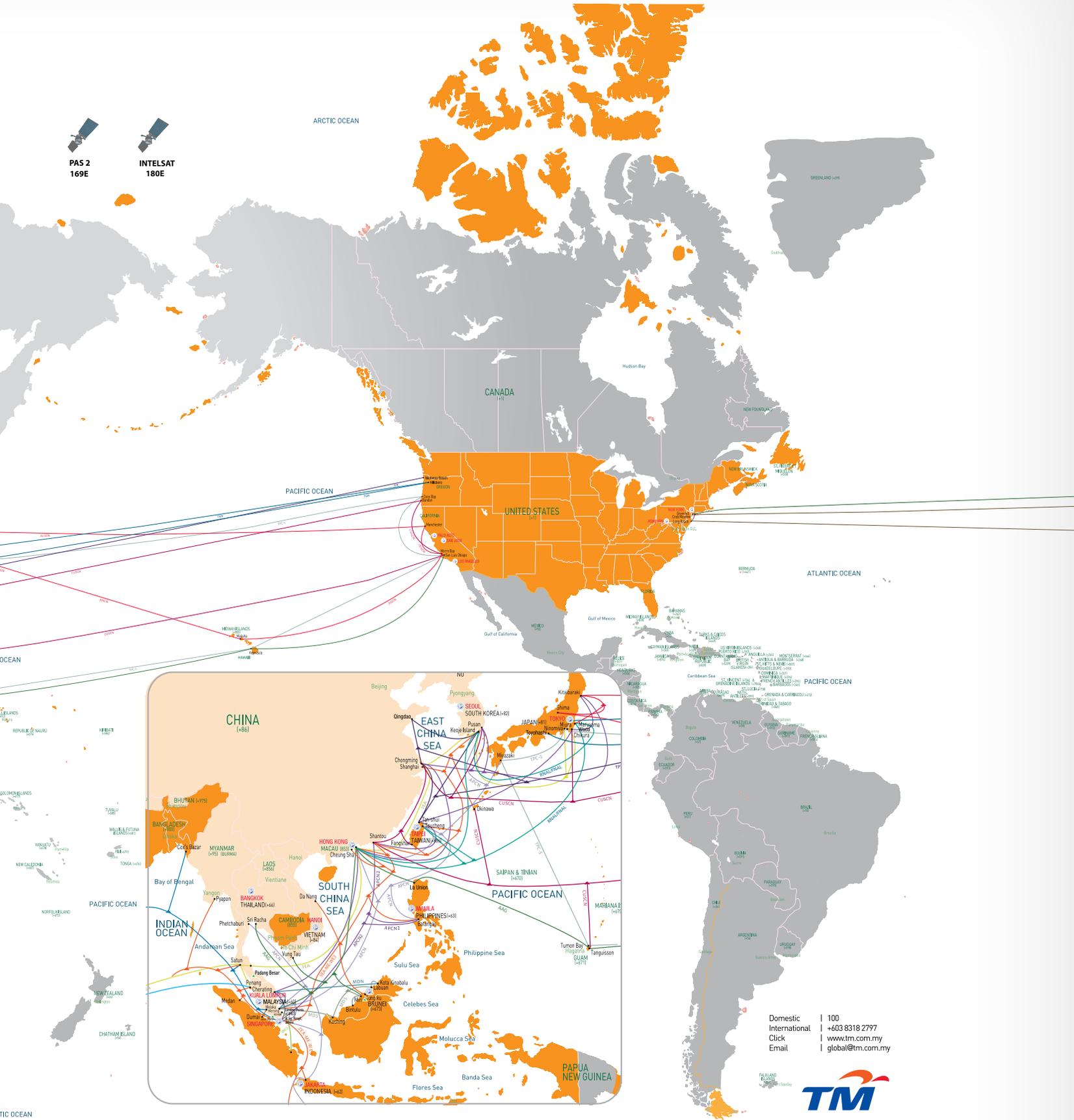
- Most Outstanding Annual Report of the Year (Gold)
- Industry Excellence Awards (Trading & Services)
- Best Corporate Social Responsibility Award (Platinum)
- Best Designed Annual Report (Gold)
- Best AR in Bahasa Malaysia (Silver)

# tm worldwide coverage



## LEGEND

● LANDING POINT	SUBMARINES CABLE					
● TM PoP	■ AAG	■ CUSCN	■ FA-1	■ MDS	■ SEA-ME-WE-3	■ TGN
● SATELLITE	■ APCN 2	■ DMCS	■ JUSCN	■ RNAL/FNAL	■ SEA-ME-WE-4	■ TPE
▲ BORDER STATION 'TERRESTRIAL FIBER OPTICS'	■ BRCS	■ FEA	■ MDN	■ SAT3-WASC-SAFE	■ TAT-10	



Domestic | 100  
 International | +603 8318 2797  
 Click | www.tm.com.my  
 Email | global@tm.com.my





# Sustainability strategy and analysis

At TM, we believe our sustainability depends on good corporate governance, transparency and a sense of responsibility towards all our stakeholders. We are guided in our behaviour by the Malaysian Code on Corporate Governance, the Putrajaya Committee on GLC High Performance's Silver Book on *Achieving Value Through Social Responsibility*, as well as our own Code of Business Ethics and Corporate Responsibility Strategy. Our CR Strategy supports our transformation into a next-generation telco with a strong focus on sustainability - sustaining customer retention through product innovation and service excellence; sustaining a high level of productivity and motivation among employees via a conducive work environment; sustaining shareholder confidence through uncompromising corporate governance; and sustaining our reputation in the marketplace by responding to the needs of society.

We make a genuine effort to engage with our stakeholders through various formal and informal channels as we believe it is important to understand their needs as well as their concerns on any matter related to our services and operations. Such understanding allows us to better manage their expectations, thus establishing more robust and lasting relationships.



## MATERIALITY ANALYSIS

We use a widely accepted materiality analysis to identify economic, social and environmental challenges and opportunities that are important to our external audiences, and prioritise these in our business strategies. In our Sustainability Reports, we highlight actions taken to address these challenges and the results obtained. In this manner, we ensure our Sustainability Reports disclose the most relevant and significant information to our stakeholders while promoting a better internal understanding of corporate citizenship issues.

Our materiality analysis comprises the following steps:

### 1. Identify issues of concern

Material issues are defined as those that may have a significant current or potential impact on our company, that are of significant concern to external groups and that we are able to address in a reasonable manner.

### 2. Assess issues identified

We review the issues that have the most significant impact on our stakeholders and our business strategy internally.

### 3. Focus on material areas

Issues identified as most material to external groups and critical to our company's business strategies are organised according to five material areas.

### 4. Review priority issues

In our Sustainability Report 2010, we discuss the most significant and strategic issues and introduce these as priority issues. We have developed a materiality matrix to map these issues and prioritise our key reporting areas as a result of this analysis.



- Hazardous impact from operations
- Environmental impacts of transporting products

- Supplier Relationship Management (SRM)
- Career Development
- Occupational Safety, Health and Environment (OSHE)
- Tele-working and flexi-hours
- Environmental Performance

- Ensuring access of telecommunication networks and services for everyone
- Customer Satisfaction
- Employee Engagement
- Training and Development

# corporate governance



## FACTS AT A GLANCE

1<sup>st</sup>

GLC to implement e-CBE

3

awards won in Malaysia Corporate Governance Index 2010 Awards

1<sup>st</sup>

runner up Overall for Malaysian Business-CIMA Enterprise Governance Awards 2010



*TM's commitment in maintaining a high standard of Corporate Governance is evident through the numerous recognitions received from various parties*

## Approach to Corporate Governance

CORPORATE GOVERNANCE IS VITAL TO ACHIEVING OUR VISION OF BECOMING MALAYSIA'S LEADING NEW GENERATION COMMUNICATIONS PROVIDER, EMBRACING CUSTOMER NEEDS THROUGH INNOVATION AND EXECUTIVE EXCELLENCE. WE DEFINE GOOD CORPORATE GOVERNANCE AS A VALUE-DRIVEN INITIATIVE THAT IS REFLECTED IN NON-MONETARY VALUES INCLUDING GOODWILL, TRUST AND CONFIDENCE. AS A LEADING GOVERNMENT-LINKED COMPANY (GLC), WE STRIVE TO STRENGTHEN OUR CORPORATE GOVERNANCE TO ENHANCE BOTH THE FLEXIBILITY OF OUR MANAGEMENT AND THE EFFECTIVENESS OF MANAGEMENT SUPERVISORY FUNCTIONS.

We abide by the principles and best practices as set out in the revised Malaysian Code on Corporate Governance (CG Code), the Guidelines to Enhance Board Effectiveness as codified in the Green Book initiated by the Putrajaya Committee on GLC High Performance (PCG), the Corporate Governance Guide: Towards Boardroom Excellence by Bursa Malaysia Securities Berhad (Bursa Securities), the Bursa Securities Main Market Listing Requirements (Main LR) and also international best practices on corporate governance.

Our commitment to realising shareholder value is evident in various local and international awards received in 2010, details of which are listed in the TM Awards & Recognition 2010 section of this report.

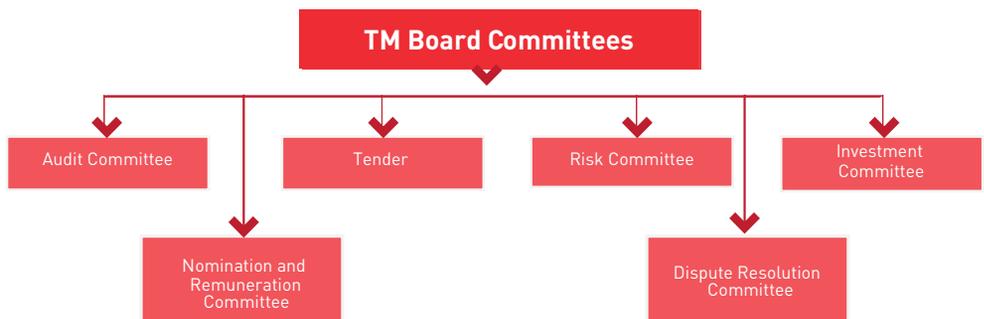
### BOARD COMMITTEES

The Board has established several Board Committees to assist in discharging its duties. The delegation of certain responsibilities of the Board to its Committees is made in accordance with Article 118 of the Company's Articles of Association. Detailed activities and responsibilities of our Board Committees during the year are outlined on pages 84 to 89 of the TM Annual Report 2010.

### BOARD INDEPENDENCE AND MECHANISM

The roles of the Non-Executive Chairman Datuk Dr Halim Shafie and Group CEO Dato' Sri Zamzamzairani Mohd Isa are separated with clear division of responsibilities, in line with best practices and to ensure appropriate supervision of the Management. Such separation accords a balance of power and authority to the Board. Moreover, Datuk Dr Halim Shafie was not previously a CEO or a Management member of the Company.

All Board Committees have written terms of reference, operating procedures and authority delegated and approved by the Board, which are reviewed from time to time to ensure they are relevant and up to date. The Board receives regular reports on the Board Committees' proceedings and deliberations. On matters reserved for the Board and where the Board Committees have no authority to make decisions, recommendations are highlighted in their respective reports for the Board of Directors' deliberation and endorsement.





*The Board of Directors and the Senior Management of TM work together closely to safeguard the interests of the Company*

## BOARD EFFECTIVENESS AND EVALUATION

The Board Effectiveness Evaluation (BEE), first adopted in 2004 and reviewed in 2006, 2008, 2009 and 2010, comprises a Board Evaluation, Committee Evaluation and a Board of Directors' Self/Peer Assessment. The BEE is designed to maintain cohesion of the Board and to improve its effectiveness as well as draw the Board's attention to key areas that need to be addressed.

Performance indicators on which the Board's effectiveness is evaluated include the Board's composition, administration and process, conduct, accountability, interaction and communication with Management and stakeholders, responsibility and its evaluation on Board Chairman and Group CEO. Performance indicators for individual Directors include their interactive contributions, understanding of their roles and quality of input.

## BOARD AND MANAGEMENT INTERACTION

The Board has direct access to the Senior Management and has full and immediate access to information relating to the Group's business and affairs in the discharge of their duties. Towards building and maintaining trust in order to deliver significant and positive performance and shareholder value, both the Board and Management acknowledge the importance of positive interaction, dynamics and open communication between them.

Management is given the opportunity to rate the Board annually, in terms of whether Board deliberations have been focused, constructive and supportive, and whether clear decisions have been arrived at based on relevant facts.

## CODE OF BUSINESS ETHICS AND WHISTLEBLOWER POLICY

Our Code of Business Ethics (CBE), launched in October 2004, supports the Company's vision and core values by instilling the value of 'uncompromising integrity' in the behaviour and conduct of the Board of Directors, Management, employees and all stakeholders of the Company. The Management and employees are required to declare their assets and interest according to the Code of Business Ethics.

Our CBE covers the following areas:

- Responsibilities of the Directors, Management and employees
- Group dealings with shareholders, customers, employees, suppliers, business partners, stakeholders and communities at large
- Group dealings with respective governments
- Group dealings with competitors
- Group dealings in respect of Company assets
- Trading on insider information
- Conflict of interest
- Whistleblowing policy

The CBE was amended in 2010 to include zero tolerance of corruption, fraud, bribery and anti-competitive practices. It reminds employees that violation of the Code and law can lead to disciplinary action.

An online version of the CBE was launched in October 2010, making TM the first GLC to have an electronic Code of Business Ethics (e-CBE). This e-CBE was first made available in English for reference by executives, including senior management. It is to be extended to other executives within the Group in the second quarter of 2011. A Bahasa Malaysia version for non-executive employees is being developed and is expected to be launched in the third quarter of 2011.

Our e-CBE system has been developed to create awareness of positive workplace values and emphasise the correct code of conduct. It features interactive, dynamic content such as videos, animations, case studies and games. These modules were created in collaboration with the Malaysian Institute of Integrity (MII) and are in line with the national agenda under the National Integrity Plan (NIP).

The Whistleblower Policy was established under our CBE for TM Group employees to report any concern they may have on actual or suspected unethical behaviour or fraud within the Group. An internal whistleblowing programme has been introduced to create greater awareness of how employees can channel their concerns about illegal, unethical or improper business conduct without compromising their confidentiality or safety. We acknowledge the importance of creating an open and trusting environment, where employees feel comfortable about reporting wrong-doing to their superiors.

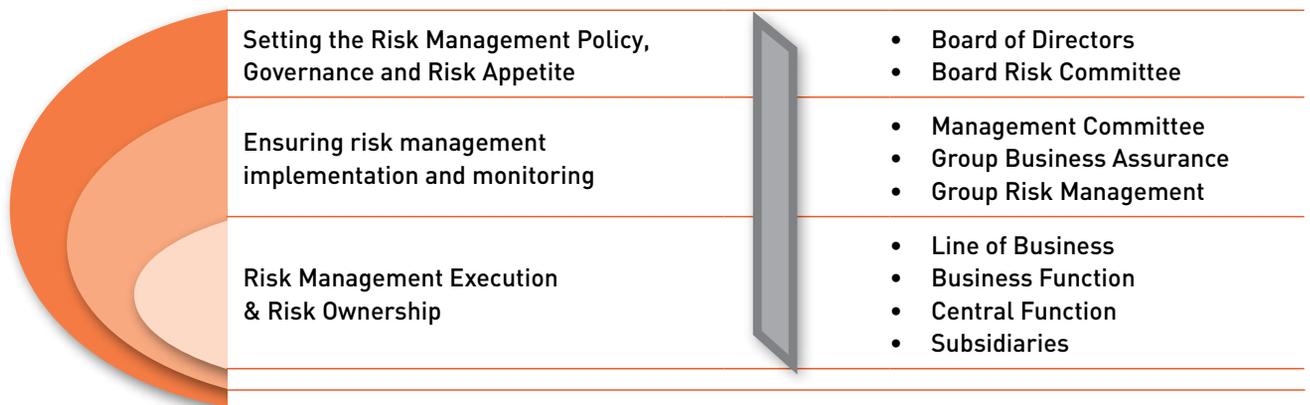


*TM was the first GLC in Malaysia to launch an e-learning module on the Code of Business Ethics*

### INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

TM has in place Enterprise Risk Management processes for identifying, evaluating and managing significant risks faced by the Group. Risk assessment and evaluation take place as an integral part of our annual strategic planning. A detailed risk management process, culminating in a Board review, identifies key risks facing the Group and each business unit. This information is reviewed by Senior Management as part of the strategic review. The Board's evaluation of the effectiveness of internal controls in the Group is based on criteria developed under the COSO (Committee of the Sponsoring Organisations of the Treadway Commission) Internal Control Integrated.

