

süstain





sustainability report 2012

©2012 TELEKOM MALAYSIA BERHAD (TM)

All rights reserved. No part of this document may be reproduced, stored in a retrieval system or transmitted in any form or by any means (electronic, mechanical, photocopying, recording or otherwise) without the permission of the copyright owner. TM makes no representation or warranty, whether expressed or implied, as to the accuracy or completeness of the facts presented. TM disclaims responsibility from any liability arising out of reliance on the contents of this publication.

All logos appearing in this report are used with permission.

inside this report

2	About This Report		
4	A Message from Our Chairman		
8	A Message from Our Group Chief Executive Officer		
14	Corporate Profile		
15	Vision, Mission and Kristal Values	25	Group Financial Highlights and Tax Incentive & Finance
16	About Us	26	Group Corporate Structure
19	TM Group Products & Services	27	Group Organisation Structure
20	International & Domestic Infrastructure & Trunk Fibre Optic Network	28	Awards & Recognition 2012
22	TM Worldwide Coverage	30	Corporate Governance
24	Facts at a Glance	35	Sustainability & Corporate Responsibility Strategy and Impact Analysis

pg **42**
Our Marketplace

pg **54**
Our Workplace

pg **70**
Our Community

pg **86**
Our Environment

98	GRI G3.1 Content Index Table
114	Assurance Statement
117	GRI Statement

About the cover

For us, sustainability is about growing organically. It is about business models that create enduring consumer and employee value. Sustainability ensures our long-term viability and we believe that by actively working to advance sustainability within our organisation, we can make a difference to the lives of our colleagues, customers and the communities where we live and work, by helping them connect, communicate and collaborate towards a better future.

About the 'Hands' logo

The five hands symbolise nature's four elements: Earth, Air, Fire and Water – and a fifth element was introduced, representing the role and responsibility of mankind to protect nature.





ABOUT THIS REPORT

This is the fifth Sustainability Report to be produced by Telekom Malaysia Berhad (TM) as part of the Company's efforts to 'connect, communicate and collaborate' more effectively with our stakeholders. Together with the Annual Report, which highlights the financial aspects of our business, this report provides a clear, comprehensive and transparent representation of the Company's performance in managing the economic, social and environmental aspects of our operations and through our Corporate Responsibility (CR) initiatives.

In addition, the 2012 Annual Report is also available in e-book version, in line with our position as Malaysia's Broadband Champion and our environmental initiatives in reducing the use of paper. We hope to produce the same format for our Sustainability Reports in the future.

This Report has been written based on the Global Reporting Initiative (GRI) guidelines, an internationally recognised standard for Sustainability Reporting. We have also taken into account a number of local and international guidelines which are relevant to our business. Additionally, we have structured our Report according to the guidelines and reporting framework of the Silver Book published by the Putrajaya Committee on GLC Transformation (PCG), Bursa Malaysia's Corporate Social Responsibility (CSR) Framework which suggests sections devoted to the Workplace, Marketplace, Environment and Community, as well as its Sustainability Portal as an information resource on best and current practices in sustainability. We strive to align our operations and policies with the Ten Principles of United Nations Global Compact (UNGC), in line with the world's best practices in sustainability.

In producing our Report, we have collated information on our CR practices during the year. This performance is compared against a consistent benchmark which has been set over the years. We have also given consideration to issues affecting our stakeholders – both direct and indirect – including employees, shareholders, the surrounding community and public at large. We have structured this Report in a manner which allows readers to understand our approach to sustaining our economic, social and environmental responsibilities. We have endeavoured to present our data in the most accurate manner possible, using quantitative indicators where relevant.

We aim to provide detailed disclosure on those areas which are deemed to be material. This information includes areas of our business that have a great influence on our business and a high level of potential impact on our stakeholders, especially in Malaysia where most of our business operations reside.





The information contained in this report covers the corporate responsibility and sustainability practices and initiatives of TM Group's business in Malaysia where we are headquartered. All data, statistics and performance indicators refer to these operations unless otherwise stated.

The Report aims to be inclusive and addresses all material issues our stakeholders may have. We also endeavour to continuously enhance the level of transparency and objectivity of our Report, and wherever possible, quantitative indicators have been used for accuracy. For greater transparency, we have also measured the impact of selected activities based on their Social Return on Investment (SROI).

While we rely on some information from third parties, we ensure all measurements and claims in this Report are collected and reported as accurately as possible. In order to track our progress, our achievements in 2012 have been compared against those of previous years, and our 2012 performance will be used as a benchmark for 2013 targets. In keeping with international best practices, TM adopts new guidelines as they emerge. In 2012, these included the ISO 26000 Guidance on Social Responsibility (ISO 26000). We also take into consideration feedback from stakeholders, including the GRI and the judging panels of various CSR awards.

REPORTING PERIOD

This Report relates to our performance and initiatives during the financial year 1 January 2012 to 31 December 2012. The last Report covered the preceding financial year.

The Report is produced annually. However, to reflect the latest updates on the Company's overall performance, our non-financial information has been updated as of 20 March 2013 to be aligned with the Annual Report 2012 for the 'Message from Our Chairman', 'Message from Our Group Chief Executive Officer' and 'Corporate Profile' sections in this Report, unless stated otherwise.

REFERENCE AND GUIDELINES

Principal Guidelines

- GRI-G3.1 Sustainability Reporting Framework

Additional Guidelines

- Bursa Malaysia's Corporate Social Responsibility (CSR) Framework
- Silver Book: The Putrajaya Committee GLC Transformation Manual
- ACCA Malaysia Sustainable Reporting Guidelines for Malaysian Companies
- ISO 26000: Guidance on Social Responsibility
- Bursa Malaysia's Sustainability Portal

RELIABILITY OF INFORMATION DISCLOSED

TM strives continually to improve on the materiality and reliability of the information presented and has adopted an approach aligned with ISO 26000 and UNGC. Contents of this report have been verified by SIRIM QAS International Sdn Bhd and assessed by the Global Reporting Initiative (GRI) for how comprehensively the latest GRI-G3.1 guidelines have been applied, achieving a top application level of A+. TM's approach to sustainability is also widely endorsed by our stakeholders, as reflected in the awards received based on independent assessments of our performance. These are listed in this Report.



FEEDBACK

This Sustainability Report as well as TM's Annual Report 2012 are available to all stakeholders in hard copy on request and can be downloaded from TM's corporate website. The Annual Report also comes in e-book version, to access please scan the QR code here:



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
Website: www.tm.com.my
Twitter: @TMCorp



A Message From Our
CHAIRMAN

“

Sustainability is key to our long-term business success and lies at the heart of our business, involving all our stakeholders.”





On behalf of Telekom Malaysia Berhad's Board of Directors, I am honoured to present TM's Sustainability Report for the financial year ending 31 December 2012. It has been interesting to follow the transition of corporate sustainability and practices over the last decade, especially in TM. Much of this began as well-meaning contributions to the community with the evolution of more accountability, bigger scope and on-going efforts to contribute to sustainability from within TM and extending it to the rest of our stakeholders. It is no longer limited to corporate philanthropy, but encompasses our corporate responsibility in the marketplace, workplace, community and the environment in our drive to create a structured framework to ensure the economic, social and environmental impact of TM is addressed and managed in a sustainable way that all our stakeholders will be able to understand, hence trust TM as their sustainable new generation communications provider. The rapidly changing landscape of information and communications technology (ICT) is the biggest challenge that we have to face in turning difficulties into opportunities and improvements in this regard, among others.

In this transformation, the agenda of corporate responsibility and sustainability has been ingrained in our actions and decisions, from the boardroom in setting the direction of sustainability initiatives to be driven throughout the organisation, down to all working and operational levels of TM's business, touching many outside TM as well. As a Government-Linked Company (GLC) in Malaysia, it is natural that the task of building the nation rests on us in providing innovative new generation communications services and solutions through customer service excellence and operational efficiency not only for now, but also for generations to come.

Sustainability is key to our long-term business success and lies at the heart of our business, involving all our stakeholders including our shareholders, investors, customers, employees, the Government and its agencies as well as the general public at large. As we deliver and generate value through sustainability, we also strengthen our social license to operate.



Since our corporatisation, we have always prioritised our shareholders and have been steadfast in fulfilling our commitment to them, by paying either RM700.0 million or 90.0% of our normalised PATAMI, whichever is higher, in the form of dividends. For the year ended December 2012, we delivered a total return to shareholders (TRS) of 37.4%. From the date of our demerger in April 2008 to the present, our TRS is at an outstanding rate of 237.1%. I am proud to share that both our share price and TRS are among the best among comparable telcos.

In order to sustain our performance financially, we realise we need to ensure the sustainability of our operations for our stakeholders. Today, the agenda of corporate responsibility and sustainability at TM is driven by the Board of Directors and is cascaded throughout the organisation, down to all working and operational levels of our business. The Board ensures TM's corporate governance frameworks, internal processes, guidelines and systems remain robust and relevant for sustainable business operations and management. Our Board Charter serves as a reference point in reviewing our overall performance including our strategic business plans, business conduct, the management of principal risks and internal control systems.

As we continue to work closely with the Government in supporting the National Broadband Initiative (NBI) and Universal Service Provision (USP) with the aim of bridging the digital divide and ensuring accessibility for all, we aspire to be the ultimate partner to the Government in developing the nation by becoming an Information Exchange and Aggregator of Aggregators. With our vast networks and extensive reach, clearly TM is the best

choice as the focal point of information, content and communications for Malaysia. With the completion of 1.377 million premises passed against the target of 1.34 million by end of 2012, equipped with next generation connectivity via the High Speed Broadband (HSBB) Public-Private Partnership with the Government, the communications landscape of Malaysia is set to transform to a higher level, opening more possibilities through high-speed connectivity for all Malaysians.

Our initiatives have enabled 18.7 million Malaysians to enjoy Internet access, translating into roughly 65.0% of the population, based on research by IDC. This is the second highest penetration rate in Southeast Asia in 2012.

Our initiatives have enabled 18.7 million Malaysians to enjoy Internet access, translating into roughly 65.0% of the population, based on research by IDC. This is the second highest penetration rate in Southeast Asia in 2012. IDC expects the compound annual growth rate (CAGR) of the Malaysian telecommunications industry to remain at approximately 4.8% for the period of 2012 to 2015, pointing to further growth in Internet adoption which augurs well for attaining the NBI target of 75.0% household broadband penetration by 2015. Our HSBB efforts have also been recognised at the international level. Malaysia in 2011 had the fastest Fibre-To-The-Home (FTTH) take-up rate in Southeast Asia as declared by the FTTH Council; while BT TeleConsult ranks us as having the third fastest HBBB roll-out and most cost effective in the world.

With the strong foundation of a comprehensive infrastructure in supporting the progress of Malaysia, TM is constantly finding ways to provide the best service to its customers while keeping sustainability as one of the main considerations in our delivery. Through the adoption and development of green technology in our network, business operations and products and services, we continue to reduce our CO₂ emissions and have placed added emphasis on energy-efficient systems,

equipment, devices and architecture. We have also introduced a more sustainable lifestyle through the application of our products and services by our customers.

In further promoting the green agenda, TM in 2009 embarked on a green awareness campaign, *BumiKu*, which roughly translates as 'My Earth', to spread the message of conservation and environmental-friendly practices to our employees, to be shared with their families, friends and the rest of the community. Another signature programme in environment education is the TM Earth Camp, a series of nature camps conducted in partnership with the Malaysian Nature Society (MNS). Our objective is to give the children the opportunity to appreciate the environment through experiential learning and to inspire them to protect the environment for our future. Our



employees embraced the programme and volunteer as facilitators to continue the *BumiKu* spirit.

Apart from our daily business operations, TM goes beyond the box by paving the way for future generations through our involvement in education, a platform to not only increase the level of education in the country, but also as a producer and feeder of knowledge workers to the nation, especially in ICT and multimedia. The establishment of Multimedia University (MMU) as the first private higher institution in Malaysia has sparked rapid growth of private higher education in Malaysia, supported by its subsidiary, Multimedia College (MMC) in continuing the tradition of educating Malaysians in communications technology and related subject matters since 1948. In addition, *Yayasan TM* (YTM) also plays its role in supporting the talents of Malaysia by awarding scholarships and financial assistance in enabling the development of high value human capital expertise for the nation. TM has also extended our presence to benefit rural schools under our School Adoption Programme, which has seen 12 schools benefit from our contribution to date. We go beyond providing financial aid for their educational needs to upgrading the schools' activities and technology for a better teaching-learning experience. It is very heart-warming to see the excitement on the children's faces as they are exposed to the world of ICT, including the visually-impaired children of Sekolah Kebangsaan Pendidikan Khas Pekan Tuaran, Sabah.

Another community project that we are involved in is Program Sejahtera, a national-level effort by all GLCs in terms of alleviating poverty and giving opportunities for the needy to improve



Our 2011 Sustainability Report received regional recognition as the winner of 'Best Sustainability Report for Malaysia' Award by NCSR.

their lives. TM has taken the initiative to focus on addressing the plight of single mothers, and recently launched the second phase of our programme in Kelantan in 2012, following the success of our pilot project in Pahang starting in 2010. Five single mother families were selected in the second phase, with various activities planned to help the mothers and their children to have a sustainable, better quality of life.

Finally, we have always believed that our growth is intrinsically linked with the growth of our own people. We therefore encourage diversity and a performance-driven culture in which our employees give their best and feel proud to be part of a vibrant and a caring organisation. The success of our human capital programme speaks for itself – it is evident in our continuous performance improvement. We have become what we are today because of the passion and commitment of every single one of our employees.

I am also very happy to note that our efforts in reporting our corporate responsibility and sustainability initiatives have come to the attention of a regional

audience. We were awarded the 'Best Sustainability Report for Malaysia' by the National Center of Sustainability Reporting (NCSR), based in Indonesia. It was indeed a great honour to receive the award for our fourth attempt in reporting, and I strongly believe that this marks our high standards and full commitment in sharing this journey with all of you.

I would like to take this opportunity, on behalf of the Board of Directors, to thank our Management and 27,257 employees for their contributions. I would also like to express my gratitude to all our shareholders, partners and customers as well as government agencies for their continued support in our journey of delivering consistent, competitive, profitable and responsible growth towards sustainability.

Dato' Sri Dr Halim Shafie
Chairman



A Message From Our **GROUP CHIEF EXECUTIVE OFFICER**



We embarked on our journey towards sustainability a decade ago, spurred by an overarching national agenda to establish a more transparent and responsible corporate climate. We have been guided in our mission by various guidelines and frameworks, most notably the Silver Book by the Putrajaya Committee on GLC High Performance. Our journey to date has been exciting to say the least, given the pace at which the national sustainability landscape has evolved. For us, it has meant developing what started out as Corporate Social Responsibility (CSR) into wider-ranging Corporate Responsibility (CR) programmes, and now into a more ingrained and integrated sustainability undertaking.



We fully embrace the principles of economic, environmental and social sustainability as they complement our vision to deliver optimum value to our stakeholders. The progressive alignment of our values and strategies with responsible and ethical business policies and practices, helps enhance stakeholder engagement to drive further organisational growth. Although shaping a sustainable future is an on-going process, we recognise the need to set short- and medium-term targets.

This is precisely what we have done, and our Sustainability Report provides a full account of both our achievements as well as challenges in the focus areas of the workplace, marketplace, community and environment for the financial year under review. It gives me pleasure to take you through some of our milestones as well as stepping stones and lessons learnt in 2012.

STAKEHOLDER VALUE CREATION

Overall, TM had a good financial year 2012, achieving a record 9.2% growth in revenue from RM9.15 billion in 2011 to RM9.99 billion, the highest since our demerger in 2008, as well as outstripping the industry. Our earnings before interest, tax, depreciation and amortisation (EBITDA) increased by 4.7% from 2011 to reach RM3.23 billion on the back of higher operating revenue, while our normalised EBITDA margin

was 32.0%, in line with our Headline Key Performance Indicators (KPIs).

We also continued to improve on our capital expenditure (CAPEX) efficiency, with total CAPEX spend/revenue ratio improving from 28.0% in 2011 to 25.5% despite increased requirements arising from customer projects as well as for the high speed broadband (HSBB) project. Our total CAPEX of RM2.55 billion in 2012 was lower than that in 2011.

I am also pleased to announce that we did not only achieve all three KPIs set for 2012 – of 5% revenue growth, a normalised EBITDA margin of 32% and customer satisfaction based on the TRI*M index of 72 – but actually surpassed the targets in two areas. Our revenue, as mentioned above, was 9.2%, while our TRI*M index score was more than 72, well above the global telco average score of 68.

We concluded the second phase of our Performance Improvement Programme, or PIP 2.0, and I am happy to report that we have been successful in its implementation. The results and achievements recorded over the last three years speak for themselves. Within that time, we strengthened our position in the market as your trusted broadband champion and as a trusted partner in telecommunications services, not just in Malaysia but also regionally.

Our focus for 2013 will be to maintain our position as Malaysia's Broadband Champion anchoring on Streamyx and UniFi, and delivering an enhanced and integrated digital lifestyle to all Malaysians. Competition is expected to intensify in the retail space, but it also creates opportunities for our further evolution. As we entered the year, we introduced PIP 3.0 which seeks to create a more agile and aggressive company that delivers outstanding customer experience while transforming TM into an Information Exchange.