\* Please refer to our Annual Report 2010 for full details of our Corporate Governance statement and practices.



\* TM Group Risk Management policy and guidelines

# workplace



## FACTS AT A GLANCE

**70,860**

employees participated in TM training programmes

**640**

executives identified for the Talent Pool

**29,517**

participants trained in HSBB and IP-related programmes in 2010

**3**

Collective Agreements signed with our Unions - NUTE, SUTE and UTES



WE ARE DEDICATED TO CREATING AN INSPIRING WORKPLACE THAT ATTRACTS AND RETAINS HIGHLY SKILLED INDIVIDUALS. WE PLACE A GREAT DEAL OF EMPHASIS ON LEARNING AND TRAINING TO ENSURE CONTINUOUS CAREER GROWTH OF OUR EMPLOYEES, PROVIDING THEM THE OPPORTUNITY TO BE THE BEST THEY CAN POSSIBLY BE. WE PRIDE OURSELVES ON BEING AN EMPLOYER OF CHOICE AND RECOGNISE THAT WE CAN ONLY ATTRACT AND RETAIN THE BEST PEOPLE FOR THE POSITION BY OFFERING LEADING TERMS AND CONDITIONS. WE ARE FOCUSED ON CREATING THE RIGHT CULTURE WITH FAIR PROCESSES AND DEVELOPMENT OPPORTUNITIES TO FOSTER A WORKPLACE THAT DELIVERS OUTSTANDING CUSTOMER SERVICE AND SHAREHOLDER VALUE.

Organisational chart to show workplace sustainability at TM



## LABOUR PRACTICES AND DECENT WORK

Our success relies on the dedication and engagement of our 26,743 employees across the Group. We value our employees and are committed to creating a workplace where they can achieve their full potential. As a result of various initiatives, we have won the Best Workplace Practices category of the Prime Minister's CSR Awards for two consecutive years (2009 and 2010), a significant achievement that establishes TM as a leader in employee engagement.

We realise that the most conducive work environment takes into account a fine work-life balance for its employees, and have introduced four initiatives towards this end:

- **Flexible Working Hours**, allowing employees to choose one of three working schedules. This is part of our 100 Day Revitalising Corporate Culture Initiative. Flexi hours were officially implemented in 2009, following a pilot programme in 2008. A total of 364 employees opted for the scheme.
- **Teleworking**, providing employees the option of working at a remote location away from the workplace. It was introduced to reduce office space rental and to improve the recruitment and retention of talented personnel in the Sales Divisions – Enterprise Sales, Government Sales, SME Sales and Consumer Sales. All teleworkers are expected to adhere to all applicable laws, rules, regulations, policies and procedures regarding information security. In 2010, 100 executives opted to telework.
- **Flexible Rest Days**, offering employees the option of taking Thursday and Friday, or Saturday and Sunday off work.
- **1TM Leave**, ensuring employees have sufficient time off so as to return to work refreshed.

These initiatives have improved morale and performance while also allowing for the better management of employees' annual leave.



TM was once again announced winner of the Best Workplace Practices category in the prestigious Prime Minister's CSR Awards 2010 after winning the same title in the previous year

## BENEFITS PROVIDED TO FULL-TIME EMPLOYEES

We provide a wide range of financial and non-financial packages in addition to our basic salary increments, bonuses and medical benefits. These are summarised in the table below:

Remuneration package	Types of benefit offered:
Competitive Reward	Bonus plan, annual salary increment, Sales Incentive Scheme (SIS), GCEO Merit Awards, State Awards, Mega Project Awards, Excellent Project Team Awards, Market Competitive Incentive (MCI)
Attractive Allowances	Housing Assistance Allowance, Cost of Living Allowance (COLA), Regional Allowance, Standby Allowance, Shift Allowance, Hardship Allowance, Lecturing Allowance, Entertainment Allowance
Education Assistance	Scholarships and loans for employees pursuing Diploma, Degree, Master's or PhD qualifications
Insurance Coverage	Group Personal Accident (GPA) and Group Term Life (GTL)
Medical Coverage Inclusive of Spouse and Children	Unlimited medical coverage for employees, spouses and children; and access to facilities at company panel clinics, private and government hospitals
Maternity Leave	60 days full-pay maternity leave for female employees
Compassionate Leave	Compassionate leave is awarded on a full-pay basis for a maximum of seven days in any one calendar year
Pilgrimage Leave	A maximum of 40 days, inclusive of weekends and public holidays, is offered to employees performing the Haj, but only once during their service with TM
Study Leave and Company Scholarship	Study leave is granted to employees who have taken advantage of our scholarships
Examination Leave	Time off is granted to employees sitting examinations that have been recognised by TM

Our *Teaming with Passion* programme was launched in 2009 to create a greater sense of unity and camaraderie among our employees. This programme promotes positivity in leadership among senior management and aligns them with the Company's strategic direction. In 2010, a new Performance Linked Wage System (PLWS) was implemented for non-executives in Peninsular Malaysia and Sabah.



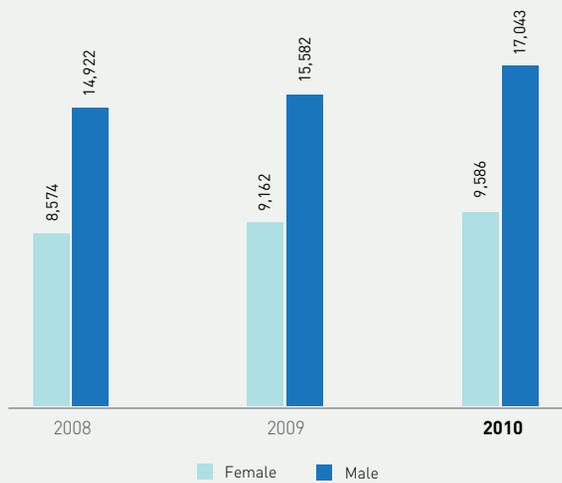
*The Teaming with Passion programme has rejuvenated TM's esprit de corps and strengthened the bond among employees from different divisions and units*

## EMPLOYEE DIVERSITY

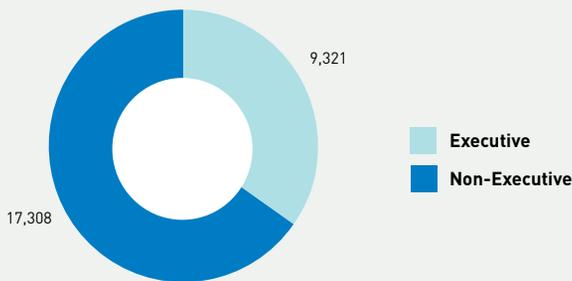
We have a non-discrimination policy covering ethnicity, gender and disability. We hire and reward workers based on their contribution and performance within the organisation. As a GLC, our workforce consists of a diverse ethnic group, comprising 84% Malays, 5% Chinese, 4% Indians and 7% other ethnicities. We value, respect and leverage on the unique contributions of people from diverse backgrounds and experiences to deliver to an equally diverse community.

A more detailed breakdown of our workforce diversity trend can be found in the Human Resources Data at the end of the Workplace section in this Report. The table includes employee turnover rates by age group, gender, region and employment contract. We also adjust our workplace to accommodate religious and cultural practices wherever possible.

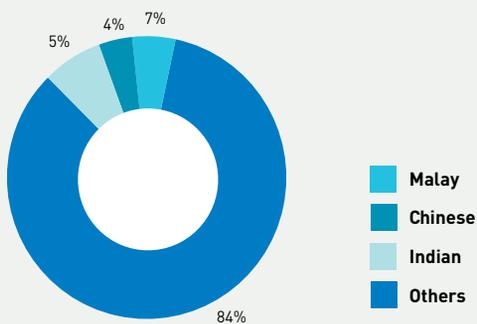
**TOTAL BREAKDOWN OF EMPLOYEES BY GENDER FROM 2008 TO 2010:**



**TOTAL BREAKDOWN OF EMPLOYEES BY EXECUTIVE OR NON-EXECUTIVE FOR 2010**



**BREAKDOWN OF WORKFORCE ETHNIC DIVERSITY, 2010**



Regardless of age and race, TM employees joined forces in supporting various external events in which the Company participated

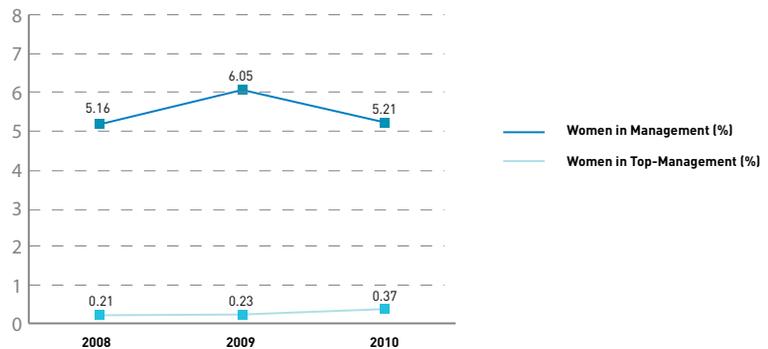
Table 1: Number and percentage of disabled employees from 2008 to 2010

	Number of Disabled Staff	Total Employees	% of Total Workforce
<b>2008</b>	13	23,496	0.05%
<b>2009</b>	12	24,744	0.04%
<b>2010</b>	11	26,629	0.04%

**FAIR PAY POLICY – BASIC SALARY OF MEN VS. WOMEN**

As of December 2010, 9,586 of our employees were female. There are no disparities in pay between men and women – all employees receive the same pay regardless of gender and position (1:1). Although there is no minimum wage law in Malaysia, our base salary is competitive and includes performance-based incentives and rewards.

**PERCENTAGE OF WOMEN IN MANAGEMENT AND TOP-MANAGEMENT:**



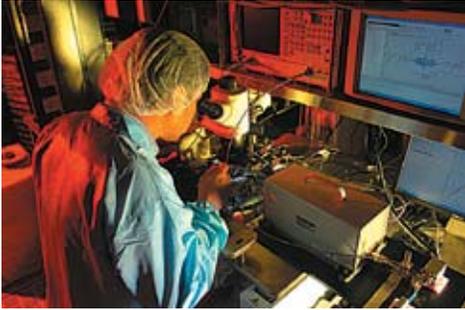
\* Top management: General Managers & above

\* Management: Managerial positions (Assistant General Manager & Managers)

## LOCAL HIRING POLICIES AND ONLINE RECRUITMENT

At TM, we recruit locally and specifically target Malaysians for senior management positions. We collaborate with local universities and colleges including MMU, UiTM, UTM, UNITAR, TAR College, Sunway College and Polytechnics Ungku Omar and Shah Alam to attract the best talents for the right positions.

Using our IT expertise, we have created a job advertisement and application portal, TMCareer Online, streamlining our internal and external recruitment process. Employees and jobseekers are able to create resumes using the portal and apply for advertised job openings. The system thus provides a comprehensive and up-to-date database of potential candidates. Before internal positions are posted on the portal, email notifications are sent to all employees.



## CAREER DEVELOPMENT

Our people form the heart and soul of our business, hence we are committed to ensuring they have access to on-going training, learning and development opportunities to build their capacity and increase their knowledge and skills. Training in the latest technological advances, moreover, is vital to enhancing our service delivery and promoting operational excellence.

We invest in our employees' development from the time they commence employment. My TM Training is conducted mainly for new recruits who are required to undergo the Building Business Genius Induction Programme for three weeks followed by six weeks of On-the-Job-Training (OJT). The programme exposes them to the Company's background, culture, systems and activities. During the programme, our Group CEO meets new employees to share his personal aspirations for the organisation.



We have adopted a transparent performance management system to ensure a merit-based corporate culture. By streamlining the performance of individuals and teams based on business performance, we are able to identify corporate top performers who add value to the Company. Top-performing employees are placed in a Talent Pool where they are groomed to assume leadership positions in the Company. In addition, a Fast Track Programme (FTP) was introduced for fresh graduates in 2010, focusing on those with the strongest academic credentials and leadership potential. The Group also introduced an integrated approach to on-the-job experience and classroom training. We collaborate with third parties, such as other GLCs, to enrich the exposure received by our talents.



TM also places emphasis on soft skills and in 2006 launched a Behavioural Programme for executives. Previously known as the SmartOrange Programme, this aims at improving executives' competencies in areas critical to our success. In 2010, 1,167 executives underwent such soft skills training. In total, 20,557 employees participated in 1,010,143 hours of training in 2010, resulting in an average of 49 training hours per employee at an average spend of RM2,966 per employee.



TM provides diverse opportunities for career development and training to its employees, including classroom and on-the-job training sessions

## CAREER PROGRESS AND TALENT DEVELOPMENT IN TM:



## TALENT DEVELOPMENT PROGRAMMES AT TM

Leadership Programmes	Description
Top Leader	Top Leadership Development Programmes (IMD, INSEAD, HARVARD) Pan GLC assignment for pivotal positions Executive Coaching Transformational Leadership Initiatives
Developing Leader	Educational Programmes (MBA / MSc / Petronas) Senior Management Development Programmes (SMDP) Behavioural Competency Programmes Professional Certification Programmes Coaching for Performance
Emerging Leader	Educational Programmes (MBA / MSc) Executive Development Programmes Behavioural Competency Programmes Professional Certification Programmes Job Rotation / Assignment / Exchange Programmes Coaching and Mentoring
New Executives	Project Assignment / Role Talent Assessment Leadership Development Programmes Coaching and Mentoring

## CONTINUOUS LEARNING AND DEVELOPMENT

Learning tools	Activities
Training Needs Analysis (TNA)/ Training Needs Identification (TNI)	Activities to define the gap between current and desired employee performance.
Training Information System (TRIS)	System that allows employees to plan, apply, monitor and track their training needs and development.
E-Learning	Web-based learning system that allows employees to undergo training at their convenience.
Knowledge-Management (KM) Portal	Transforming information and intellectual assets into enduring value within an organisation and making it available to others.
360 Degree Feedback System	Provide insights on employees' strengths and weaknesses in addressing their professional development needs.

### High Speed Broadband (HSBB) Training

In line with efforts to boost the development of human capital related to the High Speed Broadband (HSBB) project, we launched a three-year Vendor Development Programme to ensure our external local contractors have the capacity and capability required to undertake HSBB-related work. We have trained over 6,500 contractors' personnel on fibre technology, equipping them with the necessary knowledge and skills to provide end-to-end installation services to our customers. Their intensive training programmes include interpersonal aspects of customer service. The number of participants in HSBB and IP-related courses almost doubled from 14,840 in 2009 to 29,517 in 2010.

### Employee Assistance Programme (EAP) and Employee Productivity Enhancement (EPE)

Trained Employee Assistance Programme (EAP) practitioners provide basic, intermediate and advanced skills training for union members and newly hired employees at a Leadership Development Coaching for Assessment Centre. A supervisory orientation programme and customer service management performance coaching is also provided for employees at the Centre. Employees facing personal or work-related problems can further request for counselling via the EAP. In 2010, the EAP team closed 53 cases.

## OTHER TRAINING PROGRAMMES

### TM Business Ethics Programme

New employees are provided with an induction programme on the Code of Business Ethics, while ethical business behaviour and legal compliance training is conducted with all employees from time to time.

### Passion for Service Excellence Programme

The Passion for Service Excellence Programme focuses on developing market orientation and business acumen skills of frontline executives in Customer Service Management, Regional Network Operations and Sales. In 2010, a total of 1,006 employees participated in this programme.

## PERFORMANCE-BASED REWARD PLANS AND PERFORMANCE APPRAISAL

Our remuneration scheme consists of a competitive basic salary, short-term incentives scheme (bonus and KPIs) and long-term incentives scheme (stock option). While our base pay has been set at the 50th percentile of the industry, identified talents receive remuneration at the 75th percentile. Top performers are further rewarded with a higher percentage of increment and bonus in our performance-driven working culture.

We conduct a group-wide annual performance assessment. Employees meet regularly with their direct supervisors to set short and long-term goals and KPIs. Career opportunities and mobility are discussed and competency gaps in behavioural and technical aspects are considered. The supervisors discuss each employee's achievements and specify areas that require further improvement. The evaluated performance achievement is moderated to reflect an individual's true performance achievement and the division's achievement. The moderated performance achievement determines an employee's reward plan and may include elements such as a yearly increment and bonus pay-out. In 2010, each division received an allocated bonus based on its performance in 2009.

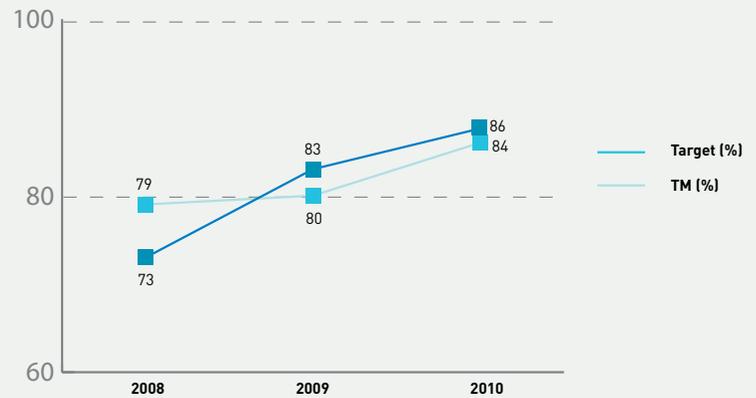
We have adopted a group-wide performance appraisal system to align our objectives with each individual's goals. Our Managing and Assessing Performance System (MAPS) for targeted groups in Peninsular Malaysia, Sarawak and non-executives in Sabah aims to promote a performance-based culture by focusing on Key Performance Indicators (KPIs). High performers in Sabah are rewarded through the Performance Based Incentive Scheme.

## COMPETENCY INDEX (CI) AND EMPLOYEE ENGAGEMENT INDEX (EEI)

We monitor our employees' competency levels through the Competency Index (CI) and also track the level of their job satisfaction. The CI is compiled from results of our annual 360 Degree Feedback Assessment, in which executives are rated by their subordinates, peers, supervisors and internal customers. The system provides a range for gauging employees' level of behavioural competency. In 2010, a total of 9,136 executives from TM and our local subsidiaries were assessed compared to 8,413 in 2009. The assessment indicated a 5% increase in the CI score from 2009.

In 2008, we replaced our Employee Satisfaction Index (ESI) with an Employee Engagement Index (EEI). In 2010, we ran the EEI survey on 26,675 employees from 15 December 2010 to 12 January 2011, and the results showed a higher level of engagement - at 86% - as compared to 85% in 2009. It reflects values which are aligned with our goals and objectives. Each division has planned initiatives such as morning briefings, staff gatherings, product knowledge sharing and coaching on products and systems based on the 2010 EEI results.

## TM'S COMPETENCY INDEX (TARGET & ACTUAL)



\* TM Group: TM + subsidiaries (Fibrerail, GITN, Menara KL, MMU, TM Applied Services, TM Info-Media, TM R&D, TM Smart School, TM Sales & Services)

## EMPLOYEE ENGAGEMENT

We conduct employee feedback periodically by measuring and managing the level of employee engagement within all business sectors. We recognise that appropriate initiatives can be introduced to improve engagement levels and enhance our employees' value proposition. Several in-house applications including 1Ekspres, 1Suara and 1Pulse provide ways to communicate our policies and programmes to employees. Senior management is also involved in these through quarterly dialogues via video conferencing and Teh Tarik sessions with the Group CEO. The Group CEO makes regular state visits and presents the Group's financial results each quarter through briefings streamed live to all state offices. We also assess the effectiveness of our employee engagement tools through an internal communication audit held annually. In 2010, the Employee Engagement Division implemented a Leadership Communication Programme which lays emphasis on simple, clear and consistent communication.

We continue to practise effective two-way communication with employees. Employees are kept up-to-date via print and electronic newsletters and an intranet chat forum. The newly rebranded and highly interactive intranet site, 1intra, was launched in 2010 and is streamlined with our internal communication tools.

## EMPLOYEE ENGAGEMENT PROGRAMMES

Elements	Initiatives
Employee Programme	<ul style="list-style-type: none"> <li>Employee Assistance Program (EAP)</li> <li>KRISTAL Hall of Fame Awards</li> <li>TM Award Nite</li> <li>My TM Training Programme</li> </ul>
Leadership Engagement	<ul style="list-style-type: none"> <li>Teh Tarik Session</li> <li>Leadership Role Modelling</li> <li>Breakfast and Jom Bersama with GCEO</li> <li>Leaders Dialogue</li> </ul>
Industrial Relations Engagement	<ul style="list-style-type: none"> <li>National Union of Telecommunication Employees (NUTE)</li> <li>Union of Telecommunication Employees Sarawak (UTES)</li> <li>Sabah Union of Telecommunications Employees (SUTE)</li> </ul>
Communications	<ul style="list-style-type: none"> <li>Face-to-face</li> <li>Employee publication: 1Ekspresi, 1Pulse, 1Suara</li> <li>Employee Portal and 1Intra Portal</li> <li>HR Helpdesk</li> <li>UnMe Application (chatting software)</li> </ul>

## COLLECTIVE BARGAINING AGREEMENTS

Protecting employees' rights is fundamental to our human resources management function. We aim to achieve a closer cooperation and a professional relationship with our employee representative groups. In-line with our 'One Company Mindset', the non-executive employees of TM in Peninsular Malaysia, Sabah and Sarawak are represented by three in-house unions – National Union of Telecommunications Employees (NUTE), Sabah Union of Telecommunications Employees (SUTE) and Union of Telecommunications Employees of Sarawak (UTES).

## TM UNION BREAKDOWN, 2010

Union	NUTE	SUTE	UTES	Total
Total	• 9,123	• 733	• 1,010	10,866
Collective Agreement 2010-2012	• Signed on 20 <sup>th</sup> May, 2010	• Signed on 26 <sup>th</sup> June, 2010	• Signed on 5 <sup>th</sup> April, 2010	
Total % of Union Members = 41%				

## NOTICE PERIOD FOR OPERATIONAL CHANGE

When making operational changes that potentially affect our employees, we have a policy of providing one to three months' notice to the employees based on business requirements and individual needs.

## HUMAN RIGHTS AND SECURITY PERSONNEL TRAINED IN HUMAN RIGHTS ISSUES

We ensure that the rights of our employees are protected and respected. We are a signatory to the United Nations (UN) Global Compact and adhere to all 10 of its principles including that on

human rights, fair labour and child labour, collective bargaining and non-discrimination. Our Code of Business Ethics, which also contains human rights policies, is distributed to all employees including our security personnel. We do not tolerate any child, forced or compulsory labour. We continue to be an equal opportunities employer and encourage employee diversity regardless of race, colour, religion, national origin, gender or disability. Employment decisions are based purely on qualifications, skills and experience.

## OCCUPATIONAL SAFETY, HEALTH AND ENVIRONMENT

We have continued to improve on the provision of a conducive and safe work environment for our employees. Our commitment is detailed in the TM Occupational, Safety, Health and Environment (OSHE) Policy Statement, which conforms to applicable laws and regulations on safety in the workplace and also meets International Organisation for Standardisation (ISO) requirements.

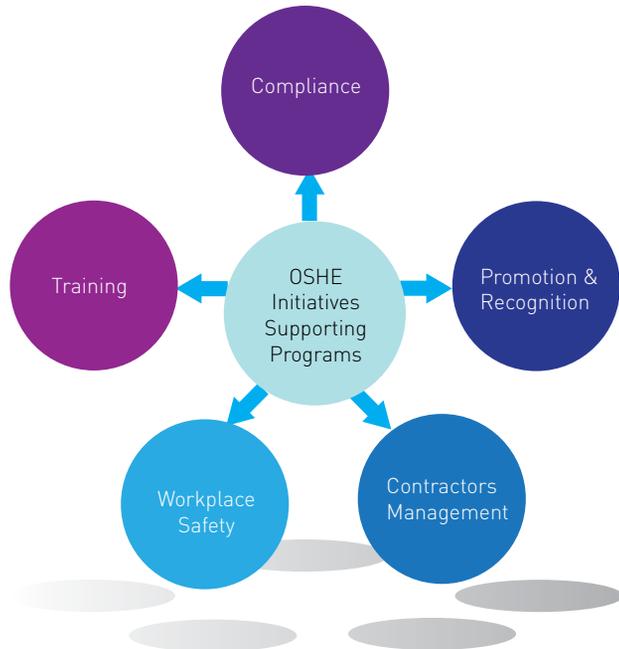
2010 proved to be another successful year for us as we delivered better results than the previous year in the majority of safety and environmental indicators. This is consistent with our commitment to achieving and sustaining excellence in OSHE management and performance.

In 2010, our OSHE Unit established an OSHE framework as a guide to improve our performance. This consists of compliance, promotion and recognition, workplace safety, training and contractors management. The framework guides us in the development of OSHE initiatives and to support various Health, Safety and Environmental programmes throughout the year.



Drills are conducted to ensure TM employees working at height, especially at the communication towers, understand the safety procedures in case of emergency

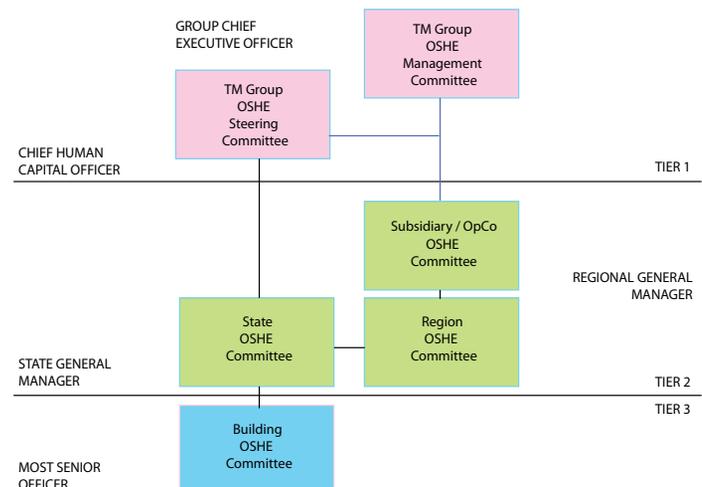
## OSHE INITIATIVES SUPPORTING PROGRAMMES:



## OSHE MANAGEMENT SYSTEM

Health and Safety issues are managed by the OSHE Management Committee. Since 2008, a revised TM OSHE governance structure has ensured greater enforcement of OSHE rules by clearly defining various functions and responsibilities. The Heads of Network Development (ND) and Network Operations (NO) are directly responsible for OSHE matters while a Main ND and NO OSHE Committee was established to oversee the regional committees. The committee meets regularly at various levels to identify, discuss and recommend solutions to safety, health and environment issues. The committee also regularly inspects the workplace to identify any health or safety issue.

## TM OSHE GOVERNANCE STRUCTURE:



This structure reflects the attribution of responsibility and accountability for safety, health and environment in the Company to every employee from the lowest rank to the Group CEO. This structure also ensures seamless communication between all levels of operations.

### **INCIDENT MANAGEMENT SYSTEM – IMPLEMENTATION AND MONITORING**

System implementation and procedure compliance is the responsibility of OSHE personnel. Duties include reviewing incident and event reports, recommending corrective and/or preventive actions and maintaining relevant records as required by law. Once an incident is reported, an OSHE Investigation Team is deployed immediately and an emergency response provided. OSHE personnel also monitor the progress of the corrective action and ensure that the response is promptly executed and the matter is closed. All incident reports and documents are retained for at least five years from the creation date of the report.

### **TRAINING AND AWARENESS RAISING INITIATIVES**

We conduct various training programmes and organise regular campaigns at our head office and state locations to raise awareness of safety, health and environment issues. The TM Group OSHE Management Committee has endorsed compulsory training for all employees, especially those who work at height. To ensure greater safety and minimise injuries, new portable aluminium ladders have been introduced which comply with British Standard (BS:2037 : 1994 -Class 1 Industrial), boasting additional safety features such as the “V” Bucket, Step-Extender, Top and Bottom Harness. This is an example of a best practice for working at height.

### **HAZARD IDENTIFICATION, RISK ASSESSMENT AND RISK CONTROL PROGRAMME (HIRARC)**

The TM Group OSHE Steering Committee has resolved that the Hazard Identification, Risk Assessment and Risk Control Programme (HIRARC) should be conducted in Network Operations as a proactive approach to mitigating existing risks and preventing mishaps. Any potential risk identified is reported immediately to the OSHE Committee. The Committee monitors the accident frequency statistics by area to prevent accidents more effectively.

### **TRAINING AND AWARENESS RAISING INITIATIVES**

#### **OSH Seminars and Safety Passport for Contractors Personnel**

A series of OSHE seminars for our contractors’ personnel was held in all of the six regions, namely Southern, Northern, Sabah, Eastern, Central and Sarawak, from April to October 2010. The seminars focused on Safety While Working By the Roadside to prevent accidents among the workers, passers-by or the general public. Speakers from the National Institute of Occupational Safety and Health (NIOSH), Department of Occupational Safety & Health (DOSH), Public Works Department (JKR) and the OSHE Unit were invited to share their views and experiences with the participants. More than 1,000 contractors’ personnel participated in these seminars.

The NIOSH-TM Safety Passport (NTMSP) Programme was developed in 2006 in collaboration with NIOSH to create awareness of the importance of observing safety rules and procedures among contractors’ personnel working on our premises. In May 2010, the NTMSP Development Committee revised the NTMSP modules. As of end 2010, more than 19,000 contractors’ employees had attended the programme since its inception, including more than 6,000 after the Course revision.

#### **Emergency Response Training**

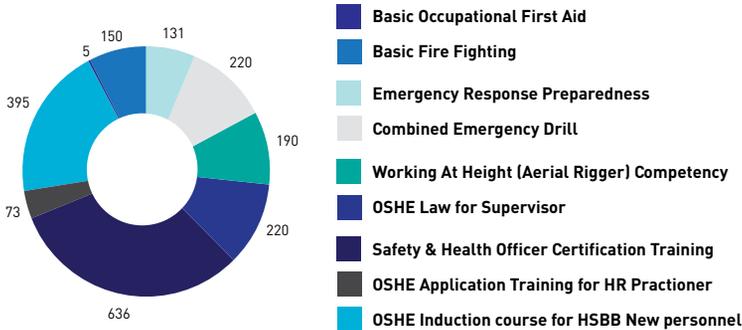
We work to ensure all TM Building Committee members are well prepared for any emergency in their respective buildings. Our OSHE Unit has collaborated with the Academy of Safety and Emergency Care (ASEC), a private training company specialising in emergency and first-aid training, to conduct the following modules:

- Basic Occupational First-Aid (BOFA)
- Basic Fire Fighting (BFF)
- Emergency Response Plan (ERP)
- Combined Emergency Drill (CED)

As a result, a total of 636 Building Committee members from Menara TM Complex, Kuala Lumpur, MSC, Selangor, Melaka, Perak, Terengganu, Sabah and Sarawak have acquired basic competency skills in managing emergency situations.



**TOTAL NUMBER OF EMPLOYEE PARTICIPANTS IN OSH TRAINING PROGRAMME, 2010**



**OSHE Bulletin**

The OSHE Bulletin promotes and creates awareness of the importance of Operational, Safety, Health and Environment within the organisation. We published an on-line "OSHE@TM" inaugural issue on 28 June 2010. The bilingual bulletin (Bahasa Melayu and English) serves as an excellent platform for the dissemination of OSHE information. It stimulates discussion of articles published and generates active participation by all our employees in activities related to OSHE. In 2010, three issues were published.

**HEALTH CAMPAIGN**

Our OSHE Unit is committed to promoting a healthy lifestyle and reducing health risks among our employees in order to maintain a high level of productivity. The Love Your Body For Life campaign was held at Menara TM in October 2010 in conjunction with the Health Promotion Programme. Health exhibitions, free medical check-ups and reflexology sessions and sale of health food and products were held. The Blood Donation Drive organised by a team from the University of Malaya Medical Centre (PPUM) was well received, with 182 donors. Talks on Healthy Diet, Ergonomics, Mental Health, Cervical Cancer and Erectile Dysfunction were given by speakers from Prince Court Medical Centre, PMCare and Pusat Perubatan Menara.