Anchoring on PIP 3.0, we have also set Headline KPI targets of revenue growth of 6%; EBIT growth of 3% and a customer satisfaction TRI*M score of 72.

Against this backdrop, we will continue to focus on creating value for our stakeholders. Even with global economic uncertainties, industry liberalisation, intensifying competition and regulatory changes, we remain positive of continued growth as TM has very sound fundamentals which will sustain our business well into the future.



DELIVERING EXCELLENCE

We continued to maintain our leadership in the broadband segment, with our customer base growing by 7.4% from 1.92 million in 2011 to 2.07 million in 2012. In terms of UniFi subscription, we continued where we left off in 2011; demand showed no sign of slowing down and we closed 2012 with more than 482,000 customers, a 104.0% improvement against 2011. With 1.377 million premises passed on the back of 96 exchanges, this translates to a take-up rate of more than 35.0%, going beyond global benchmarks of similar service roll-outs. We remain committed to being the trusted broadband provider for the nation, and will continue to build our customer base for both Streamyx and UniFi.

TM has always been a customer-centric organisation. Staying true to this, we declared 2012 as the Year of Customer Experience. Accordingly, we intensified our efforts to enhance the customer experience at every touch point across the different delivery environments, services and interaction channels.

We were aided by Customer Relationship Management (CRM) Analytics that help us better understand our customers, hence customise our interactions with them. We focused not only on the hardware for good service, but also stressed the importance of 'heart ware' to create a positive and lasting impression on customers. For example, we launched a meaningful programme, *Salam Mesra TM*, which saw our employees go door-to-door to visit customers and get their feedback on our service. The exercise proved beneficial as it created a positive

impression on our customers while our staff – most whom were not frontliners – got to interact directly with our customers.

At the same time, we continue to strengthen, streamline and simplify our Customer Services Management (CSM) to support each Line of Business (LOB) better serve our customers. For the Small & Medium Enterprise (SME) segment, we launched *MARKETINGTools™* enabling them to reach vast numbers of potential customers online using Infoblast, Internet Yellow Pages and complimentary services.

On the other end of the supply chain, we continue to nurture and develop our business partners and suppliers as we grow our own business. Other than encouraging our vendors to live the spirit and culture we have cultivated here in TM of excelling in innovation, competitiveness, profitability and caring for the environment, we are also now outperforming our target for the internal TM Procurement Maturity Index of 7.35, with 2012's score of 8.10 compared to 7.13 in 2011. In addition, the launch of the Integrity Pact in January 2012 has presented a significantly new perspective on responsible and sustainable procurement to TM and our suppliers, while positioning integrity as key towards meaningful and lasting relationships.

TM AS AN EMPLOYER OF CHOICE

We are committed to developing our people via continuous learning and development to nurture the skills required to transform our services, customer experience and indeed the organisation itself.

During the year, TM was awarded the Employer of Choice: Gold Award by the Malaysian Institute of Human Resource Management (MIHRM) in recognition of our human capital development programme. We were also voted as Malaysia's Most Popular Graduate Employer for the Telecommunications sector for the first time, which was officially announced during Malaysia's 100 Leading Graduate Employers 2012 Edition Awards Night in November. To me, these awards are indicative of our success in nurturing a cohesive 1TM spirit that is fired with a passion to win. We work together as a team, supporting each other and taking on whatever challenge that comes our way proving our ability to change and transform. The way we now work together and approach the market have truly been great achievements.

Part of our success is due to the fact that we do not just provide jobs; we offer holistic careers. We fully support the professional development of all employees with training arms like TM Training Centre, Customer Service Academy (CSA) and the newly established Technical Academy.

At the same time, we are genuinely concerned about the well-being of our employees and maintain a safe work environment in which there is full compliance with all safety, health and environmental regulations. To further improve our Occupational Safety, Health and Environment (OSHE) performance, in 2012 we restructured the Group OSHE Steering Committee and State OSHE Committees to allow for more effective communication and management.



Partners in fighting crime – ensuring safety of the nation by preventing cable theft – together.

TM AS A SUSTAINABLE COMMUNITY PARTNER

In delivering our responsibility to the community, we continue to utilise our expertise as the nation's leading telecommunications provider and integrate our initiatives into our core business. One of the major areas that TM embarked on in demonstrating this is our direct involvement with various levels of the education system in the nation, from our School Adoption Programme that aims to boost academic performance of rural schools in the country through ICT, all the way to providing opportunities for higher education and skills development through the Multimedia University (MMU) and Multimedia College (MMC). These are further strengthened by *Yayasan TM* (YTM), our very own foundation, which renders financial assistance to those who are eligible. We

believe in investing in a future knowledge-rich and skilled human capital for the nation, while establishing ourselves as the feeder of high quality ICT-savvy manpower for Malaysia.

We also continue to support the Government's Universal Service Provision (USP) vision of achieving universal access, universal coverage and universal service in line with the intention to bridge the digital divide among Malaysians. This public-private partnership framework stimulates economic and social development, private sector investment and market-based provision of basic affordable and quality ICT infrastructure and services to unserved and underserved areas, communities and populations. In doing so, TM as the national broadband champion, commissioned various initiatives to achieve the target set by

the National Broadband Initiative (NBI) of 75.0% household penetration by 2015. These include Community Broadband Centres (CBC) or known as *Pusat Internet 1Malaysia (PI1M)*, Community Broadband Libraries (CBL), *Kampung Tanpa Wayar* and other soft skills training provided to the local community.

Also responding to the Government's effort to improve the socio-economic growth of Malaysia through the National Key Results Areas (NKRAs), we stepped in to shoulder the responsibility of fighting a serious crime that could jeopardise national security and deny us the right to benefit from modern telecommunications facilities – cable theft. It was a call for action to all Malaysians in fighting crime, including cable theft towards ensuring the safety of our nation.



Influencing the young to do their bit for the environment through TM Earth Camp.

TM is also taking a proactive role in alleviating poverty and providing a sustainable livelihood for the less fortunate through *Program Sejahtera* for selected families led by single mothers who are determined to change their lives for the better. In 2012, efforts of our pilot project in Pahang finally bore fruit after three years when two daughters from different families graduated with flying colours, bringing their hard-earned Diplomas home for their mothers to be proud of. They have been offered to be a permanent part of TM's family

through employment the Company. It was indeed a wonderful conclusion of the first phase of *Program Sejahtera*, making way for the second phase to be kicked off in Kelantan. Five families in Kelantan have been selected to continue on the journey towards a better quality of life and already significant improvements have been seen. With the collaboration of *Yayasan Sejahtera* and *Yayasan Pendidikan & Vokasional Wanita Malaysia (YPVWM)*, the participants of the programme are now set for greater heights next year.



PROMOTING ENVIRONMENTAL CONSERVATION

TM is fully cognisant of the urgent need for all relevant parties to reduce our carbon footprint, and I am proud of the steady progress we have made in this regard. In 2012, we began the process of implementing a Carbon Management Plan by streamlining our environmental data collection and monitoring process. Our eventual goal is to have a consolidated carbon emissions monitoring system for the Group, and we are working on improving our communication systems within departments and states to strengthen our operational and reporting context.

We also believe in the power of individuals in connecting, communicating and collaborating to promote conservation efforts; and I am pleased to see many of our employees doing this via our internal environmental programme, *BumiKu*. More activities were rolled out during the year under this initiative, which I can personally vouch for as I took part in some of them.

Meanwhile the TM Earth Camps that we have been organising for children in collaboration with the Malaysian Nature Society (MNS) continued to grow in strength in its third year in 2012. These nature camps are both educational and fun, and inspire the participating students to share their appreciation of our rich biodiversity with their friends and family, building the foundation for a more eco-friendly environment for generations to come.

More details on all our sustainability milestones are provided in this report, which I hope you will enjoy reading. We aspire to maintain the momentum of moving forward in serving the interests of our stakeholders through institutional building towards sustainability.

Dato' Sri Zamzamzairani Mohd Isa
Group Chief Executive Officer



CORPORATE PROFILE



- ▲ Vision & Mission
- ▲ Kristal Values
- ▲ About Us
- ▲ TM Group Products & Services
- ▲ International & Domestic Infrastructure & Trunk Fibre Optic Network
- ▲ TM Worldwide Coverage
- ▲ Facts at a Glance: TM's Performance
- ▲ Group Financial Highlights and Tax Incentives & Finance
- ▲ Group Corporate Structure
- ▲ Group Organisation Structure
- ▲ Awards & Recognition 2012
- ▲ Corporate Governance
- ▲ Sustainability & Corporate Responsibility Strategy and Impact Analysis

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

Kristal Values



- Total Commitment To Customers



- Uncompromising Integrity



- Respect & Care



ABOUT US

HEAD OFFICE

Menara TM
Jalan Pantai Baharu
50672 Kuala Lumpur
Malaysia

Tel : 603-2240 9494
Website : www.tm.com.my

STOCK EXCHANGE LISTING

Listed on the Main Market of Bursa
Malaysia Securities Berhad
Listing Date : 7 November 1990
Stock Name : TM
Stock Code : 4863
Stock Sector : Trading/Services

SUBSTANTIAL SHAREHOLDERS' HOLDINGS OF 5% AND ABOVE

Khazanah Nasional Berhad

- Shares Held : 1,027,841,692
- Percentage : 28.73%

Employees Provident Fund Board

- Shares Held : 510,153,800
- Percentage : 14.26%

Amanah Raya Trustees Berhad (Skim Amanah Saham Bumiputera)

- Shares Held : 439,719,500
- Percentage : 12.29%

Telekom Malaysia Berhad (TM) is the largest integrated communications solutions provider in Malaysia, and a leading regional telco. In supplying the country with cutting-edge telecommunications, it has gained recognition for rolling out one of the fastest and lowest cost high speed broadband (HSBB) programmes in the world. The Company is now building on its next-generation network to lend further support to the country's development into becoming a high-income nation. It is gearing up to complete its transformation from a telephone exchange into an information exchange, supplying the communications needs of all Malaysians domestically, regionally and internationally.



Since being established as the Telecommunications Department of Malaya in 1946, TM has developed and continuously improved the country's telecommunications and broadcasting infrastructure. By 2008, it had become a regional telco powerhouse with presence in nine Asian countries other than Malaysia. A strategic demerger was then carried out to separate the regional mobile operations – now managed by Axiata; and the rest of the fixed line business, managed by TM.

The year 2008 was also a turning point on another front. In September, TM signed a public private partnership with the Government of Malaysia to build and deliver HSBB, leading to a spectacular roll-out of the service. Within 18 months, UniFi, the nation's first HSBB service, was launched. TM has since been extending the service to more areas nationwide, achieving 1.377 million premises passed by end 2012, on schedule and below budget. The take-up rate of UniFi has increased in tandem, and reached 400,000 subscribers five months ahead of schedule in 2012.

As Malaysia's broadband champion and to deliver an enhanced and integrated digital lifestyle to all Malaysians where everyone can connect, communicate and collaborate, TM is opening its HSBB infrastructure to other service providers. As at end 2012, four telcos have signed up for access service.

To further enhance the content industry, TM is collaborating with industry players and the Multimedia Development Corporation (MDeC) to develop a vibrant Content Service Delivery Platform (CSDP), My1Content. The neutral and open portal will assist local contentpreneurs gain a foothold in the local market while exposing them to the regional and international markets.

At the same time, TM is forging more partnerships with leading ICT providers locally and internationally to feed growing demand for sophisticated products and services. ICT arm, VADS, is spearheading TM's foray into the ICT and business process outsourcing (BPO) sectors, where TM is already making its presence felt. It is the first in Malaysia and second in Southeast Asia to provide TelePresence Exchange (TPX) services and the first in Malaysia to offer comprehensive three-layer cloud services and a technology neutral cloud infrastructure.





In support of the Government's vision to transform the country into a multimedia hub, TM is upgrading its network, systems and products internally while further enhancing its international network capacity. The first phase of Cahaya Malaysia (ASE), TM's first private submarine cable network developed with NTT Communications Corporation, went live on 20 August 2012 connecting Malaysia to Japan. The second phase, which will connect Malaysia and Japan to the Tseung Kwan O landing station in Hong Kong, was completed in March 2013, and is now ready for service.

The many changes taking place at TM have led to increased focus on training and development of its over 27,000 employees, to ensure they have the knowledge and skills required of an information exchange. At the same time, the Company is reinforcing a customer-centric mindset focusing on a positive customer experience at every touch point. In 2012, TM initiated and adopted customer-oriented KPIs to improve the customer experience at its contact centres for Voice, Broadband and UniFi services.

The entire business model of the organisation is aligned according to TM's seven principal customer segments of Consumer, SME, Enterprise, Government, Wholesale, Global and New Media. This 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. This includes communities in rural and remote areas, who are reached via 15 mobile TMpoint-on-Wheels.

The Company's commitment to serving the people reflects a deep-rooted sense of corporate responsibility (CR) that underlines all its actions. 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 of its foundation, *Yayasan TM* (YTM), since its establishment in 1994. To date, YTM has disbursed a total of RM444.8 million in scholarships that have benefited a total of 12,979 students. At the same time, TM's Multimedia University, set up 16 years ago as the country's first private university, has produced a total of 30,484 graduates.

As a responsible corporate citizen, TM is also conscious of its duty to reduce its carbon footprint and takes into consideration the environmental impact of all its business decisions to ensure a sustainable future.

In 2011, it launched a Carbon Management Plan and carried out a group-wide audit of carbon emissions to serve as a baseline for future activities to reduce this. Progress of the Carbon Management Plan and other sustainability initiatives are highlighted in this Report.

Excellence in TM is an on-going theme that cuts across the board, and is reflected in awards for almost every aspect of the Company's operations. In 2012, TM won The BrandLaureate Top Ten Masters Awards 2012 for the Most Preferred Brand in ICT – Broadband; the PC.Com 12th Readers Choice Awards 2011 for Best Wired Broadband; the 2012 Frost & Sullivan Asia Pacific ICT Award, Singapore, for Fixed Broadband Service Provider of the Year; the Employer of Choice Gold Award in the Malaysia HR Awards; the Silver Award for Overall Excellence at the National Annual Corporate Report Awards 2012; and the award for the Best Sustainability Report for Malaysia by the National Center for Sustainability Reporting (NCSR), Jakarta. VADS, meanwhile, won a string of awards, including two Golds at the Contact Centre World Awards; and the 2012 Global Services 100 Provider in the Global BPO Challengers category.

TM has transformed the telecommunications landscape in Malaysia in the 66 years of its existence. Throughout its journey, it has built a sound reputation for always delivering on its promises. The Company's message, as it evolves into the exciting next-generation era of telecommunications is, therefore, appropriately – Trust Us.