Promoting a healthy lifestyle among employees, TM organised various campaigns, including health check-ups and blood donation drives

**PROMOTION & RECOGNITION**

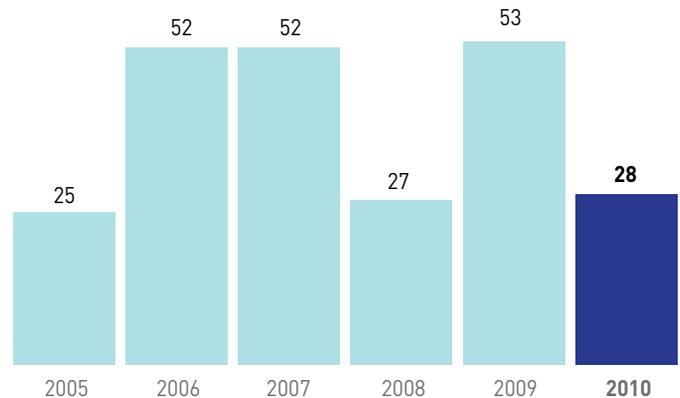
**Accidents-Free Award**

We introduced awards for 100, 200 and 365 accident-free days in 2009 with the broad objective of creating healthy competition among all state operations to strive for a year-round accident-free environment. Encouragement and reminders are given to employees in all states to achieve and aim for more accident free-days until they achieve the 365 Days Accident-Free target. In 2010, the best performing states were Perak, Kuala Lumpur, Pahang and Terengganu. Their performance is currently being evaluated to finalise the winner of the year, which is to be announced on 12 May 2011. The Premier Award Winner will receive RM3,650.00 in cash, a trophy and certificate.

**RISK RELATED TO ACCIDENTS AND INJURIES**

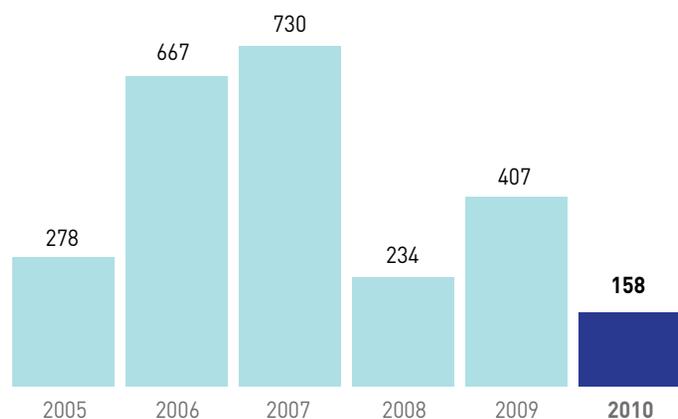
Workplace inspections and audits were conducted by OSHE personnel at the state level as an integral component of preventive risk management. More than 1,680 workplace inspections were conducted in 2010, contributing towards fewer accidents.

**NUMBER OF ACCIDENTS, 2005-2010**

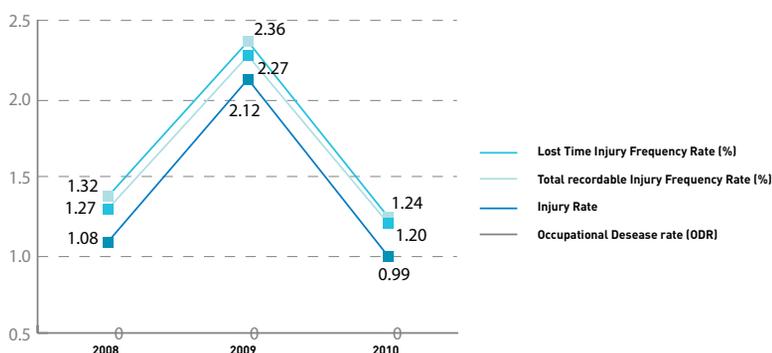


Most of the accidents in 2010 were due to persons falling or being caught in or between objects as a large number of our employees are required to work on high structures. Sadly, three contractors' personnel died in two separate accidents, representing an increase of one case from the previous year. Our OSHE Unit has intensified its efforts to achieve zero fatal accidents for both our employees and contractors in 2011.

## LOST WORK DAY RATES (LDR), 2005-2010



## TM'S LOST TIME INJURY FREQUENCY RATE (LTIFR) AND TOTAL RECORDABLE INJURY FREQUENCY RATE (TRIFR), 2008-2010



## OSH IN COLLECTIVE BARGAINING

In 2010, new collective agreements were signed with our three unions, covering a three-year period from 2010 to 2012. These enforce stronger provisions in relation to OSH while also introducing Performance Linked Wages Systems (PLWS), private (in-patient) medical facility eligibility and flexi rest day and working hours.

## STATEMENT ON COMPLIANCE

Our operations in Malaysia are structured by the Malaysian Employment Act 1955, which prohibits exploitative labour practices; the Children and Young Persons (Employment) Act of Malaysia, which prohibits the employment of children under the age of 14; and other applicable international agreements against child labour. We also cooperate fully with our labour unions, while complying with national labour laws on freedom of association and collective bargaining. There was no reported incident of infringement of any of the above regulations. TM also has no record of any violations against the rights of indigenous people at any time in the Company's history.

## HUMAN RESOURCES DATA FROM 2008 TO 2010

Indicators	2010	2009	2008
Employees	<b>26,629</b>	24,744	23,496
Inside Malaysia	<b>26,535</b>	24,708	23,457
Outside Malaysia	<b>94</b>	36	39
Permanent Staff	<b>22,070</b>	20,231	20,169
Non-Permanent Staff	<b>4,559</b>	4,513	3,327
Union Members	<b>10,866</b>	11,425	11,951
Non-Union Members	<b>15,763</b>	13,319	10,802
Age Group			
<30	<b>7,587</b>	5,812	4,901
30-40	<b>6,657</b>	6,637	6,034
40-50	<b>6,425</b>	7,234	8,073
>50	<b>5,960</b>	5,061	4,488
Employee Turnover Rates			
Global (%)	<b>5.84</b>	6.71	8.36
In Malaysia (%)	<b>5.79</b>	6.69	8.35
Outside Malaysia (%)	<b>0.05</b>	0.02	0.00
Female (%)	<b>2.03</b>	1.96	2.96
Male (%)	<b>3.81</b>	4.75	5.40
Age Group			
<30 (%)	<b>2.34</b>	1.67	2.15
30-40 (%)	<b>1.07</b>	0.86	1.90
40-50 (%)	<b>0.51</b>	0.42	0.79
>50 (%)	<b>1.93</b>	3.74	3.51
Employees training			
Employee participation in training	<b>70,860</b>	54,618	40,548
Average attendance per training program	<b>20</b>	18	18
Average training budget per employee	<b>2,954</b>	2,648	1,972
Average and total hours of training per employee	<b>49</b>	58	37

# marketplace



## FACTS AT A GLANCE

# 7.7

achieved in Transparency Index

# 500

companies involved in the TM Vendor Development Programme (VDP)

Increased HSBB service to a total of

# 750,000

premises



*Demonstrations and registration assistance provided by TM personnel on TM's products and services during public exhibitions and roadshows*



IN ORDER TO MAINTAIN OUR LEADERSHIP POSITION IN THE MARKETPLACE, WE REALISE WE NEED TO SUSTAIN OUR RELATIONSHIP WITH TWO KEY STAKEHOLDERS - THE CUSTOMER AND THE SUPPLIER. CUSTOMER SUPPORT AND LOYALTY ARE THE ULTIMATE BAROMETERS OF OUR SUCCESS AS A TELECOMMUNICATIONS SERVICE PROVIDER AND THIS, IN TURN, DEPENDS ON A CONSISTENTLY HIGH LEVEL OF SERVICE DELIVERY AND INTEGRITY BY TM AS WELL AS OUR SUPPLIERS.

### SUPPLIERS

We sit in a pivotal position in the supply chain, linking the end customer with a complex pyramid of suppliers. Ensuring a high quality, reliable and cost-effective supply of products and services is vital for us to satisfy our customers and remain competitive in the marketplace.

We procure our goods and services in an open and transparent manner, ensuring the best quality, price, quantity, delivery, supplier and technology to provide the best returns to the Company. Every individual involved in the procurement process is required to uphold the principles of trust, honesty, fairness and transparency. Procurement documents are filed and kept properly by the person responsible. These include purchasing agreements which identify the services or products to be provided, the basis for payment and the price rate or fee (which has to be commensurate with the services or products provided).

We are guided in our procurement processes by our Code of Business Ethics (CBE) as well as our Procurement Ethics, Rules and Guidelines. These serve to deter malpractice by highlighting safe channels through which employees and/or vendors can report any unethical practice or non-compliance. Our personnel are trained in the procurement process so that they, in turn, ensure all suppliers understand and accept TM's requirements before they are contracted. At the same time, suppliers and vendors are provided ethics training and awareness activities so they understand our business conduct requirements. In 2010, we organised a series of road shows and training programmes to promote interactive dialogue between our employees and vendors/suppliers with regard to our CBE and Procurement Ethics.

### TRANSPARENCY SURVEY

To improve our partnership with all our suppliers, we conduct an online survey regularly among suppliers who have provided products and services to the Group as well as our subsidiaries. In 2010, we scored 7.7 out of 10 in the Transparency Index (TI), which marked a 10% increase from our score in 2007, though is slightly lower than the score attained in 2009.

Among the parameters measured in the survey are accuracy and adequacy of our supplier registration process (79%), tender advertisements (79%) and the provision of clear responses to questions and solicitation on tender documents. All of these scored 79% in the 2010 TI survey.

#### TM's Transparency Index

2007	2008	2009	2010
7.00	7.30	7.98	<b>7.70</b>

### PROMOTING LOCAL SUPPLIERS

We are committed to supporting locally based suppliers, although we will access products internationally when the need arises to ensure continued product innovation and the best value for our customers. In 2010, 15,217 of our 15,530 suppliers (98%) were locally based.

To further support local suppliers and small/medium-sized local businesses, our Procurement Department has since 1993 been managing an Entrepreneur Development Programme that focuses on three key issues - manufacturing, contractor/services and reseller/retailer.



We support start-up companies with technical training in product development, testing and certification as well as entrepreneurial skills such as leadership and soft skills. We also help them to access funding. Our managers conduct regular site visits to monitor the performance and technical quality of vendors belonging to our programme. We also work with the Malaysian national certification agency SIRIM to help these vendors obtain the relevant technical and quality certifications for their operations.

A total of 14 programmes were conducted in 2010, attended by 500 suppliers and vendors. Among those organised by TM were:

Programme	
EDP Briefing to Network Operations (NO) Contractors nationwide (January-February 2010)	We briefed all Network Operations (NO) contractors on the latest development of the Entrepreneur Development Unit (EDU) programmes. NO Contractors consist of Mini Jadual Kadar Harga (JKH), COD, Trouble Report Outsourcing Areas (TROS), Streamyx Installer and Unifi Installers.
An Evening with PUNB & MARA (April 2010)	In this inaugural programme, we invited PUNB and MARA to present business opportunities and financing that they offer to entrepreneurs.
Supplier Recognition Awards Ceremony (April 2010)	We presented certificates to 19 HSBB contractors as a token of our appreciation. Graduation Certificates were also awarded to nine manufacturing contractors.
Mindset Change Retreat (May 2010)	This retreat, involving entrepreneurs from the Jadual Kadar Harga (JKH) sectors, Trouble Report Outsourcing Areas (TROS), COD and Streamyx Installers, aimed to motivate Bumiputera vendors to become successful entrepreneurs.
MS 1900:2005 Islamic Quality Management System (SIRIM) (July 2010)	This was organised to highlight the importance of applying the MS 1900:2005 standard in a company.

## SUPPLIER RELATIONSHIP MANAGEMENT

Our Supplier Relationship Management (SRM) approach focuses on promoting procurement savings, on-line interaction between TM and suppliers, transparency of the end-to-end process and a faster processes cycle time. We come together with our suppliers to form strong, mutually beneficial and secure business relationships.

The modules available in SRM are:



We have developed a new on-line system for Suppliers Registration, through which prospective and already registered companies provide documents and information necessary to manage their relationship with us. This reflects a global best practice in supply chain management.

We assess our suppliers on a comprehensive evaluation that covers not only quality and technical strengths, but also pricing and delivery time. We are also committed to dealing only with suppliers who adopt and adhere to the Procurement Ethics and/or any other policy or code of conduct that promotes similar principles as our Procurement Ethics. We go to the extent of monitoring our suppliers and meting out disciplinary measures where their ethics comes into question.

These measures include:

- Formal warnings – that continued non-compliance will lead to more severe action;
- Disclosure of the nature of any breach to all TM subsidiaries and associate companies;
- Immediate termination of contract, without recourse; and/or
- Preclusion from tendering for any work in the supply chain, for a specified period. This may be restricted to tender opportunities associated with TM for lesser breaches, or in more severe cases, may be applied for TM and all its subsidiaries and associate companies.

## CUSTOMERS

TM has cultivated a strong customer-centric culture that ensures the best possible customer experience at every interface. To facilitate better, more targeted customer service, the Company realigned our business model according to the six principal customer segments, namely consumers, SMEs, enterprises, the Government, wholesale and global. While our Customer Service Management division is accountable for the whole process of service delivery, activation, service assurance and fault management, the respective Lines of Business (LOBs) support other accountability areas such as pre-sales, infrastructure management, billing, complaints management and termination process. All their actions are overseen by a Customer Centricity Committee.



## CUSTOMER RELATIONSHIP MANAGEMENT

In 2010, a Customer Relationship Management (CRM) Practitioner programme was designed to develop a pool of technically and behaviourally competent CRM users to help TM achieve Operational Excellence & Customer Centricity. This programme is aimed at instilling a greater sense of customer-centricity among CRM users, especially frontline staff.

TM employs a customer complaints management system to handle requests or complaints by customers. Called iCARE (integrated Customer Allied Relationship), the system is used by all touch points and back-end support staff, enabling each complaint to be tracked through its cycle from recording and initiation to investigation, reporting and closure. In 2009, a process to make iCARE

more comprehensive was initiated. Migration to the enhanced iCARE Prime was completed in December 2010.

## QUALITY OF PRODUCTS

The quality of our products and services is measured and controlled by the Mandatory Quality of Standards of the Malaysian Communications and Multimedia Commission (MCMC) on a half-yearly basis, and is monitored internally every month.

We are bound by the Terms and Conditions in customers' application agreements as part of our service warranty to the customer. For Data products and services, customers are entitled to a rebate in the event of any breach of the Service Level Guarantee (SLG) by us. For Voice products and packages, quality assurance is addressed by an internal gated process (pre and post-launch), complaint escalation and restoration via our operating system - SMART/Webstar - and the introduction of an SLG for selected services. For Internet products and services, our customers may contact our call centres or visit our nearest outlets. Warranties are applicable to Customer Premise Equipment (CPE) or services rendered.

All customer contracts are subject to internal standard operating processes and procedures. Connection tariffs are published on our website and in all promotional materials. Our contracts with wholesale customers are governed by access regulations and agreements regulated by MCMC. In order to provide better products and services and to detect errors on major projects, our Group Internal Audit (GIA) plays a role in several operational areas including reviewing SAP user authorisation, key building systems review, data centre operations and wireless network security.

## QUALITY & ACCESS OF SERVICE

As part of our efforts to improve after-sales service, we provide Customer Support 24 hours a day, seven days a week by phone for technical, product and billing enquiries. We also offer support for walk-in customers at over 105 TMpoints and 34 e-Kiosks nationwide. In addition, we have 15 Mobile TMpoint-on-Wheels (TMOWs) which serve customers in areas where TMpoints are not present. There are plans to introduce more TMOWs in Sabah and Sarawak.

In addition, in July 2010, we implemented our TMpoint Authorised Dealership Programme by opening 27 outlets, which have helped us create a presence in rural areas where they have been well-received. We also expand our coverage and reach via the TMpoint Authorised Dealers Mini (TAD).