TM GROUP PRODUCTS & SERVICES

RETAIL BUSINESS

VOICE SERVICE ACCESS

- Homeline
- Businessline
- CDMA
- ISDN
- Centrex

VALUE ADDED SERVICES

- Infoblast
- BB Phone
- Voicemail
- TollFree 1300/1800
- 600 Premium Services

PREPAID SERVICES

- iTalk

CONFERRING SERVICES

- Audio Conferencing
- Video Conferencing
- Audio with Data Conferencing

Broadband (Consumer)

- UniFi VIP
- Streamyx
- TM WiFi
- Streamyx Wireless (CDMA/EVDO)

Broadband (Business)

- UniFi Biz
- Business Broadband
- Direct
- In-Building Broadband Service (IBS)

INTERNET VAS

- Global Roaming
- iShield Plus
- Online Guard Plus
- Virus Shield & Anti Spamming

DATA SERVICES

MANAGED NETWORK

- IPVPN Premier
- IPVPN Lite
- IPVPN Value

MANAGED CONNECTIVITY

- DLL – Digitaline 1 (DG)
- DLL – Wideband (DQ)
- DLL – Broadband (BLL)
- VSAT Premier
- VSAT Classic
- VSAT Value
- Hyperband
- METRO.Ethernet

GEOMATICS

- AVLS (Automatic Vehicle Location)
- SmartMap
- Navigation System

Application Service

- Webmail

Content Services

- HyppTV
- Hypp.tv
- HyppTunes

WHOLESALE BUSINESS

VOICE SERVICES

- PSTN Minutes
- Interconnect Minutes
- Wholesale VoIP

ACCESS SERVICES

- High Speed Broadband (Access) Service
- Payphone Access
- Digital Subscribers Line (DSL) Wholesale
- DSL Resale

BACKHAUL SERVICES

- High Speed Broadband (Transmission) Service
- Wholesale Ethernet
- Managed Bandwidth
- Optical Bandwidth
- Interconnect Bandwidth
- Wholesale Internet Access
- Domestic Transit Access
- IP Wholesale

INFRA SERVICES

- Tenancy Services
- Infrastructure Sharing

GLOBAL BUSINESS

VOICE SERVICES

- Bilateral Voice Services
- Wholesale Voice Services
 - PSTN
 - VoIP
- International Value Added Services
 - Global Voice Solutions
 - ISDN Hubbing
 - International Freephone Services via VoIP

DATA SERVICES

- Global Ethernet Services
 - Global Ethernet Virtual Private Line (EVPL)
 - International Ethernet Private Line (IEPL)
- International Bandwidth Services
 - International Private Leased Circuit (IPLC)
 - Bandwidth Transit
 - Bandwidth Backhaul
 - Bandwidth Interconnection
 - Global VSAT
- IP Services
 - IP Transit
- VPN Services
 - Global IPVPN

GOVERNMENT SEGMENT

VALUE ADDED SERVICES

- Managed Security Services (MSS)
- Managed Firewall Services
- Managed Intrusion Prevention System (IPS)
- Managed Anti Virus Services
- Managed Content Filtering Services
- Bandwidth Management Services
- Public Key Infrastructure Services

INFRA SERVICES

- Managed Hosting Services

MANAGED IPVPN

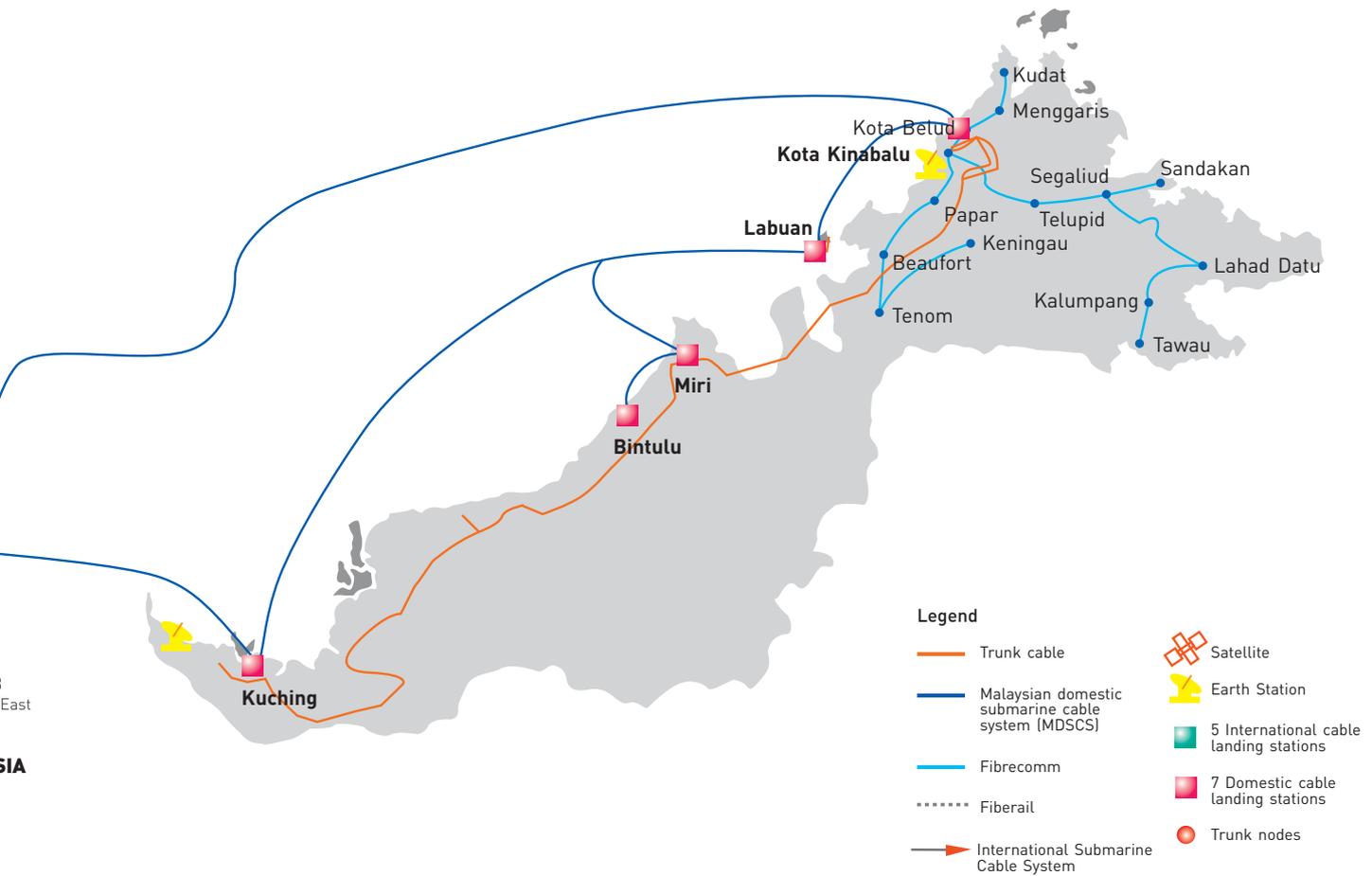


International & Domestic Infrastructure & Trunk Fibre Optic Network



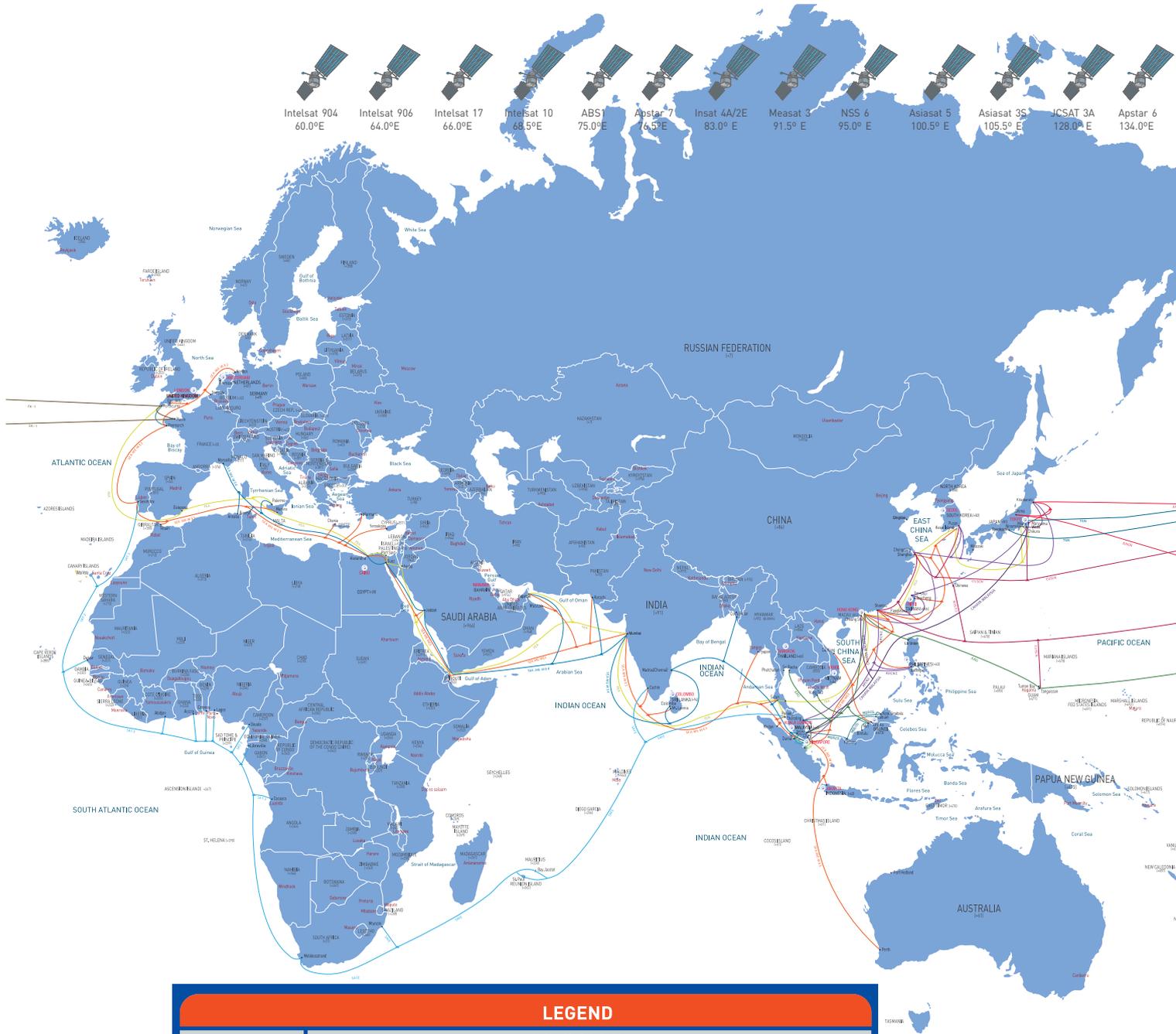


Intelsat 904 60.0°E	Intelsat 906 64.0°E	Intelsat 17 66.0°E	Intelsat 10 68.5°E	ABS1 75.0°E	Apstar 7 76.5°E	Insat 4A/2E 83.0° E	Measat 3 91.5° E
NSS 6 95.0° E	Asiasat 5 100.5° E	Asiasat 3S 105.5° E	JCSAT 3A 128.0° E	Apstar 6 134.0°E	Apstar 5 138.0°E	Intelsat 19 166.0° E	





TM Worldwide Coverage



LEGEND					
SUBMARINE CABLES					
LANDING POINT	AAG	CUSCN	FA-1	SAT3-WAS-SAFE	TGN
TM PoP	APCN2	DMCS	JUSCN	SEA-ME-WE-3	BDM
SATELLITE	BRIGHT	FEA	MDCS	SEA-ME-WE-4	CAHAYA MALAYSIA



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





No. **1** broadband provider in Malaysia

more than **2** million
broadband customers

RM9.99 billion revenue
highest revenue growth in the industry at 9.2%

1.377 million
premises passed for high speed broadband deployment

37.4 %
total return to shareholders (TRS)

27,257 employees
TM's most valuable asset

RM787.0 million
total dividend payout

Facts at a
Glance

GROUP FINANCIAL HIGHLIGHTS

In RM Million	2008	2009	2010	2011*	2012
OPERATING RESULTS#					
1. Operating revenue	8,653.7	8,608.0	8,791.0	9,150.7	9,993.5
2. Profit before taxation and zakat	332.6	921.6	1,360.2	1,001.2	1,069.6
3. Profit for the financial year					
– Continuing operations	260.5	673.3	1,245.0	1,237.1	1,305.9
– Discontinued operations	624.9	–	–	–	–
4. Profit attributable to equity holders of the Company					
– Continuing operations	213.6	643.0	1,206.5	1,191.0	1,263.7
– Discontinued operations	562.6	–	–	–	–
KEY DATA OF FINANCIAL POSITION#					
1. Total shareholders' equity	10,204.8	6,946.1	7,659.7	7,424.0	6,894.8
2. Total assets	22,881.1	20,237.4	21,079.0	22,252.3	22,195.9
3. Total borrowings	7,000.0	6,713.5	5,532.0	6,410.4	7,140.4
SHARE INFORMATION#					
1. Per share					
Earnings (basic)	22.5 sen	18.3 sen	33.9 sen	33.3 sen	35.3 sen
Gross dividend	26.3 sen	23.0 sen	26.1 sen	19.6 sen	22.0 sen
Net assets	295.3 sen	196.0 sen	214.7 sen	207.5 sen	192.7 sen
2. Share price information					
High	RM3.70	RM4.00	RM3.60	RM5.09	RM6.40
Low	RM2.54	RM2.60	RM3.04	RM3.50	RM4.71
FINANCIAL RATIOS#					
1. Return on shareholders' equity	5.2%	7.5%	16.5%	15.8%	17.7%
2. Return on total assets	3.9%	3.3%	5.9%	5.6%	5.9%
3. Debt equity ratio	0.7	1.0	0.7	0.9	1.0
4. Dividend cover	0.9	0.8	1.3	1.7	1.6

* Restated due to impact of transition to Malaysian Financial Reporting Standards (MFRS).

Comparative figures were restated due to the impact of other changes to comparatives as disclosed in note 50 to the financial statements in TM's 2012 Annual Report.

TAX INCENTIVE AND FINANCE

In the 2008 Budget, the Government approved a 100.0% investment allowance on capital expenditure incurred by last mile network facilities provides for broadband infrastructure. This incentive is applicable to investments made and equipment purchased for five years effective from September 2007. The incentive may be offset against 70.0% of the total statutory income for each year of assessment. The incentive requires Malaysian Communications & Multimedia Commission's (MCMC) certification and Ministry of Finance's (MoF) approval. In addition, the Government also approved investment allowance of 60.0% on capital expenditure incurred for high speed broadband infrastructure within a five-year period commencing 16 September 2008. This incentive may be offset against 70.0% of the total statutory income for each year of assessment.



This chart presents TM's subsidiaries*, associates, business support and corporate functions



Legend:

● Line of Business

● Support Business and Corporate Functions

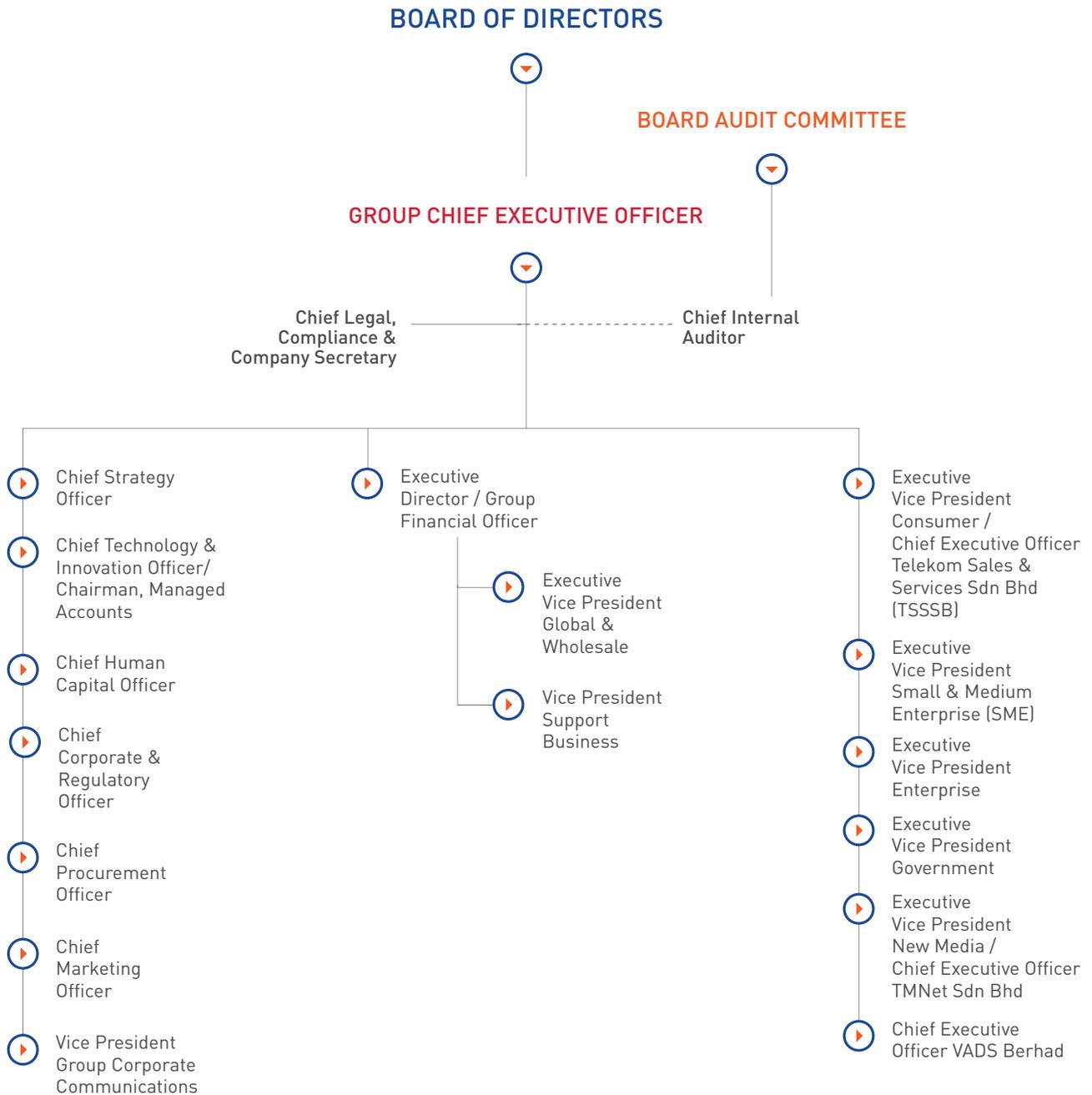
● TM Subsidiary

* List of TM Group of Companies is shown on pages 377 to 381 of TM's 2012 Annual Report

Business Support



GROUP ORGANISATION STRUCTURE





AWARDS & RECOGNITION 2012

12 JANUARY

The BrandLaureate Top Ten Masters Awards

- The Most Preferred Brand in ICT – Broadband

11 FEBRUARY

NEF-Awani ICT Awards 2011

- Favourite Telecommunications Company in People's Choice Category

29 MARCH

PC.Com 12th Readers Choice Awards 2011

- Best Wired Broadband for UniFi

12 APRIL

Frost & Sullivan Malaysia Excellence Awards, Kuala Lumpur

- Service Provider of the Year
- Broadband Service Provider of the Year
- Data Communications Service Provider of the Year
- Managed Service Provider of the Year