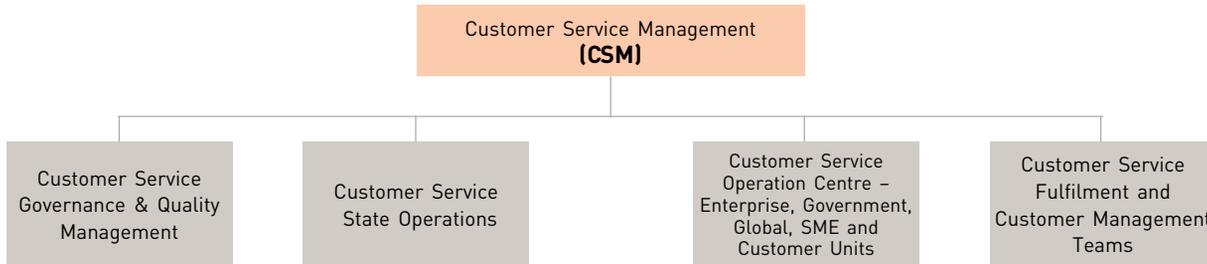
## CRISIS MANAGEMENT

As a market leader in the broadband and fixed-line businesses, we give top priority to managing service crisis. Various Network Operation Centres (NOCs) have been established to address the different categories of breakdowns. Our Risk Management system continuously identifies, assesses and understands potential risks and reacts in a timely manner from the moment of breakdown to the point that recovery procedures begin.

## PRODUCT AND SERVICE INFORMATION

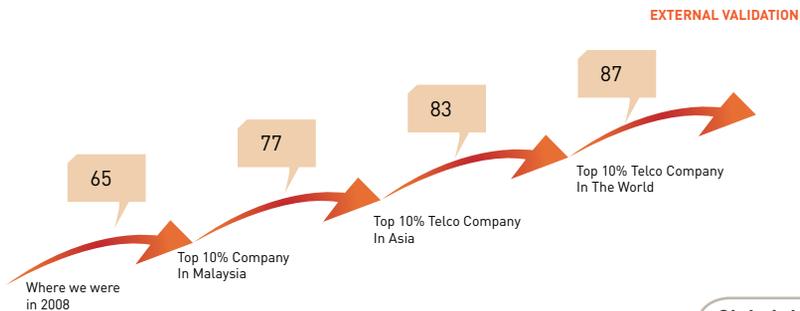
We provide detailed product and service information to customers through our websites, Annual Reports, TMpoints and marketing materials associated with each product portfolio. TM ambassadors at our Customer Support Centre at 100 are also always happy to explain the range of services we provide. Meanwhile, customers have 24/7 access to our interactive website, [www.everyoneconnects.net](http://www.everyoneconnects.net), on which they can discover more about our products and services.

## CUSTOMER SERVICE MANAGEMENT DIVISIONAL STRUCTURE



Our Customer Service Management (CSM) structure is clearly defined by functions and roles as outlined in the diagram above. Our CSM reflects a widely-implemented strategy for managing our customers and sales prospects. It involves using technology to organise, automate and synchronise business processes including customer service and technical support. The overall goals are to win new customers, retain existing clients and attract former clients. It also reduces the costs of marketing and client services.

## TM CUSTOMER SATISFACTION INDEX (CSI) 2011 - 2014 ROADMAP



## CUSTOMER SATISFACTION

We are committed to being a customer champion by listening and responding to the needs of our customers. In addition to providing a dedicated hotline and email address on which customers can channel their feedback on our products and services, we also regularly conduct customer surveys to gauge their experience with TM products and services at all key touch-points and identify areas in which we are able to implement key improvements to our business processes.

In 2010, we conducted our survey in June and September, and averaged our Customer Satisfaction Index (CSI) score from the individual CSEG (Consumer, SMEs, Enterprise and Government), Wholesale and Global performance, weighted by their contribution to TM business. Despite achieving slightly less than our target TM CSI score of 72 in 2010, we are confident of improving our performance next year. We are focusing on customer and network-facing improvements in areas such as billing, notifications, response time and first call resolution. Network-facing improvements include upgrading our core network, international capacity and last mile connectivity.

	T-1	▲	T	▲	T+1
2010			68		
2011	68	+2	70	+2	72
2012	70	+2	72	+2	74
2013	72	+2	74	+2	76
2014	74	+2	76	+2	78

Global 2010	Asia 2010	
86	82	Top 10%
67	64	Average
44	42	Bottom 10%

+

Parity to local competition

We mapped our key business processes – pre-sales, service fulfilment and after-sales – and had them evaluated by our customers via a survey conducted by the Group Marketing Division. We regard customer relationships as a priority in our risk management framework.

## Touch Points

### PRE-SALE

Account Manager  
SIU  
Partners  
Resellers  
Call Centre  
Online  
TM Point

### PRODUCT

### SERVICE FULFILLMENT

Installation  
Project Management  
Network/Intra  
CSM (SDDS)

### PACKAGING

### AFTER

NOC/Registration  
Service Assurance  
CSM  
Call Centre  
Billing

### PLACE

### PRICING

## R&D FOR RAISING CUSTOMER SATISFACTION

We are constantly pushing ourselves to develop new products and services that enable seamless, easy-to-use, high quality and affordable communication. Among our major achievements in 2010 was the development of the TM Speedometer for Streamyx and Unifi services, which allows customers to measure their Internet connection speed at any point in time.

We are developing new ways of improving connection quality and increasing data transfer speeds. In 2010, we conducted research and development in wireless communications technologies and systems, primarily in the areas of signal processing for increased efficiency and capacity, and higher data rate transfer for our Code Division Multiple Access (CDMA) network.

## MARKETING AND COMMUNICATION

Responsible marketing means ensuring our internal and external communication are always legal, decent, fair, honest, truthful and sensitive to the views of different groups in society. We take a best practice approach to the legislative and regulatory requirements of the Malaysian telecommunications industry, and adhere to the Malaysian Code of Advertising Practices while complying with the Malaysian Communications and Multimedia Commissions Act 1998.

TM employees are reminded of responsible marketing every quarter through briefing sessions, state-level conferences and video conferencing. We ensure all advertising and promotional materials comply with our own Group Corporate Advertising & Promotions (A&P) Guidelines. These specify administrative procedures including levels of approval for all advertising activities, monitoring and tracking requirements and standards for integrated A&P Product Campaigns.

## CUSTOMER PRIVACY

At TM, we acknowledge our responsibility to safeguard the data and information of our customers, as reflected in our telecommunications licenses. We comply with the data privacy requirements under the Malaysian Communications and Multimedia Commission Act fully. Confidentiality Codes have been implemented across the Group and our subsidiaries, and are currently being reviewed to ensure compliance with customer code requirements and detailing processes for managing customer information. To date, no legal proceedings have been brought against TM for any alleged breach of customer confidentiality.

## CUSTOMER HEALTH AND SAFETY: HEALTH AND SAFETY IMPACTS OF OUR PRODUCTS

Issues of health and safety related to our products and services generally concentrate around the sites of telecommunications poles, exchanges and fixed lines. We recognise the following health and safety risks in the telecommunications industry:

Risks	Risks TM Approaches
<b>Environment</b> <ul style="list-style-type: none"> <li>• Aquatic habitat alteration</li> <li>• Terrestrial habitat alteration</li> <li>• Visual impacts</li> <li>• Hazardous materials and waste</li> <li>• Electric and magnetic fields</li> <li>• Emissions to air</li> <li>• Noise</li> </ul>	<ul style="list-style-type: none"> <li>• Site fixed line infrastructure (e.g. fibre optic cable) and other types of linear infrastructure rights-of-way, access roads, lines and towers to avoid critical habitat through use of existing utility and transport corridors whenever possible</li> <li>• Limiting the placement and intensity of tower lighting systems to those required to address aviation safety</li> <li>• Limiting public access to antennae tower locations</li> </ul>
<b>Occupational Health and Safety</b> <ul style="list-style-type: none"> <li>• Electrical safety</li> <li>• Electromagnetic fields (occupational)</li> <li>• Optical fibre safety</li> <li>• Elevated and overhead work</li> <li>• Fall protection</li> <li>• Confined space entry</li> <li>• Motor vehicle safety</li> </ul>	<ul style="list-style-type: none"> <li>• Only allowing trained and certified workers to install, maintain, or repair electrical equipment</li> <li>• Personnel training is provided in revival techniques for victims of electric shock</li> <li>• Use of laser safety glasses and safety belts during installation</li> <li>• Restricting access to the work area, placing warning signs and labelling of dangerous areas</li> </ul>

## INTERNET SAFETY

Information about firewall and anti-virus software, protecting personal details, restricting unauthorised use of computers, passwords and content filters is provided on our website. In addition, we encourage parents to ensure their children have safe and positive online experiences by offering the I-Shield Plus software that protects against online pornography and illegal web content. It also monitors productivity and safeguards personal information against unknown online entities.

## COMPLIANCE

TM complies with all regulatory requirements in the day-to-day running of our business. Our Compliance team participates in the development of industry codes, guidelines and standards. There has been no incident of non-compliance with laws and regulations concerning our products and services operations during the period covered in this Report including our marketing communications, advertising, promotion and sponsorship.

# community





AS A GOVERNMENT-LINKED COMPANY (GLC) AND MALAYSIA'S LEADING TELECOMMUNICATIONS PROVIDER, WE ARE AWARE OF THE POSITIVE IMPACT OUR BUSINESS CAN HAVE ON PEOPLE'S LIVES AND WELL-BEING. WE HAVE A TRADITION OF HELPING BUILD BETTER, MORE SUSTAINABLE COMMUNITIES VIA CORPORATE RESPONSIBILITY (CR) PROGRAMMES THAT FOCUS ON GIVING BACK TO THE COMMUNITIES IN WHICH WE OPERATE BY BRIDGING THE EDUCATION AND INFORMATION TECHNOLOGY DIVIDES.

## (II) CAPACITY-BUILDING THROUGH EDUCATION

### YAYASAN TM

TM established a foundation, Yayasan TM (YTM), in 1994 to focus on educational and community-based programmes. Specifically, YTM functions to:

- Promote and improve the education sector through scholarships, allowances and other forms of financial aid;
- Promote the arts and culture and preserve the nation's heritage; and
- Provide assistance and support to any organisation endorsed by the Director General, Inland Revenue Malaysia.

In 2010, a total of RM18.163 million was allocated to fund YTM activities. Of this, RM16.53 million was disbursed to 2,174 deserving students, to help them pursue their schooling and tertiary education in Malaysia and abroad. Since it was set up, YTM has awarded a total of RM408 million in scholarships, enabling 12,345 students to realise their academic ambitions.

### MULTIMEDIA UNIVERSITY (MMU)

The Multimedia University (MMU) was established in 1996 through University Telekom Sdn Bhd (UTSB), a wholly owned subsidiary of TM, as the first private university in Malaysia. In support of the Government's agenda to nurture a knowledgeable and highly skilled nation, it has produced a total of 26,070 graduates, 93.0% of whom secure employment within six months of graduating. MMU currently has 10,202 students in its Melaka campus and 9,346 students in its Cyberjaya campus. Of this student population, 4,131 are international students from 58 countries.

MMU has a strong emphasis on being relevant to industry, and in early 2008 established a Research and Development (R&D) division with the aim of producing marketable innovations in the niche areas of nanotechnology, microsystems, biometrics, virtual reality, microwave and telecommunications, engineering photonics and advanced robotics. The university has a commercial arm, MMU Cnergy, which functions specifically to take to market innovations that have commercial potential.

MMU's successful educational model has been recognised by SCIMAGO and Webometrics, which rank it as the best private university in Malaysia. Spurred by such recognition, MMU is taking its programmes to third world countries with poor communications infrastructure. In 2010, it signed franchise collaborations with educational partners in Kenya, India and parts of the Middle East. MMU and MMU Cnergy will provide management assistance in these.

### MMU Student Exchange Programme

In 2008, MMU began a Student Exchange Programme to enable its students to attend a host university for a minimum of one trimester, while continuing to earn credits towards their degree. MMU has educational links with partner universities in Australia, Belgium, France, Germany, South Korea and the United Kingdom. The exchange offers an invaluable opportunity for students to absorb a different culture, become proficient in a foreign language, gain greater self-confidence, develop interpersonal and leadership skills and



## FACTS AT A GLANCE

**26,070**

MMU graduates to date from 58 countries

**RM16.53 million**

spent on 2,174 scholarships in 2010

**7,569**

lives improved by TM's school adoption programme

More than

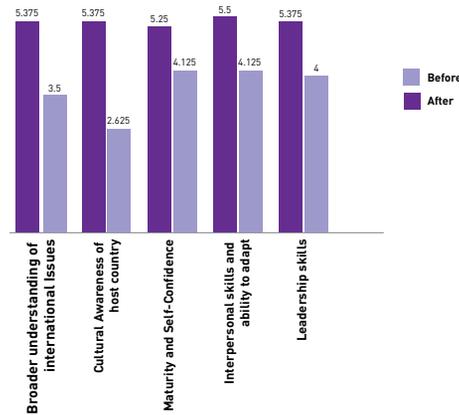
**RM408 million**

on 12,345 scholarships since Yayasan TM's launch in 1994

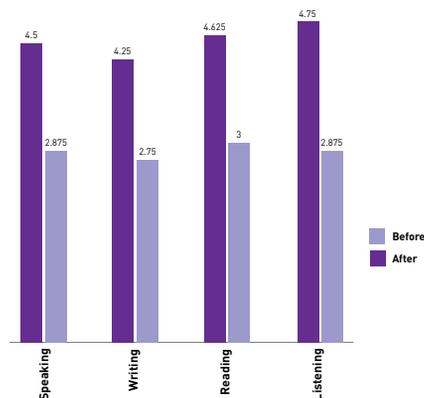
build a global network. This helps them to develop as global citizens and professionals, increasing their marketability in an increasingly globalised community.

In 2010, MMU allocated RM12,000 for the Exchange Programme, which benefited 43 students, most of whom spent a semester at their host institution. We conducted a Social Return on Investment (SROI) calculation to measure the social value created as a result of the Exchange Programme. This calculation was completed by incorporating the social, environmental and economic costs and benefits involved in the programme, and taking into account the financial proxy of each investment. The Social Return on Investment (SROI) for the Student Exchange Programme was RM3.37; for every Ringgit spent, RM3.37 of social value was created.

### THE SOFT SKILLS OF MMU STUDENTS BEFORE AND AFTER THE EXCHANGE PROGRAMME



### STUDENTS' PROFICIENCY IN A FOREIGN LANGUAGE (KOREAN/GERMAN) BEFORE AND AFTER THE EXCHANGE PROGRAMME



### TM- MMU GRADUATE EMPLOYABILITY OUTREACH PROGRAMME (GEOP)

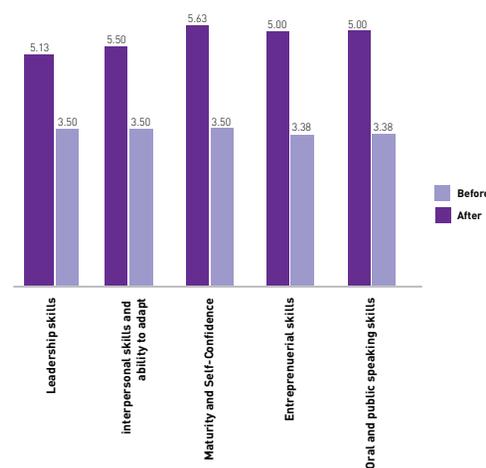
The TM-MMU GEOP, launched in 2010, is a four-week programme aimed at enhancing the marketability of unemployed university graduates by equipping them with relevant soft and technical skills. Based on feedback, employers seek proficiency in spoken and written English, interpersonal and problem-solving skills. These are therefore emphasised in the GEOP.

In 2010, 66 graduates participated in the programme, at a cost of RM190,000 to TM. Again, we performed an SROI calculation to measure the social value created as a result of GEOP. This calculation was completed by incorporating the social, environmental and economic costs and benefits involved in the programme, and taking into account the financial proxy of each investment. The Social Return on Investment for GEOP has been estimated to be RM2.43, ie for every Ringgit spent, RM2.43 of social value was created.