19 APRIL

15th Annual Telecom Award, Bangkok

- Best Broadband Carrier

24 APRIL

Putra Brand Awards

- Silver for Communications Network Category

8 MAY

Penyedia Perkhidmatan Internet, Kuala Lumpur

- Best Brand in ICT

7 JUNE

Frost & Sullivan Asia Pacific ICT Award, Singapore

- Fixed Broadband Service Provider of the Year

14 JUNE

Urbanscapes-MARKies Award

- Best Idea – Consumer Events/ Experiential
TM EveryoneConnects

18 JUNE

QS Asian University Rankings

- Multimedia University (MMU) the highest ranked private university in Malaysia

19 JUNE

Asia Communications Award, Singapore

- Giorgio Migliarina: Chief Technology Officer of the Year

30 JUNE

World HRD Congress and World Education Congress, Mumbai, India

- For TM Training Centre (TMTC):
 - Best Learning Programme (Best Behavioural Change)
 - Best Practices (Best e-Learning Implementation on a Budget)

11 JULY

Malaysian Software Testing Board Q-Merit Award

- TM R&D





13 JULY

Contact Centre World Top Ranking Performers Award – APAC Region, Singapore

- 5 Gold, 1 Silver and 4 Individual Awards for VADS Berhad

19 JULY

3rd CMO ASIA Awards for Excellence in Branding & Marketing

- Asia's Best Brand Award

8 AUGUST

Global Services 100 Provider

- Winner of the Global BPO Challengers Category – VADS (BPO)

31 AUGUST

Contact Centre Association of Singapore Awards

- Bronze for Best Outsourced Contact Centre (VADS)

6 SEPTEMBER

Alpha Southeast Asia's Institutional Investor Corporate Awards for Malaysia

- Best Annual Report
- Top three for:
 - Most Consistent Dividend Policy
 - Best Strategic CSR

17-19 SEPTEMBER

Asia Geospatial Forum, Hanoi, Vietnam

- Asia Geospatial Excellence Award for MERS 999

24 SEPTEMBER

Computerworld Reader's Choice Awards

- Managed Connectivity Category

25 SEPTEMBER

11th Computerworld Malaysia Readers Choice Awards

- Gold Award (VADS)

11 OCTOBER

Malaysia HR Awards

- Employer of Choice Gold Award

14 OCTOBER

Customer Relationship Management and Contact Centre Association of Malaysia (CCAM) Awards

- 16 Awards for VADS
- VADS the Best of the Best BPO Outsourcer of the Year

24 OCTOBER

Ministry of International Trade & Industry - Industry Excellence Award

- Multimedia University (MMU)

30 OCTOBER

Anugerah Cemerlang Keselamatan dan Kesihatan Kebangsaan

- Won by TM Pahang

1 NOVEMBER

National Annual Corporate Report Awards (NACRA)

- Silver Award – Overall Excellence for Best Annual Report
- Industry Excellence Award for Main Board Companies under the Trade & Service Category

2 NOVEMBER

Contact Centre World Awards

- 2 Gold, 2 Silver and 2 Bronze Medals (VADS)

3 DECEMBER

National Center for Sustainability Reporting (NCSR), Jakarta

- Best Sustainability Award for Malaysia

13 DECEMBER

SMI Association of Malaysia SME Recognition Award

- The Sahabat Negara SME Award





CORPORATE GOVERNANCE

The Board of Directors of Telekom Malaysia Berhad (TM) recognises the importance of corporate governance which adds to the intrinsic value of an organisation. An effective corporate governance structure lies at the core of the Company's pursuit to realise its vision of becoming Malaysia's leading new generation communications provider. This structure focuses on creating and enhancing shareholder value by striking a balance between short-term financial performance and long-term sustainability through sound governance that upholds corporate ethics, risk management and effective internal controls.

BOARD OF DIRECTORS

TM continues to be led and controlled by an active, engaged and experienced Board consisting of local and foreign Directors with a wide range of business, financial, technical, regulatory, private and public service backgrounds and experience in the telecommunications industry, locally and abroad.



92.0%

Local Directors,
one foreign

12

Directors in TM's Board,
excluding two alternate
directors

6

Board Committees



BOARD COMPOSITION AND BALANCE

There are 12 Directors currently on the Board of TM, which has reached its maximum size as provided under its Articles of Association. The Board consists of a Non-Independent Non-Executive (NINE) Chairman, two Executive Directors designated as the Managing Director/Group Chief Executive Officer (MD/GCEO) and the Executive Director/Group Chief Financial Officer (ED/GCFO), two NINE Directors (NINEDs) and seven Independent Non-Executive Directors (INEDs), inclusive of one foreign Director. Having a Non-Independent Chairman, the seven Independent Directors form a majority on the Board of Directors. TM also has two Alternate Directors designated as NINE Alternate Directors on its Board.

The current Board composition complies with paragraph 15.02 of the Main Market Listing Requirements (Main LR) as more than half the members are Independent Directors, and also fulfilled the criteria of independence as defined under paragraph 1.01 of the Main LR. The high proportion of INEDs further provides for effective checks and balances in the functioning of the Board.

The seven INEDs, by virtue of their roles and responsibilities, represent minority shareholders' interests. They are independent of the Management and free from any undue influence with the exercise of their independent judgement. They play a significant role in bringing impartiality and scrutiny to Board deliberations and decision-making, and also serve to stimulate and challenge the Management in an objective manner. This is particularly so as the INEDs chair TM's main Board Committees, namely the Board Audit Committee (BAC), Board Tender Committee (BTC) and Board Investment Committee (BIC).

The Company maintains a formal and transparent procedure for the appointment of new Directors. Appointment to the Board is made either by the Minister of Finance Incorporated (MoF Inc), being the special shareholder pursuant to Article 109 of the Company's Articles of Association (AA) or by the Board of Directors pursuant to Article 98 (1) of the AA.

NINE Chairman

Dato' Sri Dr Halim Shafie

EDs

MD/GCEO: Dato' Sri Zamzamzairani Mohd Isa
ED/GCFO: Datuk Bazlan Osman

NINEDs

Dato' Fauziah Yaacob
Tunku Dato' Mahmood Fawzy Tunku Muhiyiddin

INEDS

Dato' Danapalan T.P. Vinggrasalam
Quah Poh Keat
Datuk Zalekha Hassan
Dato' Ir Abdul Rahim Abu Bakar
Datuk Nur Jazlan Tan Sri Mohamed
Ibrahim Marsidi
David Benello

NINE Alternate Directors

Eshah Meor Suleiman
Nik Rizal Kamil Tan Sri Nik Ibrahim Kamil



BOARD DIVERSITY

In respect of gender diversity, the Board acknowledges the need to enhance Board diversity as it is critical to the efficient functioning of the Board and indicates good governance practices. The Board shall endeavour to attain diversification in terms of experience, skills, competencies, race, gender, culture and nationality to enable the company to maximise its business and governance performance. Currently, there are three women Directors on the Board of TM, namely a NINED, an INED and a NINE Alternate Director.

BOARD TRAINING AND KNOWLEDGE ACQUISITION

All Directors including Alternate Directors, have successfully completed the Mandatory Accreditation Programme (MAP) as prescribed by Bursa Securities, save for a newly appointed Director whose MAP is due in July 2013. Directors are required to complete the MAP within four months of their appointment. Induction briefings, which include information on the corporate profile and activities of the Group, as well as business targets and Group performance, were organised for newly appointed Directors. Apart from the MAP, the Directors attended other relevant training programmes and seminars organised by the relevant regulatory authorities and professional bodies.

The Board of Directors continued to evaluate the training needs of its Directors via the Board Training Programme (BTP) which aids the Directors in discharging their duties.

BOARD CHARTER

The Board has adopted a Board Charter (Charter) for the Company which embodies the pre-existing Board governance, previously in the form of separate terms of references for the Board and its committees. It has also captured and formalised governance practices, Board policies and guidelines subsisting throughout the Company onto one formal document that would assist in providing clear guidance to all stakeholders.

Like its predecessor, the Charter continues to provide references for Directors in relation to the Board's role, powers, duties and functions. Apart from reflecting current best practices and applicable rules and regulations, the Charter also outlines processes and procedures for the Board and its committees in discharging its stewardship effectively and efficiently.

The Board has also opted to retain recommendations and guidelines on corporate governance established from the earlier codes on corporate governances that complement the more recent rules and requirements, to serve as a perpetual guide on good corporate governance.

The Charter will be reviewed annually as part of the existing Board Performance Improvement Programme (BPIP) to ensure consistency with the Board's objectives and responsibilities, and adherence to the relevant rules and regulations as well as international standards of corporate governance.

ROLES AND RESPONSIBILITIES OF THE BOARD

The Board continued to observe its duties and responsibilities during the year, guided by the following six core responsibilities in discharging its duties:

- Review and approve a strategic business plan for the Group
- Oversee and evaluate the Company's business conduct
- Identify and manage principal risks
- Monitor succession planning
- Develop and implement an investor relations programme
- Review the adequacy and integrity of the Company's internal control systems

Apart from these core responsibilities, the Board also takes full independent responsibility and accountability for the smooth functioning of core processes involving Board governance, business value and ethical oversight. To facilitate the effective discharge of these responsibilities, dedicated Board Committees have been established with clear terms of reference, comprising Directors who have committed their time and effort as members.

BOARD COMMITTEES

The Board has established six Board Committees to assist in discharging its duties. Delegation of responsibilities of the Board to its committees is made in accordance with Article 118 of the Company's AA. 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 full versions of the terms of references of the Board Committees are available in the Company's official website.





The Board Committees in TM are as follows:

- Nomination and Remuneration Committee
- Audit Committee
- Risk Committee
- Tender Committee
- Investment Committee
- Dispute Resolution Committee

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

SEPARATION OF POWER BETWEEN THE BOARD AND MANAGEMENT

The Charter delineates the functions of the Board and the Management while maintaining a symbiotic relationship between the two groups, enabling the effective execution of their respective duties and responsibilities.

The Board's principal focus is the overall strategic direction, development and control of the Group in an effective and responsible manner. The role of Management, on the other hand, is to run the general business operations and activities and manage the Group's financial matters in accordance with established delegated authority from the Board.

TM has a clear policy for identifying and separating the functions of the Board and Management, and the Chairman and Executive Directors in ensuring the smooth running of the Company's business and operations.

The roles of the NINE Chairman Dato' Sri Dr Halim Shafie, and the MD/GCEO Dato' Sri Zamzamzairani Mohd Isa, are kept separate with a clear division of responsibilities, in line with best practices and to ensure appropriate supervision of the Management. Such separation ensures a balance of power and authority in the Board. Moreover, Dato' Sri Dr Halim Shafie is neither

previously a CEO nor a member of the Company's Management.

The Chairman is responsible for the effectiveness of the relationship between the Non-Executive and Executive Directors. With vast experience gained during his employment in the government sector and his three-and-a-half-year tenure as TM's Chairman, Dato' Sri Dr Halim Shafie is well equipped to interact with global industry leaders, build relationships with stakeholders and participate actively in various institutions.

The Executive Directors, GCEO and GCFO have their own respective functions that they are responsible for in assuring the smooth running of the Company. Their primary areas of responsibilities are captured and evaluated through their respective KPIs which are tabled and approved by the Board early in the year.

The GCEO is responsible for the implementation of broad policies approved by the Board and is obliged to report and discuss at Board Meetings all material matters currently or potentially affecting the Group and its performance, including strategic projects and regulatory developments.

The GCFO is responsible for the financial information of the Group, developing initiatives and strategies to improve the Group's overall performance, implementing business and economic strategies, monitoring treasury aspects, and forecasting and analysing the Group's long-term financial situation. He also serves as the front person for the Group in interactions with the market, and oversees the Global Wholesale and Support Business.

FOSTERING COMMITMENT OF THE BOARD

In addition to seven scheduled meetings during the year to deliberate and decide on core issues and quarterly financial results based on predetermined agendas, two special meetings were held where immediate or strategic decisions needed to be made. A strategic GCEO-TM Board dialogue was also held in June 2012 to deliberate on TM's performance against its aspirations and discuss new growth themes beyond 2015. A Board retreat was held in the fourth quarter to develop

the Group's strategic business plan and financial targets. Besides the Board meetings, an urgent decision was approved via one Directors' circular resolution during the year.

All Directors have complied with the minimum attendance of at least 50% of Board meetings held in the financial period pursuant to the Main LR.

BOARD EFFECTIVENESS EVALUATION

In 2004, TM adopted the Board Effectiveness Evaluation (BEE) which comprises a Board Evaluation, a Committee Evaluation and a Board of Directors' Self/Peer Assessment. The BEE is designed to improve the Board's effectiveness as well as draw the Board's attention to key areas that need to be addressed in order to maintain cohesion of the Board despite its diversity.

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

The BEE involves the completion of questionnaires on the effectiveness of the Board of Directors as a whole, as well as that of the Board Committees. The Committees' structure and processes as well as accountability and responsibilities are evaluated in assessing their effectiveness. Questionnaires are also completed by the Directors on Self and Peer Assessments.

In line with the Malaysian Code on Corporate Governance 2012 (MCCG 2012), the BEE was enhanced in 2012 to obtain Directors' feedback on Board composition and ways to foster commitment to address issues on the tenure of Independent Directors and Directors' time, commitment to carry out their responsibilities and training. Notification to the Chairman on time commitment prior to the appointment of Directors was also added.



DIRECTORS' REMUNERATION

The Board ensures that the Group's remuneration policy remains competitive to attract and retain Directors of such calibre who are able to provide the necessary skills and experience commensurate with their responsibilities for the effective management of TM Group. The policy and framework for the overall remuneration of the Executive and Non-Executive Directors (NEDs) are reviewed against market practices by the NRC, following which recommendations are submitted to the Board for approval.

The Board in March 2012 further approved a new Long-Term Incentive Plan 2013 for Executive Directors and Top Management under the TM Rewards Transformation initiative with the main objective of aligning the interest of the Top Management with the shareholders, driving a high-performance culture and as a retention tool towards the creation of shareholder wealth.

PRINCIPLES AND CODES OF CONDUCT APPLIED

Throughout the years, the Board has made a concerted effort to ensure that TM's corporate governance framework, internal processes, guidelines and systems remain robust and relevant by abiding with applicable regulatory requirements and implementing appropriate risk management and internal controls.

In managing risks, TM Group has in place an Enterprise Risk Management (ERM) framework and processes for identifying, evaluating and mitigating significant risks faced by the Group based on MS ISO31000 standards. In addition to ERM, a programme on Business Continuity Management (BCM) was also strengthened to reduce the impact of major operational disruptions and disasters by returning the organisation to its 'business as usual' state following any crisis or disaster, thus increasing business resilience. The Board also acknowledges that the system of internal control is designed to manage, rather than eliminate, risks that hinder the Group from achieving its goals and objectives. The system and framework of internal

control are based on the Committee of the Sponsoring Organisations of the Treadway Commission (COSO) Internal Control Integrated Framework, a generally accepted framework for internal control.

TM's corporate governance model has been built and enhanced based on the following requirements and guidelines:

- MCCG 2012
- Main LR of Bursa Malaysia Securities Berhad (Bursa Securities)
- Corporate Governance Guide: Towards Boardroom Excellence (CG Guide) by Bursa Securities
- Corporate Disclosure Guide by Bursa Securities
- Green Book on Enhancing Board Effectiveness by the Putrajaya Committee on GLC High Performance (PCG)
- International best practices and standards on corporate governance

TM also benchmarks itself against the Minority Shareholder Watchdog Group's Corporate Governance Scorecard. As testimony to TM's continuous efforts in ensuring transparency, accountability and equality in its governance and stakeholder management as well as disclosure, TM was accorded the Silver Award for Overall Excellence in a Corporate Report at the National Annual Corporate Report Awards (NACRA) 2012. TM also retained the Industry Excellence Award for Main Board Companies in the Trading and Services category.

Corporate Integrity: Integrity Pledge and Integrity Pact

TM signed the Integrity Pledge on 27 April 2011, making a unilateral declaration that it will not commit any act of corruption; will work towards creating a business environment that is free from corruption; and will uphold the Anti-Corruption Principles for Corporations in Malaysia in the conduct of its business and in its interactions with business partners and the Government. It also launched an 'Integrity Pact' on 20 January 2012 to enhance transparency in its procurement approach while reducing or completely eradicating corrupt practices.

Whistle-blowing Policy

The Whistle-blower Policy allows employees of TM Group to report concerns on alleged unethical behaviour, actual or suspected fraud within the Group, using TM's Ethics Line telephone or fax number or the Ethics Website. An independent committee has been established to provide a safe and confidential channel to employees who report any misconduct.

The identity of the whistle-blower will be kept confidential and known only to a few authorised persons. The Board and Management provide their assurance that employees will not be at risk of any form of victimisation, retribution or retaliation from their superiors or any member of the Management provided they act in good faith in their reporting.

CONFLICT OF INTEREST AND RELATED PARTY TRANSACTIONS (RPT)

The Directors are aware that they are accountable to investigate any potential or actual conflict of interest in relation to any matter which comes before the Board. Accordingly, all Directors are required to make written declarations on whether they have any interest in transactions tabled at regular Board meetings. A paper is tabled at each Board meeting to remind the Directors of their statutory duties and responsibilities and to provide updates on any changes thereon.

The Directors further acknowledge that by declaring their interest in any transaction with the Company and Group, they are to abstain from deliberation and voting on the relevant resolutions at the Board or any general meeting convened to consider the matter. If a corporate proposal has to be approved by shareholders, Directors with any interest in the proposal will abstain from voting on the resolution, and will further undertake to ensure that persons connected to them will similarly abstain from voting on the resolution.

**Full disclosure of our Corporate Governance Statement can be found in our 2012 Annual Report (page 90-111).*



SUSTAINABILITY & CORPORATE RESPONSIBILITY STRATEGY AND IMPACT ANALYSIS

SUMMARY OF KEY SUSTAINABILITY & CORPORATE RESPONSIBILITY PERFORMANCE INDICATORS FOR 2012

Marketplace

>72

TRI*M Index score, well above the global telco average score of 68

Workplace

90.0%

score for Employee Engagement Index (EEI)

Community

17,086

lives touched by our School Adoption Programme

Environment

3,845

participants of TM Earth Camp since 2010

TM's Sustainability & Corporate Responsibility [CR] Strategy focuses on creating and enhancing the positive impact of our sustainability efforts by striking a balance between short-term financial performance and long-term sustainability through sound governance that upholds corporate ethics, risk management and effective internal controls; assessing the significance of economic, social and environment aspects to our stakeholders and to the organisation and determining the

materiality and best business practices in addressing the issues and concerns with regards to sustainability and CR. Stemmed from the four dimensions of Marketplace, Workplace, Community & Environment, TM's Sustainability & CR Strategy serves as a guide in examining and mapping our initiatives and approaches to reflect the underlying values in our organisational system in facing the risks and challenges posed by the rapid developments and changes in our environment, be it financial, social or physical.

By refining our focus on Education, Community & Nation Building and Environment in most of our flagship efforts, we strive to not only uplift our level of customer service excellence and operational efficiency to deliver an enriched customer experience for the lifestyle of the new generation and innovative solutions for our business customers, but also to create value to our shareholders and stakeholders through our sustainability & CR commitments.



TM'S TOUCHPOINTS – IDENTIFICATION OF STAKEHOLDERS AND METHODS OF ENGAGEMENT

At TM, stakeholders are identified as groups that impact and/or are impacted by our operations.



TM's stakeholders: Those who matter most to us

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 and concerns on any matter related to our services and operations. We highly value two-way communication as we seek to understand our stakeholders' expectations and manage them more effectively to achieve sustainable long-term relationships.



The table below summarises TM's stakeholder engagement methods by type of stakeholder and frequency of engagement.

Stakeholder Group	Engagement Methods	Frequency of Engagement
Customers <ul style="list-style-type: none"> • current • potential 	<ul style="list-style-type: none"> • Customer feedback management • Customer support centre at 100 and other channels • Customer touchpoints – call centres, TMpoint outlets, installers, online (websites, social media) • Market research • Events, dialogue sessions, roadshows and engagement sessions 	Daily Daily Daily Regular Ad-hoc
Government & Authorities	<ul style="list-style-type: none"> • Formal meetings • Performance reports • Discussion on Government initiatives 	Ad-hoc Regular Ad-hoc
Shareholders & Investors	<ul style="list-style-type: none"> • Investor Relations events • Annual and Sustainability Reports • Annual General Meetings • Extraordinary General Meetings • Shareholder updates • Quarterly reports on financial and operational performance 	Ad-hoc Annually Annually Ad-hoc Regular Quarterly
Business Partners	<ul style="list-style-type: none"> • Progress reports • Annual and Sustainability Reports • Corporate presentations • Signing ceremonies for agreements and Memorandum of Understanding (MoU) 	Regular Annually Ad-hoc Ad-hoc
Community	<ul style="list-style-type: none"> • Website and service catalogues • Annual and Sustainability Reports • Visits, seminars and joint activities • Community engagement activities 	Daily Annually Ad-hoc Regular
Employees	<ul style="list-style-type: none"> • Employee Satisfaction Surveys and performance assessments • Dialogues and engagement sessions • Intranet, departmental meetings, newsletters • Employee engagement programmes • TM Clubs and non-profit organisations: Kelab TM, BAKIT, TIARANITA 	Annually Regular Regular Regular Regular
Suppliers	<ul style="list-style-type: none"> • Transparency Survey • Suppliers training programmes and engagement activities • Supplier relationship management 	Annually Regular Regular
Trade Unions & Professional Bodies	<ul style="list-style-type: none"> • Dialogues and engagement activities • Joint activities • Consultations and negotiations 	Regular Regular Ad-hoc
Analysts	<ul style="list-style-type: none"> • Analyst briefings • Site visits • Seminars, Question & Answer (Q&A) sessions • Performance reports 	Regular Regular Regular Quarterly
Non-Governmental Organisations (NGOs), Consumer Groups & Active Organisations	<ul style="list-style-type: none"> • Dialogue and engagement sessions • Collaborations • Sponsorships 	Regular Regular Ad-hoc
Media	<ul style="list-style-type: none"> • Press releases • Press conferences, Q&A sessions • Media coverage • Media luncheons and engagement sessions 	Regular Regular Regular Regular
Social Media	<ul style="list-style-type: none"> • Engagement sessions and briefings • Corporate Twitter accounts • Other online channels 	Regular Daily Daily
Public at Large	<ul style="list-style-type: none"> • TM Website • TM Contact Centres & Touchpoints • Annual and Sustainability Reports • Campaigns and roadshows 	Daily Daily Annually Regular



ADDRESSING MATERIAL ISSUES

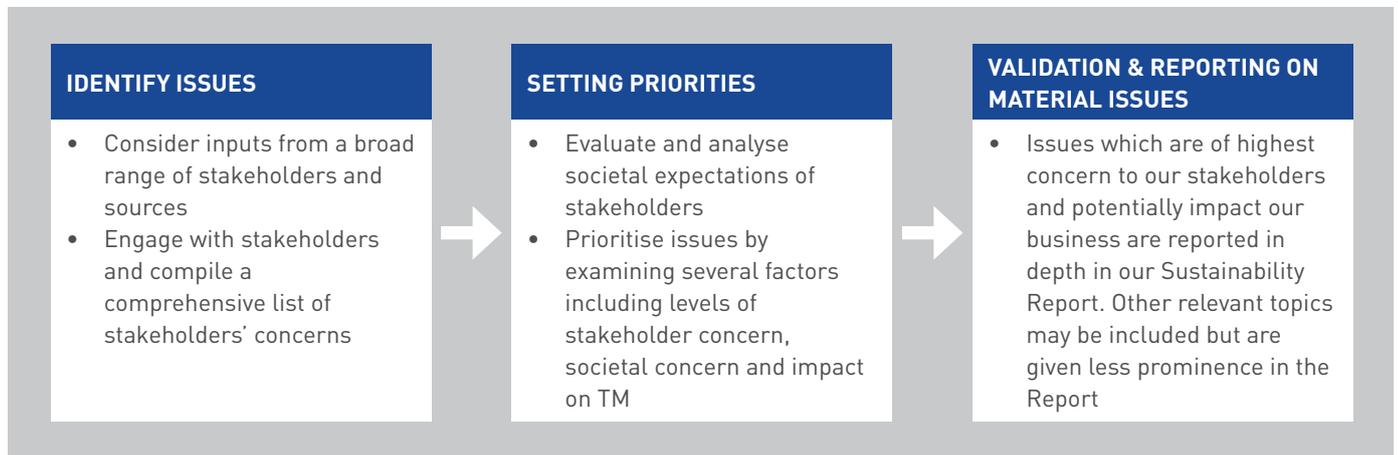
Various issues have been highlighted by our stakeholders during engagement sessions held in 2012. We listen to and consider every issue highlighted to us. In addressing these issues, we conducted a materiality analysis as part of the development of this report and in conjunction with our on-going sustainability strategic planning efforts. Materiality analysis allows us to determine issues that are of the highest concern to our stakeholders and those that could significantly affect our Company's ability to execute our business strategy, especially in our efforts to create and preserve stakeholder value instead of eroding it. Our materiality analysis highlights opportunities and risks to help us refine our overall strategic reporting approach

and improve our performance, especially in areas which are beyond traditional measures of financial materiality.

We follow the definition of materiality as set forth by the Global Reporting Initiative (GRI). As suggested in the GRI Guidelines, these are "topics and indicators that reflect the organisation's significant economic, environmental and social impacts, or that would substantively influence the assessments and decisions of stakeholders". We also follow the process of **Identification, Prioritisation** and **Validation** to further strengthen the GRI-based reporting base we are adopting. We strive to address topics that reflect our significant economic, environmental and social impacts or that would

influence the assessments and decisions of our stakeholders.

In prioritising issues and determining their level of materiality, we consider certain criteria including overall business objectives and strategy, policies, risks, and current processes and programmes. We also consider the level of control we have over an issue to determine the feasibility of executing a sustainability plan. The analysis will go a long way towards fulfilling the purpose of assurance and reassures stakeholders that the Company is addressing their concerns. The diagram below summarises the process involved in prioritising and reporting our focus areas.





The resulting materiality matrix combines stakeholder rankings and the Company's perceptions to determine the relative reporting priority of our CR and sustainability issues. The issues below have been identified, reviewed and approved by Senior Management as part of the Company's on-going commitment to sustainability.

Topic	Issues Highlights	Recommendations from stakeholders	TM's Approach	Sustainability Impact/ CR Dimension
Awareness of TM's Products and Services	TMpoint-On-Wheels (TMOW) is a mobile unit aggressively promoting sales of TM products and services via a direct marketing approach, particularly in areas outside the radius of TMpoint outlets.	In order to increase sales activity and promote TM products and services to a wider market, it was recommended to increase the number of mobile units.	<p>After some analysis and forecasts, the Management decided to add 12 mini TMOW units by end February 2013. More areas will be covered resulting in increased sales.</p> <p>The approach will be similar to current TMOWs, but with smaller-sized vehicles (Toyota Hiace).</p>	<ul style="list-style-type: none"> • Economic • Social • Environment <hr/> <ul style="list-style-type: none"> • Marketplace
Direct Engagement with Consumers	TM needs to go the extra mile in diversifying the way it engages with its customers in order to reach out to more customers and subsequently enhance their experience.	Programmes allowing face-to-face interaction with customers should be conducted to help TM understand customers' expectations on TM's products and service.	<p><i>Salam Mesra TM</i> was introduced in which TM employees volunteer to help TM reach out to existing customers by door-to-door visits.</p> <p>Activities conducted during the programme included:</p> <ul style="list-style-type: none"> • Obtaining and recording customer feedback and complaints • Updating customer contact details • Accelerating customer applications • Autopay subscriptions <p>In 2012, approximately 50,000 premises were visited and about 20,000 customers attended to.</p>	<ul style="list-style-type: none"> • Social • Economic <hr/> <ul style="list-style-type: none"> • Marketplace • Workplace
Customer Experience	<p>Three improvement areas must be addressed by TM Resellers:</p> <ul style="list-style-type: none"> • Resellers must provide adequate assistance during registration of TM's products and services. • Resellers must clearly communicate the terms and conditions. • Resellers should be contactable after normal office hours and weekends. 	A structured training programme is required to monitor resellers' products and system information. It is important that representatives are trained to represent TM properly to customers.	Various training programmes were conducted including SMILE and reseller training. Compliance management guidelines were also distributed to all resellers.	<ul style="list-style-type: none"> • Social • Economic <hr/> <ul style="list-style-type: none"> • Marketplace



Topic	Issues Highlights	Recommendations from stakeholders	TM's Approach	Sustainability Impact/ CR Dimension
Performance Management	Performance management should be conducted fairly and formally.	<ul style="list-style-type: none"> • TM employees accept the consequences from Management for non-performance. • Supervisors must apply fair performance management. • Employees require more clarity on key business drivers and how they can contribute to them. 	<ul style="list-style-type: none"> • Leaders will formalise performance management and act on non-performance. • Top Management will ensure clear communication and relay how employees' contributions impact business drivers. 	<ul style="list-style-type: none"> • Social • Economic <hr/> <ul style="list-style-type: none"> • Workplace
Employees Assistance at the Workplace	More assistance is required to guide employees with work and non-work related problems.	Employees strongly recommend regular face-to-face onsite counselling and tele-counselling to re-motivate and increase staff productivity.	<p>Management approved and fully supports the extension of the Employees Assistance Programme (EAP) services throughout Peninsular Malaysia.</p> <p>Since 2011, TM's independent counselling service is available via telephone, SMS and email. Face-to-face counselling is available upon request. The appointed professional consultants are registered with the Board of Counsellors Malaysia (LKM) under the Ministry of Women, Family and Community Development.</p>	<ul style="list-style-type: none"> • Social • Economic <hr/> <ul style="list-style-type: none"> • Workplace
Inclusivity at the Workplace	Employees want to be part of organisational improvement initiatives.	<ul style="list-style-type: none"> • Active Management involvement in the initiative especially in encouraging staff participation. • To leverage on technology for the easy submission of ideas. 	Management encourages employees to contribute constructive ideas which will improve the organisation mainly through 1intra, an interactive intranet portal for TM employees to engage and share ideas and content.	<ul style="list-style-type: none"> • Social • Economic <hr/> <ul style="list-style-type: none"> • Workplace
Resource Wastage on Emergency Line	Increasing number of prank and silent calls cause unnecessary wastage of MERS999 resources which affect service levels.	<ul style="list-style-type: none"> • TM, Malaysian Communications and Multimedia Commission (MCMC) and Ministry of Information, Communications and Culture (KPKK) to formulate action plans to reduce the silent calls. • More public awareness programmes on the objective of such programmes need to be implemented. 	<ul style="list-style-type: none"> • TM submits the list of prank and silent calls to MCMC every month. • TM is working on a series of public awareness programmes to be implemented to address this issue. 	<ul style="list-style-type: none"> • Economic • Social <hr/> <ul style="list-style-type: none"> • Community • Marketplace



In addition to the issues and priorities listed earlier, other highlights were also presented, which garnered encouraging and supportive response. This forms part of our continuous and proactive steps to include our stakeholders in formulating our sustainability initiatives and efforts. Key initiatives taken at each focus area are as summarised below:

Key Initiatives	Sustainability Impact/ CR Dimension
<ul style="list-style-type: none"> • Best Corporate Governance Practices • Development and enforcement of policies and guidelines to govern business conduct • Embedded Enterprise Risk Management (ERM) Framework into operations • Obtained feedback from special focus groups and customer advisory panels • Conducted customer satisfaction survey and addressed online feedback • Established Rapid Response Team (RRT) as part of Customer Service Management (CSM) • Established @TMConnects – Twitter account to complement existing customer service channels • Customer education and awareness programmes • Vendor training sessions and standard procurement process • Active stakeholder engagement programmes • Transformation of TMpoint outlets • Education and training for TM ambassadors 	<ul style="list-style-type: none"> • Economic • Social <hr/> <ul style="list-style-type: none"> • Marketplace
<ul style="list-style-type: none"> • Transparent performance measurement system • Employee satisfaction monitoring • Health benefits and assistance for the disabled • Occupational, Safety, Health and Environment (OSHE) management • Development and training opportunities • Employee Assistance Programme (EAP) • Work-life balance (flexi-hour, teleworking) • Talent Engagement and Fast Track Programmes • Mentor-mentee coaching programmes • Women empowerment 	<ul style="list-style-type: none"> • Economic • Social • Environment <hr/> <ul style="list-style-type: none"> • Workplace
<ul style="list-style-type: none"> • Multimedia University (MMU) • Multimedia College (MMC) • TM-MMU Graduate Employability Outreach Programme (GEOP) • Yayasan TM Scholarships • School Adoption Programmes: <i>PINTAR</i>, <i>Projek Sekolah Angkat Bersama KPKK & TM</i> • <i>Program Sejahtera</i> • Contributions to disaster relief and the underprivileged • <i>Kampung Tanpa Wayar</i>, Community Broadband Centres (CBC)/<i>Pusat Internet 1Malaysia (PI1M)</i>, Community Broadband Libraries (CBL) • Cable Theft Prevention Awareness Programme nationwide • Ad-hoc donations and contributions to charitable organisations 	<ul style="list-style-type: none"> • Economic • Social • Environment <hr/> <ul style="list-style-type: none"> • Community
<ul style="list-style-type: none"> • TM Environmental Manual • Active recycling programme • Optimisation of power usage • Energy savings at exchanges and stations • TM Environmental Management System (EMS) • Carbon Management Plan (CMP) • Water management • Energy saving and conservation • Conformance to OSHE Policy • Environmental conservation and minimising impact: water, energy, waste, emissions, noise and other areas • Green landscaping at TM offices • <i>BumiKu</i> Campaign • <i>Kelab Pencinta Alam TM (KPA TM)</i> • <i>Kelab Pencinta Alam Multimedia College (KPA MMC)</i> • Partnership with Malaysian Nature Society (MNS) for TM Earth Camp 	<ul style="list-style-type: none"> • Environment • Economic • Social <hr/> <ul style="list-style-type: none"> • Environment • Workplace • Community • Marketplace

These key initiatives and related activities will be described in further detail in their respective sections following this chapter, along with performance reviews of the sustainability measures.