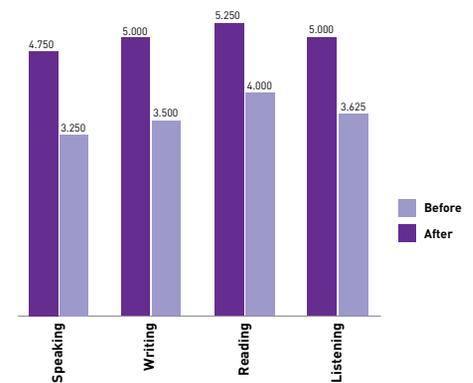


The cosmopolitan mix of students in MMU creates a harmonious and diverse culture, which prepares them to enter the global workforce, increasing their employability

### THE SOFT SKILLS OF GEOP'S PARTICIPANTS BEFORE AND AFTER THE PROGRAMME



### STUDENTS' PROFICIENCY IN ENGLISH BEFORE AND AFTER THE GEOP



## MULTIMEDIA COLLEGE (MMC)

Multimedia College (MMC) is a premier provider of telecommunications and ICT related training in Malaysia. Founded in 1948 for staff of the then Telecommunications Department, it was revamped in 1961 under a United Nations Development Programme to serve as a telecommunications training centre for the public.

MMC has an average intake of 1,000 students every year at its five campuses in Kuala Lumpur, Taiping, Kuala Terengganu, Kota Kinabalu and Kuching. The students are trained in entrepreneurial, leadership and critical thinking skills, and many continue their studies at the Multimedia University (MMU) or other local universities. Those with a minimum CGPA of 2.5 out of a maximum of 4 are granted automatic admission to MMU.



Engineering and technical courses are offered at MMU and MMC at various levels

CSR forms part of the project management curriculum, and students are encouraged to participate in community-based and environmental CSR activities organised by TM. MMC also plays a significant role in TM's Program Sejahtera. Children of single mothers supported under the programme are given free education at MMC under full scholarships that also take care of their accommodation costs.

## TELEKOM SMART SCHOOL SDN BHD (TSS)

Telekom Smart School (TSS) was formed in 1999 to incorporate IT as an enabler into the Malaysian education system. It strives to be the best e-education solutions provider with the tagline *'Reinventing Education for the Future'*. TSS led the Malaysian Smart School Pilot Project and has gone on to win other major projects from the Malaysian Government and other private institutions with special emphasis in the academic sphere.

It has developed the learning multimedia courseware BestariEd in co-operation with the Ministry of Education for Smart Schools, and more than 2,000 multimedia courseware for various subjects in Bahasa Melayu, English and Arabic for the Ministries of Education in Malaysia, Brunei, Syria and Qatar.

In 2010, TSS launched a new multimedia content authoring software for e-learning called LectureMAKER, targeted at teachers, lecturers, trainers and academic communities. It also introduced UniCLIQ, an edu-social network for learning and teaching communities. UniCLIQ connects parents, children and teachers using blogs, forums, notes, tips and grouping.

Some of TSS' initiatives and achievements in 2010 include:

Initiatives	Achievements
Multimedia Courseware and ICT Solutions	Developed multimedia content and ICT solutions for IslamGRID project, including the flipbook of Quran and hadith. The IslamGRID portal, owned by JAKIM, contains the Quran, hadith, Doa and KAFA and is accessible to Muslims worldwide. Developed multimedia courseware for - TM Training College - various vocational schools in Malaysia - the Ministry of Education
Learning Management System	Developed the MyGFL Learning Management System for the Ministry of Education. The portal contains teaching materials and online learning sources.
NextGen of Content	Developed NextGen of Content for the Multimedia Development Corporation (MDeC) based on the One Source Multi-Used concept. This allows users to access the learning materials via a portal, an Internet protocol television (IPTV) or mobile phone.

TSS continues to explore and develop new strategic alliances with partners, and to develop new products to complement its existing portfolio.

*TM's school adoption programmes are not limited to the students, but also benefit the teachers and local communities*



## SCHOOL ADOPTION PROGRAMMES

TM actively contributes to future generations with our school adoption programmes: Programme PINTAR and Projek Sekolah Angkat Bersama KPKK & TM.

### PINTAR

PINTAR (Promoting Intelligence, Nurturing Talent and Advocating Responsibility) is a CR initiative carried out by GLCs in Malaysia to promote academic excellence, particularly among the less privileged and vulnerable communities in rural areas. Initiated by the Ministry of Finance and implemented by Khazanah Nasional's Transformation Management Office, PINTAR is designed to support schools in capacity-building.



TM adopted two schools in the first phase of the PINTAR programme, namely Sekolah Kebangsaan Bukit Indera Muda (SKBIM) and Sekolah Kebangsaan Seri Penanti (SSP), both in Bukit Mertajam, Penang. This first phase ended in 2009, following which we adopted two other schools in 2010 - Sekolah Kebangsaan Tembak (SKT) in Kuala Ketil, Kedah, and Sekolah Kebangsaan Seri Bandan (SKSB) in Kluang, Johor.

Throughout the PINTAR programme, we organise educational and ICT-based activities at our adopted schools to raise their academic standard and promote the attainment of excellence. These include:

- UPSR Workshops
- UPSR Intensive Guidance
- Motivation and Career Guidance Programmes
- Natural Disaster Preparedness Programmes
- PINTAR BattleBot Challenge
- BumiKu landscaping projects
- Educational expeditions
- Additional Arabic classes
- Incentives for needy students and achievers
- Teachers' team building activities



### PROJEK SEKOLAH ANGKAT BERSAMA KPKK DAN TM

*Projek Sekolah Angkat Bersama KPKK dan TM* is a collaboration between TM and the Ministry of Information, Communications and Culture (KPKK) to encourage the use of ICT in education. The project also introduces schools as community centres for ICT knowledge dissemination to bridge the digital divide. It uses the same model as PINTAR to achieve academic excellence, identify talent, inculcate strong moral values and benefit the surrounding areas. Three schools were selected to participate in this project: Sekolah Kebangsaan Teriang (SKTKK), Kuala Klawang, Jelebu; Sekolah Menengah Rendah Agama Repah (SMRA Repah) in Tampin, Negeri Sembilan; and Sekolah Menengah Kebangsaan Pakan (SMKP) in Sarikei, Sarawak.



In each of the schools, a computer lab was built to provide ICT facilities and a centre for the computer classes, while the school libraries were upgraded to provide a better learning environment for students. Students, teachers and the local communities are being trained in computer skills using facilities provided by TM. This project involves a total of 1,767 students, 123 teachers and support staff, 1,138 members of the community and 120 TM volunteers.

## (III) NATION-BUILDING

### SOCIO-ECONOMIC IMPACT OF OUR NETWORK SERVICES

Since our establishment in 1946, we have been instrumental in building the country's telecommunications infrastructure, a prerequisite for social and economic development. A major milestone was achieved in 2001, when we launched Streamyx, or broadband for the general population. Ever since, we have served as the national broadband champion. We are largely responsible for attaining 55% national household broadband penetration by end 2010, exceeding the Government's target of 50%. We are now fuelling the Government's Economic Transformation Programme (ETP). In 2010, when the ETP was launched, we went live with UniFi, our brand of High Speed Broadband (HSBB), which provides the breadth and speed of connectivity needed to attain the goals of the ETP.

To ensure quality service, we have several TM UniFi Centres (TMUCs) that function as one-stop call centres, and a dedicated TMUC team of 500 to handle all calls. Various systems including a hotline and an Interactive Voice Response (IVR) call-flow, SMS functionalities and other support systems are made available. This has reduced the rate of abandoned calls by more than 20% in 2010 and increased the efficiency rate by 8% in meeting appointments.

Over and above laying a strong foundation for the nation's economic transformation, we are involved in various entry point projects in the ETP through the creation of a vibrant Communications Content and Infrastructure (CCI) ecosystem. With HSBB, Malaysia will have the technological impetus to position itself as a world-class data centre hub.

### CONNECTIVITY FOR EVERYONE

We are aware of how telecommunications is an enabler, and strive to ensure that everyone has access to our services. There are still areas in rural Malaysia where telecommunications infrastructure is lacking. Here, we have installed fixed wireless services, supplementing these with our mobile TMpoint on Wheels. In addition, we offer rural communities access to broadband at 168 Community Broadband Centres as well as 99 Community Broadband Libraries.

We also provide broadband facilities to 10,000 schools nationwide, and support the Government in its Broadband-PC programme for university students and low-income families. In 2010, we launched two Streamyx-netbook packages. On 10 January 2010, we introduced Streamyx Cool UNI Pack for first and second-year university students. This includes broadband internet access and a free netbook for RM50 a month (which was subsequently reduced to RM38 a month) for a period of two years. The package is available to students from families with a monthly income of less than RM3,000 a month. This was followed by the Low-Income BBPC (Komputer 1Malaysia) package launch on 28 May 2010 for rural families earning less than RM3,000 and urban families with incomes of less than RM5,000 a month.

We aim to further improve access of our services by making them more affordable by engaging our stakeholders in community-business partnerships.



*Computer literacy is one of the main objectives of TM's school adoption programmes at primary and secondary levels*

## PROGRAM SEJAHTERA

Program Sejahtera is a community programme driven by Khazanah Nasional Berhad with GLCs to improve the standard of living of the country's poor. It was launched in September 2009 by the Prime Minister of Malaysia. Beginning in 2010, TM has adopted three single-mother families in Pahang under this programme, whom we aim to empower. The single mothers are being provided with basic skills and entrepreneurship training, as well as small grants to start businesses based on their interests so as to supplement their income.

Our clubs - Tiaranita, Kelab TM and BAKIT - as well as individual volunteers donate daily essentials to these families and participate in various activities organised. In 2010, these included:

- Cooking and baking classes
- Basic Accounting training
- Home rebuilding
- Donations to 14 families and single mothers
- Installation of Streamyx UniPack at the houses of the single mothers
- Electric power supply to the villages, in partnership with Tenaga Nasional Berhad

## EMERGENCIES AND DISASTER RELIEF



Entrepreneurial courses for the single mothers



Donation drives by Tiaranita



Education assistance for the children



Home re-building projects by TM volunteers



Zaharah (second from right) and her family under TM's Program Sejahtera

We have a comprehensive disaster recovery plan to provide timely and effective relief aid in the event of any kind of disaster. This critical service to protect life and property is managed by our Disaster Recovery Call Centre (DRCC) through an immediate response system.

In November 2010, we went to the aid of the flood victims in Kedah and Perlis. Our Group Human Capital Management (GHCM) Division collaborated with Kelab TM Malaysia to form a team of 200 volunteers called "Skuad Sukarelawan Banjir 1TM" that helped to clean up the homes of fellow TM employees and others affected by the floods, as well as 10 schools and three mosques in the Kota Setar area; and to reinstall telecommunications exchanges damaged by the water. We immediately allocated RM10,000 to three relief centres, and provided the manpower to distribute essentials such as mineral water, food, clothes and blankets to those receiving shelter at these centres.



TM employees volunteered their time and resources to aid those in need during the floods in Kedah, Perlis and Johor

### ANTI-CORRUPTION MEASURES

We are a signatory to the United Nations Global Compact and are committed to implementing its 10 principles in the areas of human rights, labour, the environment and anti-corruption. We further promote a corporate culture of honesty, efficiency and trustworthiness via our Code of Business Ethics (CBE), which prohibits bribery and corruption in any form. It steers employees away from conflicts of interest and deters them from accepting any gift that would compromise their judgement. In line with the Malaysian Anti-Corruption Commission Act 2009, a gift register is maintained by the management of each department. Employees are further required to sign internal declarations on a regular basis, while awareness programmes are conducted to reinforce the CBE.

The CBE covers the Board of Directors, management, employees and even extends to external stakeholders including our shareholders, agents, consultants, contractors, suppliers and the Government. Since launching our TM Business Ethics Programme in March 2009, we have trained not only our employees but also our suppliers and vendors.

Employees are encouraged to raise any issue that violates our CBE via a dedicated hotline and email address, while being assured of confidentiality and protection from any negative reaction. Reports from employees are promptly investigated and resolved. We are pleased to report that no incident of corruption was reported in 2010.

### PUBLIC POLICY DEVELOPMENT

We do not participate in the development of public policy in areas in which we have no legitimate business interest. Instead, we engage with regulators and the Government to ensure appropriate attention is paid to issues relevant to our industry. We voice our opinions on any Government proposal that affects our stakeholders. At the same time, we maintain political neutrality by not making gifts or donations to political parties or intervening in political matters.

### ANTI-COMPETITIVE BEHAVIOUR AND PENALTIES FOR NON-COMPLIANCE

As per our Code of Ethics, we compete fairly in the belief that all parties benefit from fair, free and open markets. We depend on the merit of our products and make no attempt to restrict or limit trade. Our policy on competition prohibits rate fixing, illicit market sharing, boycotts of suppliers or competitors and mandatory tying or linking arrangements regarding the provision or supply of products and services.

We do not engage in any conduct which has the purpose of substantially lessening competition. We are governed by the Communications and Multimedia Act 1998 (CMA), and are required to fulfil the licensing conditions of the Ministry of Information, Communications and Culture, which are regulated by the Malaysian Communications and Multimedia Commission. Non-compliance can result in the withdrawal of our Telecommunications license. In addition, the Competition Act 2010, applicable to our non-telco subsidiaries, will come into force in 2011.

We are pleased to report that there were no incidents or penalties for violations involving anti-competitive, anti-trust or monopolistic practices in 2010. There was also no significant penalty for non-compliance with the relevant laws and regulations.

# environment





WE ARE COMMITTED TO REDUCING OUR ENVIRONMENTAL FOOTPRINT AND IMPLEMENTING BEST PRACTICES IN MANAGING THE ENVIRONMENTAL IMPACT OF OUR OPERATIONS, PROCESSES, PRODUCTS, SERVICES AND SUPPLIERS. FROM OUR CORPORATE OFFICES TO OUR NETWORK OPERATIONS, WE AIM TO CONTINUALLY IMPROVE OUR ENVIRONMENTAL PERFORMANCE.

## FACTS AT A GLANCE

**700,000kg**

reduction in carbon emission through BumiKu

**970**

participants in TM Earth Camps

**83,000kg**

recyclables collected at Menara TM



TM Earth Camp saw the active participation of secondary school students nationwide in nature conservation and appreciation

## ENVIRONMENTAL POLICY & ENVIRONMENTAL MANAGEMENT SYSTEM

We have a comprehensive Environmental Management System (EMS), launched in 2008, which covers all significant aspects of our operations and ensures that the objectives of our Environmental Policy are met. The EMS outlines various procedures to reduce the environmental footprint of our day-to-day activities. In line with our policy, in 2010 we conducted several training and awareness programmes to create greater understanding of our EMS. These supplemented the information as contained in our Environmental Manual, and cost approximately RM15,000.

Recognising the potential impact of our activities on the flora, fauna and the natural environment in areas where we operate, we conduct Environmental Impact Assessments prior to laying new cables on land and in the sea. In the latter, particular attention is paid to avoid damaging coral reefs. Environmental factors are also considered when installing new telephone poles or replacing old ones.

By implementing our Environmental Policy and EMS, we aim to:

- Comply with all applicable environmental legislation and other requirements
- Prevent pollution through reduction in energy, water consumption and waste generation
- Take proactive steps to prevent accidents, damage to properties and the breakdown of building operating systems
- Implement effective emergency response plans to mitigate and minimise damage to the environment
- Continually improve our Environmental Management System performance

## CLIMATE CHANGE

We are not a heavy emitter of greenhouse gases and, therefore, are less sensitive to changes in regulations than companies in carbon-intensive industries. Nonetheless, we are committed to addressing issues of climate change and to working collaboratively with other private and public enterprises to develop a low-carbon economy.

In delivering this commitment, we have supported the Earth Hour since its inception in 2006.

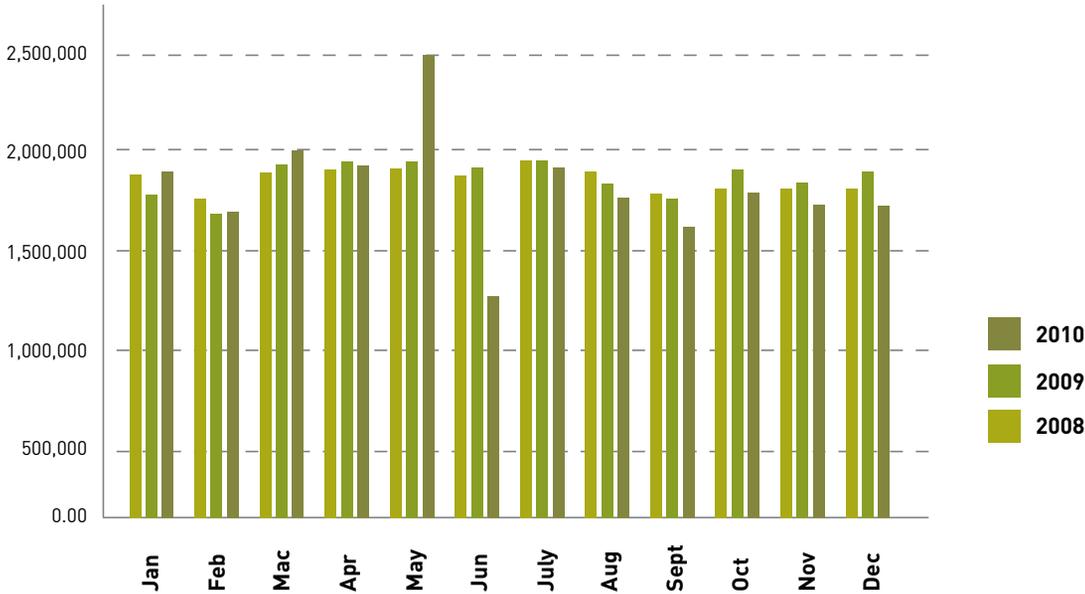
Menara TM was designed as an energy-efficient building which minimises the load for both electrical lighting and air-conditioning by maximising natural daylight while keeping heat out. In 2008, our headquarters received Environmental Management System ISO 14001 and Quality Management System ISO 9001:2000 certifications.

As part of our EMS programme, we have set a target of a three per cent reduction in electricity usage in 2010 from 2009. Towards this end, we implemented several energy conservation and efficiency initiatives, including:

- Switching off air-conditioners during lunch breaks and half an hour earlier before office hour end
- Switching off lights during lunch times
- Ensuring all mechanical and electrical systems run efficiently at all times

These initiatives helped to reduce our energy consumption from 22.32mil kWh in 2009 to 21.69mil kWh in 2010. Below is the statistical data of the electricity consumption in Menara TM from 2008 to 2010.

## ELECTRICITY CONSUMPTION FOR MENARA TM



## TM ENERGY EFFICIENCY INITIATIVES

Objective	Description	Achievement
To reduce electricity usage	<ul style="list-style-type: none"> <li>Evaluate, demonstrate and assess consumption. Install power (kWh) meters or power analysers. Establish baseline and performance metrics to track performance.</li> <li>Identify high potential energy users and energy type.</li> <li>Regularly re-commission equipment and ensure that operating schedules are kept up-to-date. Prioritise areas for energy savings based on the feasibility of energy reduction potential. Ensure "auto-mode" function is activated.</li> <li>Conduct energy audits. Assess impact of new installation or equipment.</li> <li>Consider energy conservation when renovating or retrofitting major and minor equipment. Use thermostats that can automatically adjust the temperature of offices.</li> <li>Prepare training materials. Launch environmental awareness programme. Plan awareness training schedules. Conduct awareness training.</li> <li>Introduce new energy-saving fittings and bulbs, especially in the car park</li> <li>Install energy-saving devices for chilled water pumps by introducing ES2 system monitoring software; and recalibrate pumps setting to optimise pump efficiency.</li> </ul>	Our operational efficiency has improved, reducing our monthly average electricity consumption from 1.86mil kWh to 1.81mil kWh in 2010.

## OZONE DEPLETION & GREENHOUSE GAS EMISSIONS

We have committed to reducing our emission of ozone-depleting gases, in line with the Montreal Protocol. Part of the protocol requires phasing out the use of CFCs by year 2012. Accordingly, we are replacing our CO2 System or Halon 1301 used for fire protection in our buildings nationwide with Novec™ 1230, an environment-friendly alternative, under the authorisation of the Department of Environment. Halon 1301 is both a greenhouse gas and ozone depleting. Approximately 102 tonnes of Halon 1301 have been replaced successfully to date and we are targeting to replace an additional 48 tonnes of Halon 1301 across our operations nationwide.

Other initiatives to minimise the risks resulting from chemically-active gases such as the carbon monoxide (CO) and other halogenated ozone depleting substances (ODS) include:

- State-of-the-art ventilation, especially in our car park, which includes a carbon monoxide detector
- High efficiency air-conditioning chillers
- Floor-by-floor air handling units
- Variable speed drive water pumps

Our Engineering Team closely monitors the CO levels over time to ensure that we are not contributing to the ozone layer depletion. We are pleased to report that our CO concentration level in 2010 has been relatively low in comparison with the permitted level of 200 ppm set by the Company.



## CO LEVEL (PPM) AT MENARA TM'S CAR PARK AREA

Co Level (ppm)												
Year / Month	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sep	Oct	Nov	Dec
<b>2010</b>	<b>29</b>											
<b>2009</b>	29	29	35	37	29	30	31	29	29	29	29	29
<b>Target</b>	200											

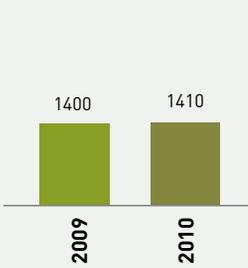
## WASTE MANAGEMENT

We work to minimise the waste output of our operations, products and packaging. A set of Waste Management Procedures has been adopted which outlines standard procedures for the management of solid and scheduled waste generated by TM buildings. These ensure that the waste is identified, segregated, handled, transported and disposed of properly in accordance with our Environmental Policy, legal and other requirements.

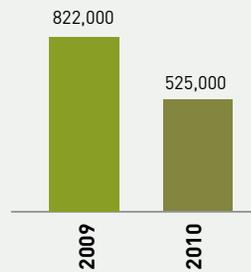
We have also taken the initiative to do away with the open-reel magnetic tapes for recording and sorting of Call Data Records (CDR) at our legacy exchanges to create a tapeless environment. This has significantly reduced our total magnetic tape usage from 16,200 units in 1998 to 10,800 units in 1999 onwards, minimising unnecessary environmental wastage as the casing of the magnetic tapes comprise non-biodegradable plastic.

In 2010, a total of 525 tonnes of waste was generated, marking a decrease of 36% from 2009. This followed continuing efforts to minimise landfill waste. Meanwhile, our collaboration with Menara TM tenant Unilever (Malaysia) Holdings Sdn Bhd on a 3R (Reduce, Reuse, Recycle) programme resulted in more than 83,000kg of recyclables collected.

## MENARA TM SCHEDULED WASTE (kg)



## MENARA TM SOLID WASTE (kg)



*BumiKu, the internal environmental campaign, gained overwhelming, positive results from employees, indicating their concern and continued interest in saving the environment*

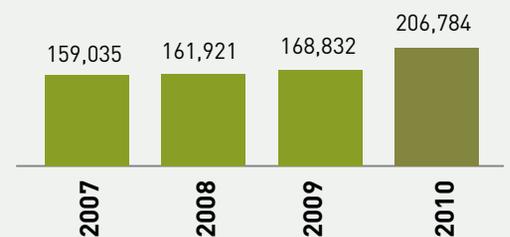
## TM'S WASTE MANAGEMENT ACTIVITIES

Objectives	Description	Achievements
To ensure the hygienic disposal of waste	100% on-time hygienic waste disposal as per schedule	No complaint was received in 2010 from tenants or property managers relating to hygienic waste management and disposal at Menara TM. Hygiene waste disposal was performed on time each month by a maintenance contractor.
To reduce and prevent odour generation from solid waste in Menara TM	<ul style="list-style-type: none"> <li>Perform daily cleaning; Use of appropriate cleaning chemical</li> <li>Ensure that solid waste is disposed of within 24 hours</li> </ul>	The garbage compactor units were operated and maintained properly and the rubbish disposed of regularly within the specified timeline. This helped to minimise odours from the solid waste collection area. No complaints were made on this issue in 2010.
To manage and dispose of scheduled waste in compliance with Department of Environment regulations	Schedule waste disposal	Storage for scheduled waste is provided at Floor LG3 (of Menara TM). All categories of scheduled waste identified at Menara TM were managed according to the Department of Environment requirements and the Environmental Quality Act 1974. No penalties were incurred relating to the improper disposal of scheduled waste.
To reduce waste generated at Menara TM	<ul style="list-style-type: none"> <li>Prepare programme materials; Plan awareness programme schedules; Send material via email</li> <li>Plan recycling programme schedule</li> </ul>	<p>"3R Bins" have been strategically placed in Menara TM. Information on the 3R Programme to reduce, reuse and recycle was also made available to raise awareness among Menara TM occupants.</p> <p>A Recycling Competition for Menara TM occupants was introduced to promote awareness starting from 2009.</p>

## WATER MANAGEMENT

Water conservation and wastewater treatment are important aspects of our commitment to preserving the environment. The slight increase in water usage from 168,832m<sup>3</sup> in 2009 to 206,784m<sup>3</sup> in 2010 was due to major construction work at the Auditorium Block in Menara TM. The additional water required for this construction was not considered when the initial target objective was set.

## MENARA TM WATER CONSUMPTION (m<sup>3</sup>)





## OTHER ENVIRONMENTAL INITIATIVES

### BumiKu

Introduced in October 2009, BumiKu (My Earth) is an initiative to increase our employees' awareness and knowledge of environmental issues. With the motto *Start Today, Save Tomorrow*, it emphasises the urgency of environmental concerns and encourages our employees to act more proactively in addressing these. The programme has been named BumiKu to create a strong sense of ownership among employees of this self-environmental movement.

Through BumiKu, employees are motivated to drive TM's green efforts internally. This is achieved through various employee engagement activities including:



Programme	Programme Impact Analysis
Car-pool drive	30 parking bays in Menara TM have been allocated for this programme. This initiative has resulted in approximately 140 cars being taken off the road each day, which is equivalent to a 700,000 kg reduction in carbon emission.
Recycling campaign	This programme was implemented in February 2010 and is open to all employees and Menara TM tenants. A total of 83 tonnes of recyclable waste was collected in 2010. Additionally, 64 tonnes of e-waste (mainly old telephone sets) collected from our offices and exchanges nationwide were recycled.
BumiKu Camp and Clean-up Programme	A BumiKu Camp organised at the Awana Genting Highlands in October 2010 attracted the participation of 120 employees. A beach clean-up was also organised at Bagan Lalang, Sepang, in December 2010. A total of 329 kg of waste was collected by 69 employees.
Colouring and Essay-writing contest	We introduced a "BumiKu Colouring and Essay-writing Contest" to extend the reach of this programme to our employees' families. In 2010, we received 35 and 250 submissions on colouring and essay-writing contests respectively.

## TM EARTH CAMP

TM Earth Camp aims to create awareness among schoolchildren of the importance of the different ecosystems while instilling an appreciation of nature. Launched in March 2010 at the PND Ilham Resort in Tanjung Tuan, Melaka, it comprises a series of specially designed three-day two-night nature programmes for students who are members of their schools' Kelab Pencinta Alam (nature club). In 2010, six camps were organised in the Northern, Southern, Central, Eastern, Sabah and Sarawak zones, involving a total of 520 students, 100 teachers, 323 community members and 27 TM volunteers.



## GREEN COMMUNITY PROJECT

In June 2010, we launched a green project in the Kondo Rakyat Pantai Dalam community in collaboration with Menara TM tenant Unilever (Malaysia) Holdings Sdn Bhd and the University of Malaya. The programme promotes environmental awareness in the neighbourhood by integrating environmental activities into the residents' daily routines. Activities conducted in 2010 included a *gotong royong* at the Kondo area, collection of used and recyclable clothes, composting plants, herbs and vegetables and organising a Green Bazaar.

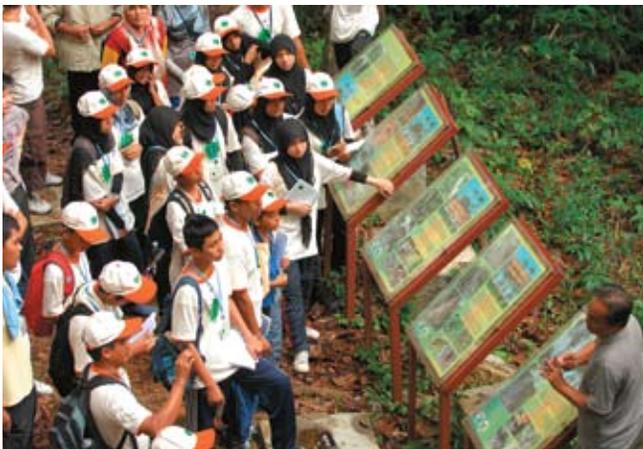


## STATEMENT ON COMPLIANCE

TM complies with all relevant laws and regulations including the Environmental Quality Act 1974, Petroleum (Safety Measure) Act 1974, Local Government Act 1976, Town and Country Planning Act 1976 and Radioactive Substances Act 1968. We are pleased to report that there were no significant penalties for environmental non-compliance or violations of laws and regulations in 2010.

## TM'S TOTAL ENVIRONMENTAL EXPENDITURE

Over RM749,400 was spent in 2010 on our environmental programmes.



*TM Earth Camp exposes the students to various ecosystems and their unique features, as well as providing hands-on experience in environment observation and experiments*

Section : AR – Annual Report 2010; FC – Front Cover  
Application : C – Core; A – Additional  
Status : • Fully Reported; □ Partially Reported; x Not Reported

<b>G3 Content Index</b>				
<b>STANDARD DISCLOSURES PART I: Profile Disclosures</b>				
<b>1. Strategy and Analysis</b>				
<b>Profile Disclosure</b>	<b>Description</b>	<b>Status</b>	<b>Cross-Reference</b>	<b>Reason for omission &amp; Explanation</b>
1.1	Statement from the most senior decision-maker of the organisation	•	Pg 2-5	
1.2	Description of key impacts, risks, and opportunities	•	Pg 2-5	
<b>2. Organisational Profile</b>				
2.1	Name of the organisation	•	FC	
2.2	Primary brands, products, and/or services	•	AR (44)	
2.3	Operational structure of the organisation	•	Pg 9	
2.4	Location of organisation's headquarters	•	Pg 1	
2.5	Number of countries where the organisation operates	•	Pg 9	
2.6	Nature of ownership and legal form	•	Pg 9	
2.7	Markets served	•	Pg 12-13	
2.8	Scale of the reporting organisation	•	Pg 9, 12-13	
2.9	Significant changes during the reporting period	•	Pg 2-5	
2.10	Awards received in the reporting period	•	Pg 10-11	
<b>3. Report Parameters</b>				
3.1	Reporting period	•	Pg 1	
3.2	Date of most recent previous report	•	Pg 1	
3.3	Reporting cycle	•	Pg 1	
3.4	Contact point for questions regarding the report or its contents	•	Pg 1	
3.5	Process for defining report content	•	Pg 1, 2-5	
3.6	Boundary of the report	•	Pg 1	



## G3 Content Index

### 3. Report Parameters

Profile Disclosure	Description	Status	Cross-Reference	Reason for omission & Explanation
3.7	Specific limitations on the scope or boundary of the report	•	Pg 1	
3.8	Basis for reporting on joint ventures, subsidiaries, etc	•	Pg 1, 2-5, 14-15	
3.9	Data measurement techniques and the bases of calculations	•	Pg 40, 47-50	
3.10	Explanation of the effect of any re-statements of information	•	Pg 1, 2-5	
3.11	Significant changes from previous reporting period	•	Pg 2-5, 14-15	
3.12	Table identifying the location of the Standard Disclosures	•	GRI Content Index	
3.13	Policy and current practice with regard to seeking external assurance for the report	•	Assurance Statement	