TMI

OUR
MARKETPLACE



Facts at a Glance

>72

TRI*M index score for 2012, well above the global telco average score of 68

9,595

followers of @TMCorp, one of TM's official Twitter accounts

8.10

TM Procurement Maturity Index score for 2012, outperforming the target of 7.35

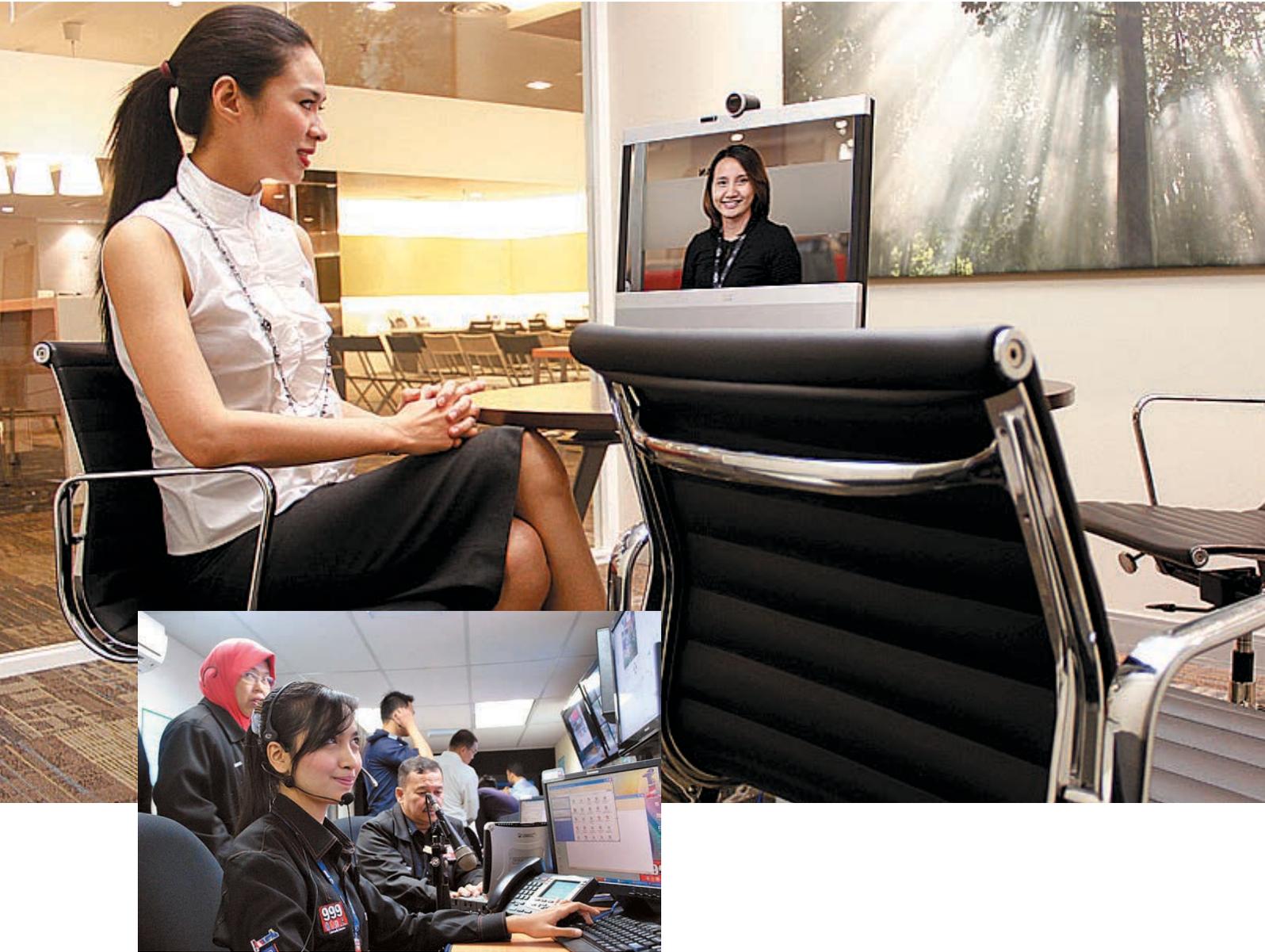


TM recognises that marketplace excellence requires outstanding customer and supplier management. Over the years, we have specialised in various fields including network equipment, broadband and wireless communications. We strive to maintain our position of prominence in the industry by providing quality delivery with a high level of professionalism and integrity.

EXCEPTIONAL CUSTOMER EXPERIENCE: TMPPOINT TRANSFORMATION

Customers' recognition of a brand depends not only on product and service innovation but also on the uniqueness and quality of the customer experience. TMpoint Enhancement Programme is a transformation initiative to improve the customer experience at TMpoint outlets nationwide. To drive this, over 380 new employees were recruited as meeter greeters, kiosk angels, receptionists and 'Front liners Go-To-Customer'. Each is given the responsibility of ensuring walk-in customers are assisted immediately and effectively. The percentage of customers being served within 15 minutes increased from 88.6% in 2011 to 92.7% as of December 2012.

In addition, 383 parking bays at TMpoint outlets nationwide are reserved for driving customers who are spared the burden of finding parking especially at TMpoint outlets with high traffic. In our effort to increase customer convenience, 125 payment kiosks were installed at TMpoint outlets nationwide. These kiosks give customers a fast and efficient way to pay their bills without being subjected to long queues. 33 TMpoint outlets were equipped with UniFi experience and 44 TMpoint outlets were provided with built-in surfing and self-service corners.





CUSTOMER RELATIONSHIP MANAGEMENT

All businesses place emphasis on long-term relationships with customers to establish stability in today's competitive marketplace. We use Customer Relationship Management (CRM) Analytics as a strategy to solidify our customer relations while reducing our costs, enhancing productivity and improving business profitability. CRM Analytics arms us with valuable knowledge about our customers which allows us to customise our interactions with them.

Throughout 2012, we launched various CRM Analytics-driven marketing strategies to increase the conversion rates of up-sell and cross-sell campaigns, reduce churn and expedite revenue realisation by offering TM products and services to the right customers at the right time. This was done through direct marketing and tailored communication via SMS, direct mailers (DM) and electronic DM. We obtained a better response from our marketing campaigns, which allowed us to reduce our promotions and gain a clearer picture of our investments.



'UniFi Experience' is one of the upgraded features at TMpoint outlets, specifically designed to give customers a glimpse of the high speed broadband experience.



In addition, CRM Analytics supports our efforts to reward our loyal customers. Throughout 2012, we engaged our customers in a number of loyalty programmes under the shade of TM Rewards, which entered its second year and continued to attract more customers. As of end 2012, it had approximately 1.2 million members and the number keeps increasing.

We continued to enhance our customer experience through various initiatives across all customer touch points. Transformation programmes were implemented to elevate overall service excellence, professional customer engagement and first contact resolution.

A Customer Centricity Steering Committee was established to build a platform to further improve customer experience. Key levers within the contact centres which improved the customer experience are as follows:

- **First Contact Resolution (FCR)**
In 2012, we initiated and adopted customer-oriented KPIs to improve the customer experience at our contact centres for Voice, Broadband and UniFi services. FCR is used to

measure the effectiveness of the call centres in resolving customers' issues during the first point of contact.

- **Calls Reduction via Alternative Channels**

We strive to offer quick and hassle-free communication for customers 24/7 via alternative channels that include the TM Portal, SMS, interactive voice response (IVR) and e-mail (help@tm.com.my). With these channels, customers need not queue and can contact TM at their convenience. Various self-service features have been incorporated for Voice, Broadband and UniFi such as fault reporting, account alerts, rebate status and billing errors, product inquiries, product promotions, and checking on service availability as well as order status.

- **Self-Service via SMS**

Our SMS service was designed to cater for a complete value chain encompassing fulfilment, assurance, complaints and billing for Voice, Broadband and UniFi. The service comprises two main components: self-service and auto-notification

service. The self-service function provides alternative channels for customers to interact with TM related to products and services, reporting faults and billing enquiries. The auto-notification function provides customers with information related to applications, faults and billing status.

- **Self-Service via Interactive Voice Response (IVR)**

IVR Self-Service solutions were developed as an alternative customer interaction channel to reach the Voice, Broadband and UniFi Contact Centre. These self-service solutions improve customer experience and shorten queue times for a contact centre agent. The IVR Self-Service automates routine TM 100 Contact Centre live-agent activities, offering services such as auto technical report creation, billing information and checking on the status of applications. IVR Self-Service has reduced inbound calls by an average of 8.0% at the 100 Technical Contact Centre, 22.0% at the 100 Billing Contact Centre and 44.0% at the 100 Product Contact Centre.

- **Strengthening the Complaints Framework**

As we put our customers at the centre of all our daily operations, we realised the need to strengthen our complaints framework. In the middle of 2012, we standardised the complaints definition across all products to ensure our frontliners are able to categorise complaints accordingly. We then conducted complaints root cause analysis, identifying and grouping gaps and strategising actions to be taken to address these. We also reiterated the message that managing the customer's experience is everybody's business - all our employees and partners are responsible for their actions.





CUSTOMER SATISFACTION

Customer satisfaction is measured externally three times a year using TRI*M methodology. Each time, two dipstick studies concentrate on mass products such as Voice, Broadband and UniFi. Major data products were also included such as TM Direct and Internet Protocol Virtual Private Network (IPVPN).

TM achieved a TRI*M index (Customer Satisfaction Index) of more than 72 points for 2012.

TRI*M allows TM to gauge the overall satisfaction and loyalty level of customers. Customers are asked to rate the following four questions on a scale of one to seven:

1. **Overall Performance** – Taking all your experience and knowledge about the current provider, can you please tell me how you would assess the overall performance of TM?
2. **Recommendation** – Given what you know about other providers, would you recommend TM to others?
3. **Repurchase** – Given what you know about other providers, would you continue to purchase from TM?
4. **Benefits and Advantage** – Given what you know about other providers, how would you rate the benefits and advantages of dealing with TM rather than with any other provider?

PROVISION OF INFORMATION

Product and service information is available on TM websites, Annual Reports, TMpoint outlets and in marketing materials associated with each. Customers and the public may also approach TM ambassadors at the Customer Support Centre at 100 and its website www.tm.com.my and other online channels. To date, TM has 105 TMpoint outlets, 125 e-Kiosks, 18 Mobile TMpoint-on-Wheels (TMOW) and 62 TMpoint Authorised Dealerships to meet customers' expectations.

In addition, @TMCorp and @TMConnects Twitter accounts also add to customers, reach through the social media.

ENGAGING WITH OUR CUSTOMERS: SALAM MESRA TM

TM strives to go the extra mile by engaging with our customers in novel ways. One of our recent efforts was *Salam Mesra TM*, internally known as *Gerak Gempur*, a programme in which our employees from non-sales departments reached out to existing customers by going door-to-door to their homes. The programme covered approximately 50,000 residences. During the visits, the designated teams were assigned to cover certain areas and picked up customers' issues and feedback, updated customers' contact details and assisted them in applying for broadband upgrades and subscribing to Autopay. Such engagement not only enhances the customer experience but creates a better bond between TM and our valued customers.



Rain or shine, our Salam Mesra TM team approached our customers on the field with the spirit of 1TM.



CUSTOMER INFORMATION AND PRIVACY

Although the Personal Data Protection Act 2010 (PDPA) has yet to be enforced, TM embarked on compliance activities as early as 2010 to ensure readiness among the Group of Companies.

In our efforts to be PDPA ready, we have amended our service application form as required by PDPA to include the required Privacy Notice; uploaded TM's Privacy Statement at www.tm.com.my; and organised continuous engagement and briefings in order to create awareness among our workforce and stakeholders.

In ensuring integrity in the management of customer information, personal data of customers can be accessed only by the customers themselves or by authorised personnel. Requests for customer information are directed to the following divisions and units in TM:

- Group Corporate Regulatory, the division responsible for responding to any request for information received from regulatory bodies (other than Bursa Malaysia) such as the

Malaysian Communications and Multimedia Commission (MCMC) or Bank Negara

- Compliance Unit of Group Legal, Compliance & Company Secretarial Division (GLCCSD), the unit responsible for responding to any request for information received from Bursa Malaysia
- Special Affairs Unit, the unit responsible for responding to any request for information received from the Malaysian Anti-Corruption Commission (MACC)
- Security Management Unit, the unit responsible for responding to any request for information received from Polis Diraja Malaysia (PDRM) and agencies under the Ministry of Home Affairs
- Legal Strategy & Intellectual Property (LSIP) of GLCCSD, the unit responsible for responding to any other request apart from the above

Personal data of customers is kept confidential to preserve the integrity of TM's reputation.

ENHANCED ENGAGEMENT THROUGH SOCIAL MEDIA

In becoming a truly customer-centric organisation, TM has further strengthened our presence in the social media by adopting international best practices to become a prominent brand online. Our approach has been integrated, meaning we do not focus only on branding and marketing but also on the development of meaningful relationships with our customers.

To achieve this, two key TM Twitter accounts were created:

- **@TMCorp** – The official Twitter account for TM providing the latest updates on all our products and services, as well as providing communications support for all other TM-related social media accounts.
- **@TMConnects** – Serves as the customer service platform for TM voice, UniFi and Streamyx.

The establishment of @TMConnects creates a new channel for our customers to provide us with feedback,

complementing existing TM customer touch points such as the TM Call Centre, TMpoint outlets and e-mail. This new engagement channel also serves as a complaints management tool, in line with our 'Keep Customer Informed' (KCI) initiatives. @TMConnects allows subscribers to provide feedback, ask questions about our products and services as well as submit complaints and concerns that they may have about TM. For our part, we get to engage with our customers in a more personalised, casual and interactive manner.

Response to these initiatives has been tremendous – as of end 2012 we had 9,595 followers for @TMCorp and 4,997 followers for @TMConnects. We have also seen significant improvement in brand sentiment in the social media. In other words, TM is truly becoming a brand that is in tune with the changing needs of the consumer not just in the way we provide our products and services but also in the way we engage with our customers.

EveryoneConnects

EveryoneConnects (EC) is a social platform created by TM in 2009 with a song and a love story. It eventually marked a historical social media event where approximately 9,000 youth thronged Jalan Bukit Bintang in Kuala Lumpur in the largest ever sing-along. Since the event, EC continues to stand out in the local music, gadgets and lifestyle scene, as well as in the social media sphere. EC won an award for the Best Use of Consumer Events/Experiential category at the Urbanscapes.

Continuous engagement with youth through the platform of their choice, social media, is part of our business. Nurturing our future customers today is a must for TM to remain the top-of-mind brand for high speed broadband products and services.

As of end December 2012, the EC Facebook page had received 427,451 likes and @EveryoneConnects Twitter account had 2,791 followers.



E³ INFRASTRUCTURE: DRIVING ICT ADOPTION TO RAPID BUSINESS GROWTH

As the country strives to move up the value chain by attaining high-income status, the full development and deployment of ICT is critical. The Government's appreciation of this led to the ambitious high speed broadband (HSBB) project, of which TM is the primary driver under a Public-Private Partnership (PPP) agreement with the Government with TM investing RM8.9 billion out of the total capital investment of RM11.3 billion. HSBB is essential for the provision of services at the speed required by today's corporations.

In order to enable a fully digitalised environment, TM has been upgrading our network, systems and services. Core to this transformation is migrating our legacy Public Switched Telephone Network (PSTN) network into an all-Internet Protocol (IP) new generation network (NGN) for more efficient internal connectivity. With the IP Multimedia Service (IMS)-based NGN, TM is able to offer a whole suite of services to further serve the needs of our business customers, as well as an enhanced and integrated digital lifestyle to all Malaysians while opening up possibilities through connection, communication and collaboration.

Our services are tailored to meet the specific needs of different industries, from retail to manufacturing, and logistics to IT. The services range from connectivity (e.g. leased line) to managed services (e.g. Virtual Private Network and Metro-E) encompassing IT and value based managed services such as ICT and Business Process Outsourcing (BPO). Demand for ICT/BPO, in particular, has increased significantly over the past few years. TM is able to cater to this demand with our E³ Infrastructure (E³ Infra), which supports the Company in the latest phase of our transformation journey.

E³: Effective, Efficient, Elastic

TM's E³ Infra is smart, agile, flexible and secured. It is efficient by being modular, scalable, cost-effective, secured, IPv6-compliant, standard-based and green. The infrastructure is also elastic as it optimises cloud technologies and is architecturally simple, providing increased visibility of the network and its service performance.

E³ Infra supports TM's ambition to be a one-stop centre in satisfying all the needs of our corporate clients by powering four important levers that contribute to the success of a business: bandwidth, ICT & IP, performance & reliability, and cloud computing.

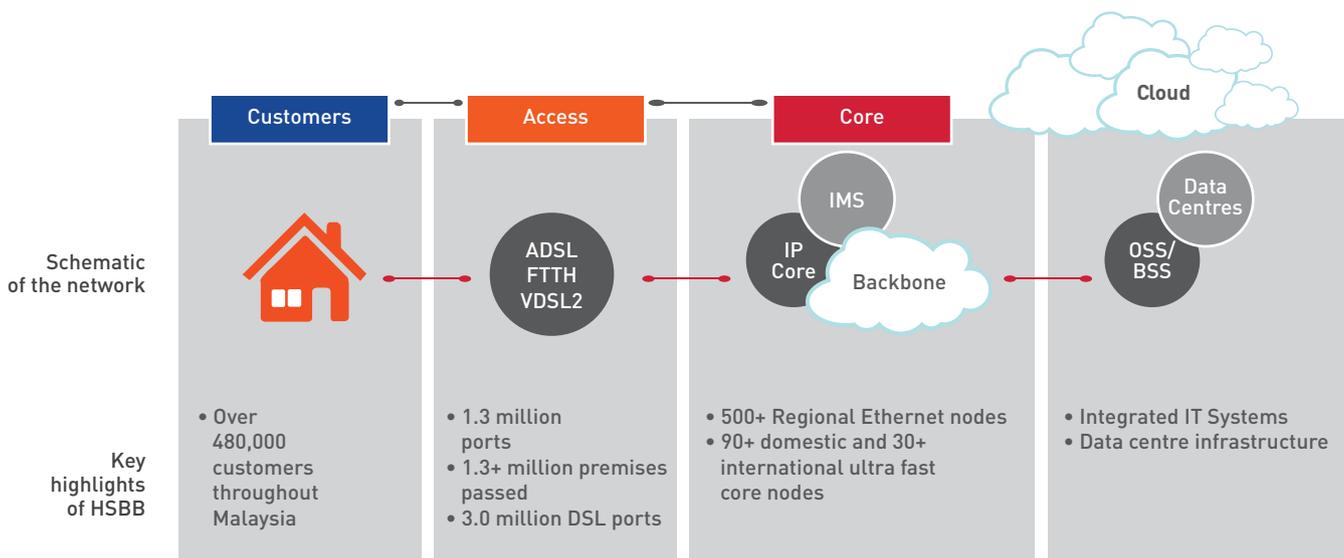
Bandwidth

Network speed and quality are proven drivers of competitiveness and have even been shown to directly impact a country's Gross Domestic Product (GDP). The green fiberised HSBB is a key national infrastructure initiative that is crucial to helping Malaysia leapfrog into the knowledge economy. Its impact can be seen on three fronts, namely the nation, people and industry. As of 2012, UniFi coverage areas had expanded to 218 exchange areas.

With the above offerings, service providers and other business entities or broadcasting companies may share or use TM's fixed line high-speed broadband infrastructure without having to build their own.

ICT & IP

Businesses benefit from ICT & IP by having smarter and simplified networks, with added capabilities and ease of management, which helps reduce operational and capital expenditure. ICT & IP offers the options of pay per use, scalability, bring-your-own-device (BYOD) operating model, multi-screen and multi-device capabilities. It has the flexibility to support mobility and new applications.





Since TM began implementing NGN in 2010, major government agencies and key enterprise customers have migrated onto the IPv6-ready platform. With an IPv6-ready network, TM is well placed to support future IPv6 requirements in areas such as corporate Internet, broadband services, hosted services and applications. IPv6 transition brings more opportunities beyond business sustainability. With a multitude of machine-to-machine (M2M) applications expected to be developed, there will be many more connected devices and applications that could transform Internet experience and also lifestyles. Customers will benefit from the richer services enabled by IPv6, or a combination of IPv4 and IPv6 addresses.

Ensuring Optimal Performance & Reliability

Reliability of products and services is key to any business. In enabling our business customers to grow, TM assures a high level of product and service reliability.

TM's time to serve for broadband fulfilment and assurance is in the top 25.0% against the international operational benchmark. Our strong workforce nationwide is able to intervene quickly, ensuring the extensive network is always secured, stable and reliable. The Group's state-of-the-art operations and business support systems, namely the Operation Support System/Business Support System (OSS/BSS), allow us to provide professional and efficient customer service. TM is constantly improving its product and service reliability as an assurance of ever better customer experience.

In 2012, we overcame the challenge of network breakdowns due to power-related issues (PRI) through the efforts of our Property Operations (PO) team. Records from TM's Data Network Unit are evidence of this by revealing that PRI faults were reduced by a significant 35.0% from 106 in 2011. This resulted in better network reliability and customer experience. This would not have been possible without the Mechanical and Electrical (M&E) Equipment Replacement Programme carried out by PO throughout the year. This involved the replacement of ageing air-conditioning and fire protection systems, generator sets, batteries and rectifiers. In total, the M&E Equipment Replacement Programme incurred a cost of RM90 million.

Cloud

Cloud services are offered in collaboration with VADS Berhad (VADS). Cloud computing is a pool of managed, highly scalable infrastructure capable of hosting end customer applications and infrastructure.

Cloud computing links businesses, customers and users together via a virtual data centre, offering resources, computing power, network infrastructure, platform, operation and management on a shared virtual platform. Cloud computing is a catalyst to green computing since its architecture has the ability to scale to suit user demand. Businesses that subscribe to cloud services save on their CAPEX and OPEX, while contributing to the lowering of CO₂ emissions. They would save on space, manpower and energy from not running their own servers and cooling systems regardless of the company's size.

With this in mind, last year TM launched the TM BizApp Store, a self-service portal which serves as a Software-as-a-Service (SaaS) marketplace for cloud-based applications and software. TM BizApp Store offers cloud-based

business applications and solutions specially catered for small and medium enterprises (SMEs). This adds to TM's existing portfolio of products and services tailored for the SME segment including UniFi for business, Office in a Box™, SmartMap and others.

To ensure that the TM BizApp Store reaches its true potential, VADS has established the VADS Cloud Enablement Programme. This programme enables local independent software vendors (ISVs) to promote their applications as SaaS and encourages greater adoption of ICT, especially among SMEs. The VADS Cloud Enablement Programme consists of tools, platforms, best practices, business and technical workshops/training and marketing programmes to assist ISVs to enable their applications as SaaS.

SUSTAINABLE PROCUREMENT

In practising sustainable procurement, TM integrates requirements, specifications and criteria that are compatible with the protection of the environment, social progress and economic development. This is done by seeking resource efficiency, improving the quality of our products and services and ultimately optimising costs. TM's procurement philosophy is to procure quality goods, services and work at the best price in an open and transparent manner. We ensure that there is no conflict of interest in any procurement activity and that personnel abstain from participation if such conflict exists. 'The Red Book: Procurement Guidelines & Best Practices' (The Red Book), which was one of the outcomes of GLC Transformation Programme, serves as a guide for us in reviewing and revamping our Procurement Policies and processes.



Unethical practice by any supplier or business partner is not tolerated. They are likely to be delisted as TM's vendors and have their contracts or dealings terminated. Beginning 2012, suppliers are required to make annual declarations to uphold these principles.

TM Procurement Maturity Index

In 2012, TM scored 4.1 out of 5.0 based on The Red Book Effectiveness Assessment. This was in line with the internal TM Procurement Maturity Index which assessed TM's adoption level of The Red Book best practices, and showed a huge increment from 6.64 to 8.10 from 2009 to 2012. The Procurement Maturity survey findings indicate that TM procurement is matured at the 'Sourcing stage' and heading towards the 'end to end Supply Chain' stage. TM Procurement Maturity Index 2012 also grew by 13.6% as compared to our 7.13 score in 2011, while outperforming our 2012 target of 7.35.

Transparency Survey

An annual online survey is conducted to obtain suppliers' feedback on procurement activities within the TM Group. Parameters measured include the competency of TM staff in managing procurement activities; adequacy of tender; Request for Quotation; Direct Award and Contract Management practices; and effectiveness of the Supplier Relationship Management (SRM) system. We scored 7.5 out of 10 in 2012 as compared to 7.4 in 2011. Overall, suppliers are satisfied with our procurement process and practices.

Promoting Local Suppliers

TM operates a local purchase programme prioritising local suppliers of goods and services where equivalent products are available. These activities have led to tangible economic gains for the members of many of the communities in which we operate. TM is committed to maximising Bumiputera (local Malay and other indigenous people in Malaysia) and local participation in our sourcing activities. TM's philosophy for Bumiputera and local suppliers is focused on increased value, high quality service and sustainability as prescribed by The Red Book. It addresses TM's long-term requirements by nurturing a capable set of new Bumiputera and local suppliers while strengthening the quality of the current suppliers. We expect suppliers to continuously improve their capability and capacity in line with TM's requirements. At the same time, we encourage them to diversify their customer base and capitalise on their expertise to reduce their dependency on TM and become regional players.

TM embarked on a Vendor Development Programme (VDP) in 1993. VDP plays a key role in developing a stable and competitive supplier base, particularly among Bumiputera suppliers. TM's VDP has undergone several transformation phases in line with the national agenda and business needs. Currently, there are 496 companies under the VDP from the Manufacturing, Engineering Services and ICT sectors.



In 2012, VDP focused on developing high performing Bumiputera suppliers by organising development programmes, some of which are shown in the following table:

Name of Programme	Number of Companies	Training Duration	Training Dates	Details
Quality Certification Grant for TM Vendors Strategic Partners: <ul style="list-style-type: none"> Ministry of International Trade and Industry (MITI) SIRIM Berhad (SIRIM) 	28	6 months (awareness training) 1.5 years (certification programme)	Oct 2010-Apr 2011 (awareness training) May 2011-Dec 2012 (certification for 28 companies)	<ul style="list-style-type: none"> Initiated in October 2010 to improve the competitiveness of entrepreneurs and the quality of management through ISO certification, 5S and Kaizen 28 companies under VDP received the grant from MITI and SIRIM 7 of the 28 companies received full grants as an incentive for being award winners at the Entrepreneur Awards 2010
SME @ University Programme 2012 Strategic Partner: <ul style="list-style-type: none"> SME Corp 	8	3 months	Jan-Dec 2012	<ul style="list-style-type: none"> Based on the model of SME University of Japan to spread knowledge on entrepreneurship The programme aimed at developing potential CEOs of SMEs in developing business acumen
SME Expert Advisory Panel (SEAP) Strategic Partner: <ul style="list-style-type: none"> SME Corp 	7	6 months	June-Dec 2012	<ul style="list-style-type: none"> The programme was designed to strengthen technical advisory services to SMEs Experts from industries and specific Government agencies were invited to share their technological know-how and industry experience
Hero to Superhero through Coaching and Mentoring Strategic Partners: <ul style="list-style-type: none"> MITI Technology Park Malaysia (TPM) 	21	6 months	Dec 2012 (briefing session) To be continued in 2013 (coaching session)	<ul style="list-style-type: none"> The programme was designed to allow discussions, coaching and sharing to take place. Topics related to small businesses are presented and discussed MITI supported 60.0% of the overall cost 7 of the 21 participating companies attended the programme at no cost being an incentive for winning at the Entrepreneur Awards 2012

At TM, we rendered our appreciation of our outstanding Bumiputera vendors at the 'TM Entrepreneur Awards 2012', held at the TM Convention Centre on 18 November 2012. The awards recognised suppliers with excellent performance during 2010 and 2011. It also aimed to encourage vendors to continue excelling in innovation, competitiveness, profitability, and quality, as well as Research & Development.





The nine award categories are:

1. Best Manufacturing Company
2. Best JKH Company
3. Most Diversified Company
4. Blue Lane Company
5. Most Promising Company
6. Best Network Operation Company
7. Innovation Excellence Award
8. Export Excellence Award
9. Company of the Year

The awards were presented by Tun Dr Mahathir Mohamad, former Prime Minister of Malaysia.

Suppliers' Training

As part of our continuous efforts to educate our suppliers in using the SRM online system, hands-on training sessions were offered to all suppliers. In 2012, 181 suppliers attended training on the submission of online invoicing and participation in online bidding. We also improved our SRM page on our corporate website with a new look and feels including an updated 'Frequently Asked Questions' section. We also

introduced a Bahasa Malaysia version for SRM users. This is available on the SRM webpage.

On 20 January 2012, we officially launched an Integrity Pact to enhance transparency in our procurement approach while reducing or banishing corrupt practices.

The Integrity Pact comprises a set of declarations by TM employees involved in procurement activities, Procurement Committees (including Senior Management Technical Committee, Opening Committees, Evaluation Committees, Approval Committees, Internal Sourcing Committees), as well as TM suppliers. One important declaration states that TM suppliers are prohibited from offering any form of bribe to obtain a contract or to facilitate certain processes in TM.

Starting from 2012, registered TM suppliers are required to sign the Integrity Agreement as an undertaking that they will refrain from getting involved in corrupt practices throughout the procurement process.

Integrity Across our Supply Chain

In light of the Integrity Pact, we collaborated with MACC to organise a series of one-day training programmes at the Malaysia Anti-Corruption Academy (MACA) to increase our suppliers' awareness and knowledge of integrity practices. The sessions held in 2012 were attended by 337 suppliers.

Moving forward in 2013, we plan to include detailed descriptions of the Integrity Pact in the Registration of Supplier (ROS) and Supplier Self-Service (SUS) portal. Suppliers can proceed with online registration or renewal only if they agree with the Integrity Pact terms and conditions.

COMPLIANCE

TM complies with all regulatory requirements in the day-to-day running of the business. There has been no incidence of non-compliance with laws or regulations concerning our products and services, including our marketing communication, advertising, promotions and sponsorships.



Tun Dr Mahathir Mohamad, former Prime Minister of Malaysia presented the awards to the winners during TM Entrepreneur Awards 2012.



TM officially launched its 'Integrity Pact' to enhance transparency in its procurement approaches.



**OUR
WORKPLACE**



Facts at a Glance

27,642

total number of employees in 2012

9,937

union members

46

average annual hours of training per employee in 2012



We believe employees are our most important resource, hence we create an environment that is entrepreneurial, nurturing and that builds on unique talents. At TM, we guarantee that employees have more than just a job, but also the opportunity to grow and advance across many dynamic industries. A minimum of 40 hours of yearly structured training is delivered per employee to develop a culture of performance-linked productivity. Our people thrive because individual points of view, experience and expression are valued.

Aware of our employees' critical role in maintaining the Company's competitive edge, constant emphasis is placed on attracting and retaining the best talent and creating an internal environment that encourages employees to realise their true potential. Diverse opportunities are provided through structured learning and development programmes; cohesive leadership and career development; systematic coaching for personal growth and enrichment opportunities. Emphasis on staff development and well-being has earned TM numerous accolades over the years. In 2012, we won the Gold award for Employer of Choice by the Malaysian Institute of Human Resource Management (MIHRM) in recognition of

sustained and continuous commitment to the development of our human talent. During the year, we were also voted as Malaysia's Most Popular Graduate Employer in the Telecommunications sector for the first time, as determined by votes from over 12,000 university students and fresh graduates in the Malaysian Graduate Barometer 2012.

We cultivate a climate of inclusiveness with a strong understanding of employee diversity. Various initiatives and engagement activities are continuously held to facilitate this.

In 2012, there were no incidents of discrimination involving implied or racist elements.

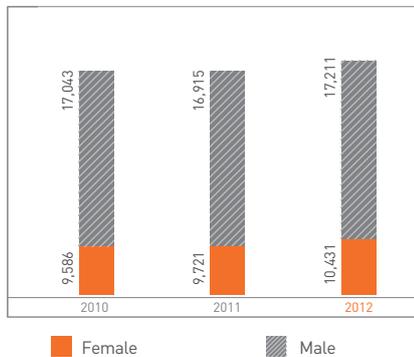


EMPLOYEE DIVERSITY AND EQUAL OPPORTUNITY

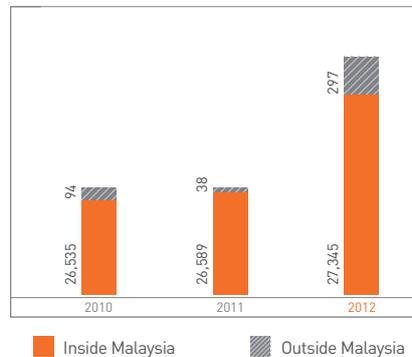
TM is an equal opportunity employer in that there is no unjustified discrimination in recruitment, retention, training and development processes. We also believe in workplace diversity, which adds value to our human capital and to the provision of the best possible service to all stakeholders.

Our Group has 27,642 employees, the majority of whom are based in our main business entities in Malaysia. Women constitute about 37.0% of our overall workforce.