### 4. Governance, Commitments and Engagement

4.1	Governance structure of the organisation	•	Pg 17, AR (39)	
4.2	Indicate whether the Chair of the highest governance body is also an executive officer	•	Pg 17, AR (60-61)	
4.3	Independent and/or non-executive members of the Board	•	AR (58-67)	
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	•	AR (91-92)	
4.5	Linkage between compensation and the organisation's performance	•	AR (82-83)	
4.6	Processes in place to ensure conflicts of interest are avoided	•	Pg 18-19, AR (93-94)	
4.7	Qualifications and expertise of the Board	•	AR (70-76)	
4.8	Internally developed statements of mission or values, codes of conduct, and principles	•	Pg 8	
4.9	Identification and management of economic, environmental, and social performance, conduct, and principles	•	Pg 8	

### G3 Content Index

#### 4. Governance, Commitments, and Engagement

Profile Disclosure	Description	Status	Cross-Reference	Reason for omission & Explanation
4.10	Processes for evaluating the highest governance body's own performance	•	AR (81)	
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organisation	•	Pg 2-5, 14-15	
4.12	Externally developed economic, environmental, and social charters, principles	•	Pg 1, 37, 49	
4.13	Membership associations	•	Pg 1, 35, 47	
4.14	List of stakeholder groups engaged by the organisation	•	Pg 14	
4.15	Basis for identification and selection of stakeholders with whom to engage	•	Pg 14-15	
4.16	Approaches to stakeholder engagement	•	Pg 14	
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics	•	Pg 14-15	



## STANDARD DISCLOSURES: Performance Indicators

### Economic

Performance Indicator	Description	Status	Cross-Reference	Reason for omission & Explanation	To be reported in
Economic performance					
EC1	Direct economic value generated and distributed	•	Pg 7		
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change	•	Pg 47		
EC3	Coverage of the organisation's defined benefit plan obligations	•	Pg 22		
EC4	Significant financial assistance received from government	•	Pg 44-45		
Market presence					
EC5	Standard entry level wage vs. local minimum wage	•	Pg 23		
EC6	Policy, practices, and proportion of spending on locally-based suppliers	•	Pg 33		
EC7	Procedures for local hiring	•	Pg 24		
Indirect economic impacts					
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit	•	Pg 39-44		
EC9	Understanding and describing significant indirect economic impacts	•	Pg 43-44		
Materials					
EN1	Materials used by weight or volume	x		We are not able to report on this indicator as we are in the process of improving our data collection system	2012
EN2	Percentage of materials used that are recycled input materials	x		We are not able to report on this indicator as we are in the process of improving our data collection system	2012

## STANDARD DISCLOSURES: Performance Indicators

### Economic

Performance Indicator	Description	Status	Cross-Reference	Reason for omission & Explanation	To be reported in
Energy					
EN3	Direct energy consumption by primary energy source	•	Pg 47-48		
EN4	Indirect energy consumption by primary source	•	Pg 47-48		
EN5	Energy saved due to conservation and efficiency improvements	•	Pg 47-48		
EN6	Initiatives to provide energy-efficient or renewable energy	•	Pg 47-48		
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	•	Pg 47-48		
Water					
EN8	Total water withdrawal by source	□	Pg 50	Water withdrawal is reported in total instead of by source. This indicator will be reported in full once we have completed the upgrading process of our data collection system	2012
EN9	Significant impact of withdrawal of water	•	Pg 50		
EN10	Percentage and total volume of water recycled and reused	x		We are not able to report on this indicator as we are in the process of improving our data collection system	2012
Biodiversity					
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas	x		We are not able to report on this indicator as we are in the process of improving our data collection system	2012
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas	x		We are not able to report on this indicator as we are in the process of improving our data collection system	2012



Environmental					
Performance Indicator	Description	Status	Cross-Reference	Reason for omission & Explanation	To be reported in
EN13	Habitats protected or restored	x		We are not able to report on this indicator as we are in the process of improving our data collection system	2012
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity	x		We are not able to report on this indicator as we are in the process of improving our data collection system	2012
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations	x		We are not able to report on this indicator as we are in the process of improving our data collection system	2012
Emissions, effluents and waste					
EN16	Total direct and indirect greenhouse gas emissions by weight	•	Pg 49, 51		
EN17	Other relevant indirect greenhouse gas emissions by weight	•	Pg 49, 51		
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	•	Pg 49-52		
EN19	Emissions of ozone-depleting substances by weight	•	Pg 49		
EN20	NO <sub>x</sub> , SO <sub>x</sub> , and other significant air emissions by type and weight		x	We are not able to report on this indicator as we are in the process of improving our data collection system	2012
EN21	Total water discharge by quality and destination		x	We are not able to report on this indicator as we are in the process of improving our data collection system	2012
EN22	Total weight of waste by type and disposal method	•	Pg 49-50		
EN23	Total number and volume of significant spills		x	This indicator is not reported as it is not material due to the nature of our business as a telecommunication company	
EN24	Weight of transported, imported, exported or treated waste deemed hazardous		x	We are not able to report on this indicator as we are in the process of improving our data collection system	2012

Environmental					
Performance Indicator	Description	Status	Cross-Reference	Reason for omission & Explanation	To be reported in
EN25	Identity, size, protected status and biodiversity value of water bodies and related habitats significantly affected by the reporting organisation's discharge of water and runoff		x	We are not able to report on this indicator as we are in the process of improving our data collection system	2012
Products and services					
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	•	Pg 47-52		
EN27	Percentage of products sold and their packaging materials that are reclaimed by category		x	This indicator is not reported as it is not material due to the nature of our business as a telecommunication company	
Compliance					
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	•	Pg 52		
Transport					
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations, and transporting members of the workforce	x		We are not able to report on this indicator as we are in the process of improving our data collection system	2012
Overall					
EN30	Total environmental protection expenditures and investments by type	•	Pg 52		



Social: Practices and Decent Work					
Performance Indicator	Description	Status	Cross-Reference	Reason for omission & Explanation	To be reported in
Employment					
LA1	Total workforce by employment type, employment contract and region	•	Pg 23		
LA2	Total number and rate of employee turnover by age group, gender and region	x		We are not able to report on this indicator as we are in the process of improving our data collection system	2012
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	•	Pg 22		
Labor/management relations					
LA4	Percentage of employees covered by collective bargaining agreements	•	Pg 27		
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements	•	Pg 27		
Occupational health and safety					
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programmes	•	Pg 28-30		
LA7	Rates of injury, occupational diseases, lost days and absenteeism, and number of work-related fatalities by region	•	Pg 30		
LA8	Education, training, counselling, prevention and risk-control programmes in place to assist workforce members, their families, or community members regarding serious diseases	•	Pg 29-30		
LA9	Health and safety topics covered in formal agreements with trade unions	•	Pg 31		
Training and education					
LA10	Average hours of training per year per employee by employee category	•	Pg 24-26		
LA11	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	•	Pg 24-26		
LA12	Percentage of employees receiving regular performance and career development reviews	•	Pg 24-26		

Social: Labor Practices and Decent Work					
Performance Indicator	Description	Status	Cross-Reference	Reason for omission & Explanation	To be reported in
Diversity and equal opportunity					
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership and other indicators of diversity	•	Pg 22-23		
LA14	Ratio of basic salary of men to women by employee category	•	Pg 23		
Social: Practices and Decent Work					
Diversity and equal opportunity					
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening	•	Pg 27, 31		
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken	•	Pg 27, 31		
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	•	Pg 27, 31		
Non-discrimination					
HR4	Total number of incidents of discrimination and actions taken	•	Pg 31		
Freedom of association and collective bargaining					
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights	•	Pg 31		
Child labour					
HR6	Operations identified as having significant risk for incidents of child labour and measures taken to contribute to the elimination of child labour	•	Pg 31		
Forced and compulsory labour					
HR7	Operations identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of forced or compulsory labour	•	Pg 31		



Social: Human Rights					
Performance Indicator	Description	Status	Cross-Reference	Reason for omission & Explanation	To be reported in
Security practices					
HR8	Percentage of security personnel trained in the organisation's policies or procedures concerning aspects of human rights that are relevant to operations	•	Pg 27, 31		
Indigenous rights					
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken	•	Pg 31		
Social: Society					
Performance Indicator	Description	Reported	Cross-Reference	Reason for omission & Explanation	To be reported in
Community					
S01	Nature, scope and effectiveness of any programmes and practices that assess and manage the impacts of operations on communities, including entering, operating and exiting	•	Pg 39-44		
Corruption					
S02	Percentage and total number of business units analysed for risks related to corruption	•	Pg 45		
S03	Percentage of employees trained in organisation's anti-corruption policies and procedures	•	Pg 18, 45		
S04	Actions taken in response to incidents of corruption	•	Pg 45		
Public policy					
S05	Public policy positions and participation in public policy development and lobbying	•	Pg 45		
S06	Total value of financial and in-kind contributions to political parties, politicians and related institutions by country	•	Pg 45		
Anti-competitive behaviour					
S07	Total number of legal actions for anti-competitive behaviour, anti-trust and monopoly practices and their outcomes	•	Pg 45		
Compliance					
S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	•	Pg 45		

Social: Product Responsibility					
Performance Indicator	Description	Status	Cross-Reference	Reason for omission & Explanation	To be reported in
Customer health and safety					
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	•	Pg 35-37		
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes	•	Pg 36-37		
Product and service labelling					
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	•	Pg 35, 37		
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes	•	Pg 35, 37		
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	•	Pg 35, 37		
Marketing communications					
PR6	Programmes for adherence to laws, standard and voluntary codes related to marketing communications, including advertising, promotions and sponsorship	•	Pg 37		
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotions and sponsorship by type of outcome	•	Pg 37		
Customer privacy					
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	•	Pg 37		
Compliance					
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	•	Pg 37		



**Assurance Statement  
TELEKOM MALAYSIA BERHAD  
(Company No: 128740-P)**

**Introduction**

OWW Consulting Sdn Bhd (OWW) is a specialist in Corporate Social Responsibility (CSR) and Socially Responsible Investment (SRI). We were engaged by Telekom Malaysia Berhad (“TM”) to provide assurance services for various aspects of their Sustainability Report 2010 (the “Report”).

The Report and its contents are the exclusive responsibility of TM. Our responsibility is to perform limited assurance procedures over the Report and underlying processes within the scope set out below:

- Economic
- Social Performance: Labour Practices & Decent Work
- Social Performance: Human Rights
- Social Performance: Society
- Social Performance: Product Responsibility
- Environmental

In each case verification was conducted through low-level assurance via information provided by TM.

It is agreed that TM expects to be able to provide a response to each of the GRI-G3 Guideline Protocols and to meet an A+ or Advanced Application Level which requires reporting on each of the core GRI-G3 indicators, even if the report is an omission statement.

**Exclusions from the scope of our work**

Excluded from the scope of our work is information relating to:

- Statements of commitment or intention to undertake action in the future;
- Statements of opinion, belief or aspiration;
- Information in internal or external documents referred to in the Report, except insofar as we have viewed their existence as part of the assurance process

**Basis of our opinion**

In conducting this engagement we have considered the principles of balance, comparability, accuracy, timeliness, clarity, relevance and reliability as in the Global Reporting Initiative (GRI) G3 Guidelines. In addition we have referred to the ISO26000 Social Responsibility Guidelines.

We have also taken into account the principles of independence of assurance in the GRI-G3 Guidelines and have been mindful of the AA1000AS and the International Standard on Assurance Engagements (ISAE 3000) although we have not been asked to apply these standards directly.

We have conducted this engagement to provide a reasonable rather than an absolute level of assurance and we believe that the work conducted and described herein provides a reasonable basis for our conclusions.



### **Our review included the following activities:**

- Interviews and one-to-one meetings with relevant personnel at corporate, subsidiary and operational level responsible for the information in the Report. These help us to understand the current status of CSR activities and progress made during the reporting period;
- Interviews and one-to-one meetings with relevant external stakeholders related to TM activities, including heads of department, suppliers, employees and representatives from subsidiaries - Multimedia University (MMU), Multimedia College (MMC) and Telekom Smart School (TSS);
- Documentary evidence was reviewed from communications meant for both internal and external circulation but coming from within TM. This included manually generated internal reports, performance data, internal policy documents, established codes of conduct, corporate presentations, reports on events and health and safety procedures;
- Review of selected material documents relating to social, ethical, environmental and health and safety aspects of performance, to understand progress made across TM;
- Review of the coverage of material issues within the Report against the key issues raised in the stakeholder dialogues, material issues and areas of performance covered in external media reports, internal environmental and social reports of TM and topics discussed in TM's CSR Champions meeting;
- Challenges and questions related to the CSR related statements and claims made in the Report;
- Review of Social Return on Investment (SROI) calculations on TM's community projects including MMU Student Exchange Programme and TM- MMU Graduate Employability Outreach Programme (GEOP).

During our investigation we discussed the necessary changes in the Report with TM personnel and determined that these changes have been adequately incorporated into the final version. We relied on representations made to us during the course of our assurance work by TM personnel.

Information in the Report that is directly sourced from TM Annual reports is considered to be reliable based on the audit statement of the Independent Chartered Accountant and Registered Auditor to these statements.

We provided advice on which data is necessary and how this data could be compiled to comply with the GRI-G3 Guidelines. All data and corrections were provided directly by TM staff. In the same reporting period we have not provided any other advisory work for TM which may have been used in this report.

### **Conclusions**

On the basis of our review we provide the following conclusions on the Report:

1. In our opinion, the Report meets the content and quality requirements of the Global Reporting Initiative Sustainability Reporting Guidelines (Version GRI-G3);
2. The Report provides a fair representation of TM's social accounting and reporting activity for the period covered by the Report;
3. Except as noted below, the information in the Report is reliable and free from significant bias;
4. TM has processes in place for identifying, understanding and managing its environmental and social responsibilities and for capturing, understanding and responding to the views of its main stakeholders;
5. In our opinion the report contains new information in each domain which we believe is a fair and balanced reflection of the efforts of TM to develop and improve their approach to sustainability and reporting.



## Recommendations:

We have provided TM with our full recommendations for internal use. In addition to these, in the context of future CSR Reporting at TM, we recommend that the Company:

- Continues to improve the use of performance indicators in all social and environmental activities of the Company especially in light of forthcoming developments in Integrated Reporting and proposed changes in the GRI Reporting Guidelines;
- Continues to improve the scope and quality of measurement and reporting of environmental, health and safety data to ensure that systems are in place to collect consistent data over time;
- Introduces clearer links between TM's CSR engagement and focus to connect, communicate and collaborate with relevant stakeholders;
- Extends the use of impact measures such as Social Return on Investment (SROI) and Environmental Return on Investment (EROI) to quantify the impact of each CSR activity;
- Works closely with its internal and external stakeholders to implement and report GHG reduction programmes and emissions especially during the operation and installation work to ensure that systems allow the collection of consistent data over time;
- Continues to monitor closely the reporting of Health and Safety performance at TM by practicing more frequent scheduled and unscheduled site inspections and report periodically;
- Introduces a performance review scorecard and processes for the ongoing monitoring, measurement and reporting of TM against material indicators and targets to demonstrate ongoing commitment to the reporting process and stakeholder interests.

## Considerations and limitations

In relation to our assurance work and conclusions, the following considerations and limitations should be noted:

- Certain information is excluded from the scope of our assurance work, as stated above and in the Report itself;
- Due to its nature and the methods used for determining, calculating or estimating such data, environmental and social data are subject to inherent limitations. Therefore this assurance statement should not be relied upon to detect all errors, omissions or misstatements in the Report.
- The assurance statement cannot guarantee the quality of social accounting and reporting processes used by TM and should be read in conjunction with other certification and assurance processes used by the Company.

31<sup>st</sup> May 2011  
OWW Consulting Sdn Bhd

A handwritten signature in black ink that reads "Oww Consulting".



## Statement by OWW Consulting Sdn Bhd on Independence, Objectivity and Capability

OWW Consulting Sdn Bhd (OWW) is a specialist in Corporate Social Responsibility (CSR) and Socially Responsible Investment (SRI) with established experience in providing independent CSR advisory, reporting and assurance services.

OWW Consulting has implemented a Code of Conduct in Assurance and Assessment and a Code of Ethics across our company. Our Code requires that that all of our employees maintain high ethical standards and makes explicit reference to the independence and objectivity of our assurance and assessment engagements which we believe conform to emerging international best practice.

Our assurance team conducting the work for this report have experience in conducting engagements of this type for sustainability reports, systems and processes. They are familiar with current guidelines and best practice and update their experience on a regular basis.