Total Breakdown of Employees by Gender (2010-2012)



Total Breakdown of Employees by Location (2010-2012)



Total Breakdown of Employees by Type (2010-2012)



Total Breakdown of Employees by Employment Status (2010-2012)







SUSTAINABLE BENEFITS

TM's compensation package is competitive in the market with a salary scheme tailored to reward high performers who create business value for the Company. We offer a wide range of benefits to full-time employees that cater for their health, wealth, living and career needs. These include, but are not limited to:

- Medical coverage and dental treatment, which is extended to families
- Maternity, paternity, compassionate, pilgrimage, study and examination leave
- Subsistence, shift, teaching, regional, housing, warm clothing, overseas duties, cost of living allowances and membership to professional bodies
- Other benefits: free fixed line rental, loan facility for the purchase of a house, vehicle or computer

TM contributes 12.0% of employees' salaries to the Employees Provident Fund (EPF) which is mandatory. An additional 4.5% to 7.0% is paid depending on the employee's years of service. Although we do not have our own private pension plan, our liabilities are fully covered through the EPF scheme. Insurance coverage is also provided to all full-time employees.

The aggregate total value of TM's benefits plan coverage equals to an average of 31.0% of the total compensation package.

We also provide social and recreational facilities including a fully-equipped sports complex, gymnasium, mosque, cafeteria and child care centre located at our headquarters in Menara TM. Professional counselling is provided by



The TM team works together in the spirit of 1TM, regardless of race, religion and gender.

a certified counsellor through the Employee Assistance Programme (EAP) for employees facing work-related or personal problems.

There are no disparities in pay between men and women; all employees in the same position receive the same salary regardless of gender. Although the recent announcement on the national minimum wage rates for the private sector had affected many in the country, our base salary is competitive and includes results-based incentives and rewards to encourage high performance.

TM's Rewards Transformation was launched in 2010 to encourage a high performance culture. The first change was to increase the minimum wage for non-executives. This was followed by an upgrading exercise to promote the acquisition of additional roles and knowledge. Finally, a Performance Linked Wage System (PLWS) was introduced.

In July 2012, a new, market-competitive compensation plan tied to performance was introduced for executives, benefitting 9,287 personnel. The next step in Rewards Transformation will provide flexibility and choice to employees in managing their benefits.

TM Group Awards Nite

TM realises the importance of inspiring and encouraging high performance among our employees via recognition. The annual TM Group Awards Nite 2012 was held on 16 June 2012 at Dewan Tun Canselor, Multimedia University (MMU), themed '1TM United – Play with Heart, Passion to Win' to signify a winning mentality, the spirit of teamwork and the importance of leadership. The event was attended by more than 2,000 employees from across the nation who had achieved outstanding performance in 13 identified award categories.



Jasamu Dikenang and Preparation for Retirement

Jasamu Dikenang (JMDK) is an annual event that has been held since 1992 to honour all TM Group retirees, each of whom receives a Certificate of Appreciation and a Retirement Award worth RM2,000.

In 2012, the programme comprised two sessions: the first was held at Kristal Hall, TM Convention Centre (TMCC) in Menara TM, the second at Marriot Putrajaya. The retirees, whose last positions at TM range from non-executives up to the senior management, were from the different business segments and lines of business.

Employee Assistance Programme

In 2011, TM appointed professional consultants registered with the Board of Councillors Malaysia (LKM) under the Ministry of Women, Family and Community Development to provide counselling services to our employees. The group comprises trained psychologists with individuals fluent in Malay, English, Mandarin, Tamil, Cantonese and Hokkien.

In 2012, we extended our Employee Assistance Programme (EAP) services throughout Peninsular Malaysia. EAP is worksite-based and designed to support employees in dealing with issues that might adversely impact their health, work performance or well-being. These include work or home-related stress; personal or emotional distress; other stress factors including substance abuse or dependence, and legal or financial issues. The free service is conducted on a strictly confidential basis via face-to-face counselling or tele-counselling.

Family Oriented Culture and Support for Working Mothers

To meet the family demands of employees, especially working mothers, we offer various family-friendly policies, such as flexi-hours (flexible work schedules), teleworking (working from home) and childcare facilities, now known as TM Dynamic Kids.

TM Dynamic Kids

To ensure that our employees meet the demands at work and home, we are fully committed to providing a childcare centre at the workplace to promote

productivity, sustainable work-life balance and quality of life among our employees.

Our childcare centre, known as TM Dynamic Kids, provides care and pre-school education using the 'Smart Khalifah' module. The quality of the centre is reflected in it being awarded 'Best Childcare Centre (Best *Khalifah*)' for three consecutive years, from 2009 to 2011.

Opening Up Possibilities for the Disabled

Recognising the capabilities of the disabled despite their physical shortcomings, we opened up the option for People with Disabilities (PWD) to be part of our workforce through Step-Up (Strategic Transformation Enablement Programme to Upskill Professional Development) in VADS. Realising that the PWDs would be more than capable of handling call centre work, VADS upgraded its call centre offices to be disabled-friendly and the same treatment is given to PWDs, just like other normal employees. This initiative was the winner of the Silver Award for 'Best Community Programme by a Contact Centre' by Contact CenterWorld.com.



TM strives to inculcate the values of working as a team as 1TM, and celebrates the high achievers at the TM Group Awards Nite.



As part of our benefit plan for our loyal employees, *Jasamu Dikenang* honours all TM Group retirees for their contribution to the Company.



EMPLOYEE ENGAGEMENT

TM cultivates a climate of diversity and inclusiveness among employees by engaging them in a series of activities. This has resulted in a workforce that is aligned with the organisational goals and values as reflected in the nationwide Employee Engagement Survey (My1TM Survey) results.

Engagement through Communication

Several IT platforms have been adopted to reach employees at all levels. These include the 1Intra portal, regular email communication, video conferencing and weekly snippets of information. Several in-house publications including *1Ekspresi* and *1Suara* are also used as tools to communicate the latest updates in policies and programmes to our employees.

TM recognises the unions as an extension of our Human Resources arm and engages with them for integrated communication that reaches all levels of employees.

Any operational change that may affect employees is communicated throughout the Group, after consultation with our unions with respect to employees' rights based on Malaysia's Industrial Relations Act 1967, and provides one to three months' notice based on business requirements and individual needs for any operational change.



Teh Tarik session, usually accompanied by nasi lemak for a wholesome breakfast, serves as a good platform to give and receive feedback from employees.

Group-Wide Engagement Activities

In line with promoting the spirit of 1TM and 1Malaysia, we organised several Group-wide activities to bring all employees together. Festive seasons serve as excellent platforms for reinforcing the spirit of camaraderie. Employees showed their loyalty by wearing a custom-designed TM *Merdeka* badge during the *Raya Merdeka* programme. Competitions were also held for the most creative *Merdeka* attire and for the best decorated building, office and even cars. Employees further showcased their talents in *Merdeka*-themed performances, *Merdeka* 3D mural and cake decorating.

For Deepavali, our employees got together to create the first 1TM Deepavali 'kolam', a traditional Indian work of art, in the lobby of Menara TM. To celebrate the year end, employees once again collaborated, by collecting more than 1.5 tonnes of recycled items in the spirit of goodwill and well-wishes for the year to come.

Sesi Teh Tarik

Sesi Teh Tarik is a TM employee engagement programme aimed at:

- Providing opportunities for employees to become better acquainted with the Group Leadership Team (GLT), understand the Company's vision, and ultimately embrace it.
- Providing an additional platform for the Management and employees to interact and share opinions.
- Building and enhancing staff engagement, commitment and morale.

A total of 33 *Teh Tarik* sessions were held in 2012: eight with the GCEO, three with the GCFO and 22 with GLT members. The *Teh Tarik* sessions attracted 614 participants in 2012.



Cultural diversity is strongly encouraged in appreciating the value of different customs in the Company, which was reflected through the 1TM Kolam.



Participants were given evaluation forms to be completed after each session. They were very satisfied, and gave an average rating of four and above for all questions. Most employees felt the sessions had helped them gain a better understanding of the Company's direction and their roles in it. The highest average rating was for 'satisfaction with the explanation/discussion on topics raised at the session'. This shows that the GLT had delivered their key messages effectively to the participants.

Participants were also invited to open-ended discussions to share their views on the Board members, top Management, working life at TM, career development within TM and other work-related suggestions. In 2012, a particular agenda was added to the session in which participants were asked to comment about TM's Teaming With Passion (TWP) programme, and to suggest how it could be better delivered in the future.

Chill Out with GCC

Chill Out with Group Corporate Communications (GCC) was introduced in 2011 with the following objectives:

- Provide an additional platform for Management and staff interaction, extend the reach of corporate messages and improve employee engagement

- Emphasise the need for TM to change its internal and external communication methods, especially to our customers, stakeholders, employees and each other, which will help improve TM's TRI*M index
- Increase awareness and spark further interest in TM's Corporate Responsibility programme through *BumiKu* activities

Participants were given an evaluation form to be completed after each session. Overall, the participants were very satisfied and gave an average rating of four. Most participants felt that the programme should be held frequently as it was exciting and benefited them. They gained a greater understanding of GCC's function, the importance of communication and their role in preserving Mother Nature. We are pleased to report that the highest rating achieved was for the *BumiKu* session, which is a good reflection of the programme's effectiveness in creating interest in preserving the environment.

Salam Mesra TM

Approximately 5,000 employees from our headquarters and state non-sales units met customers door-to-door under a programme named *Gerak Gempur* which ran for 10 weeks from October to December 2012. The programme, also known as *Salam Mesra TM* to the customers, aims to

improve the customer experience with TM employees meeting customers and getting their feedback first-hand.

This programme targets existing customers, which allows us to 'upsell' our services, provide current bill information, collect overdue payments, promote the Autopay facility and update customers' data profiles. *Gerak Gempur* is a positive new experience for customers and employees. Although outside of our employees' usual job scope, they were able to contribute to sales and improve customer experience.

The activities enhanced our employees' understanding of operations on the ground, and indicated they are capable of 'Mindset and Work Culture Change' in line with the approach put forward by the Group CEO to think outside-the-box and work beyond-our-box.

Employee Engagement Index Through My1TM Survey

TM has been conducting the My1TM Survey since 2009. The 2012 survey results positioned TM's Employee Engagement Index (EEI) at 90.0%. This exceeds the Malaysian norm by 13.0%, the Global Telco (GT) by 15.0% and the Global High Performing Companies (GHPC) by 5.0%. Compared to 2011, the areas in which we have improved the most include Recognition, Strong Belief in Product and Service Quality, Organisation Change and Support Service Environment. These results indicate greater stability in work priorities and work-life balance among employees.

A total of 22,094 online responses were obtained by October/November 2012, of which approximately 85.0% of the employees were from 10 central group functions, 12 divisions and 20 locations.

Implementation of Chill Out with GCC in 2012

Location	Date	Total Reach
Melaka	3 March 2012	70 employees
Perak	9 June 2012	71 employees
Selangor	22 December 2012	75 employees



FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING AGREEMENT

Protecting employees' rights is fundamental to our Human Resource practices. We collaborate closely with our unions and representative groups and conduct regular collective agreements and open dialogues. Trade unions in Malaysia are regulated by the Industrial Relations Act (IRA) 1967, which allows employers to prohibit management, executives and those who work in a confidential or security capacity from joining a union. TM complies fully with the law and permits non-executive employees to join one of the Group's four unions.

The four unions representing our non-executives are: the National Union of Telecommunication Employees (NUTE), Union of Telecoms Employees Sarawak (UTES), Sabah Union of Telekom Employees (SUTE), and Sabah Union of Telecommunications Employees (SUTEN).

Our Union Management is responsible for managing these unions. Although the articles differ slightly, all agreements cover a variety of issues including:

- Provisions for Safety, Health and Environment
- Terms of Service such as salary, promotion, bonuses, training, working hours and benefits
- Allowances and claims including food, lodging, travel, rent and hardship
- Sick, maternity, compassionate, pilgrimage, holiday and quarantine leave
- Loans to help with housing, vehicle and computer purchases
- Other provisions such as accident insurance, national service, burial assistance, arbitration and legal aid

TM and the unions enjoy a cordial and productive relationship. TM has continued to improve on the various aspects of this harmonious relationship with everyone working together hand-in-hand to drive the success of the Company.

“ Joint engagement activities and close communication with Unions to settle issues raised by employees are a clear example of TM's sincere effort in making its employees happy. ”

Mohd Jafar Abd Majid
NUTE President

TM has initiated a series of 'Kick-Off Sessions' with all the unions on the Collective Agreements for the years 2013 to 2015. These will include a series of bargaining and negotiation on four main Collective Agreements, namely: Collective Agreement (9) TM-NUTE, Collective Agreement (9) TM-UTES, Collective Agreement (6) TM-SUTE and Collective Agreement (2) TM-SUTEN.

For the first time since the Collective Agreement was launched in 1999 in TM, joint negotiations were initiated in 2012 with the subsidiaries Telekom Sales and Services Sdn Bhd (TSSSB), TM Info-Media (TMIM) and TM Research & Development (TM R&D).

LEARNING & DEVELOPMENT

As employees progress within the Company, they are given increasingly specialised training. This is designed to equip them with the knowledge and skills required to perform optimally and acquire positions of greater responsibility. TM Training Centre (TMTC) responds to existing skills gaps and constantly customises technical, functional, motivational or leadership skills development programmes to fill them.

TMTC comprises three main units – the Technical Academy, Customer Service Academy and Leadership Development Unit. In 2012, TMTC launched the Training Dashboard, which enables Senior Management to monitor training initiatives that have been carried out and select the relevant training to further develop staff capabilities. A total of 76,185 participants were trained in various skills areas under TMTC during the year. On average, each employee received 46 hours of training in 2012.

Technical Academy

Technical Academy (TA) provides specific technical skills training as required by the Lines of Business (LOBs). TA trainees have access to technology-enriched modules, taught by highly competent trainers. State-of-the-art equipment is used to provide quality hands-on experience. TA ensures TM's technical staff are prepared to support the Company as it

TM Union Membership Breakdown for 2011-2012

UNION YEAR	NUTE	UTES	SUTE	SUTEN	TOTAL
2012	8,147	987	726	77	9,937
2011	9,580	1,129	758	73	9,580



transforms into an Information Exchange, as approximately 56.0% of all TM training is delivered here. In 2012, 20,924 employees were trained in high speed broadband (HSBB) and IP-related modules.

Customer Service Academy

The Customer Service Academy (CSA) was established in August 2011 to develop TM's human capital capabilities and deliver a unique Customer Experience. A key programme introduced was SMILE, which seeks to enhance TM's overall customer service satisfaction by targeting frontliners. SMILE consists of three semesters of training. In 2012, 3,756 participants completed the programme, which represents an increase of 188.0% from 2011.

Teaming with Passion

Teaming with Passion (TWP) was introduced in late 2009 to create corporate excellence via a strong leadership, which is able to inspire positive change in the entire organisation. In effect, TWP united TM employees as one team moving forward in one spirit, towards one direction. TWP Phase 2 commenced in 2011 to inspire greater customer-centricity and a performance-based culture. It has improved day-to-day business operations by igniting a passion to deliver quality service. In 2012, a total of 3,667 employees attended this programme.

Coaching Programme

Coaching allows for personal transformation and career role transition for both the coach and the employee being coached, which helps boost staff morale and self-development. At TM, coaching sessions facilitate more personal and interactive learning, which promotes creativity for continuous long-term improvement in line with the

organisation's aspirations. Several coaching programmes were implemented in 2012. During the year, the Company also trained 15 new coaches to support the programme.

Innovative Training Delivery

TMTC recently adopted a Learner-Centric Approach via Self-Learning and Remote Virtual Learning (RVL). Self-Learning allows employees to perform online training modules on their own, at a time and pace that best suits them. Currently, 17 Self-Learning modules are available at no cost. RVL is a newer technology being deployed in which a trainer and trainees are brought together virtually in an online learning environment. They can communicate synchronously and interactively using Internet technologies such as web-conferencing. The system is being developed in three phases. The first phase went live in the third quarter of 2012, and the entire system is scheduled to be available by the second quarter of 2013.

Onboarding Programme

The Onboarding Programme is an important component of our hiring process, as it aids new employees to assimilate into the Company while giving them a head-start in their roles at TM. The Onboarding programme introduces the Company's Vision, Mission, values and standards and helps new recruits feel they are an important part of TM. TM will launch an e-Learning version of the Onboarding Programme in 2013, featuring intensive coaching to get the most out of employees' talents. This cost-effective module ensures new employees are well oriented and equipped with essential information to begin their exciting careers at TM.

PROMOTING LOCAL TALENTS

TM Career & Education Fair 2012

TM organised our inaugural TM Career and Education Fair to strengthen our position as the preferred employer among the younger generation and fresh graduates in particular. The event was held from 6 to 8 April 2012 at the TM Convention Centre. More than 93,726 resumes were received online and offline, and over 4,000 interviews were conducted over the three days.

The fair received an overwhelming response from over 18,726 attendees, over 84.0% of whom were aged below 28 years. About 180 of 300 available vacancies were filled at this event.

TM grants preference to locals when hiring in Malaysia and overseas. We participate in nationwide career fairs to strengthen our ties with key academic institutions.

CAREER DEVELOPMENT

Assessment Centre

In 2012, our Assessment Centre carried out a Career Pathing exercise to recognise qualified non-executives who were eligible for better positions. Under this exercise, 1,494 non-executives were upgraded while 348 were promoted effective 1 October 2012. This exercise to enhance the career progression of qualified eligible employees forms an integral part of TM's human capital career development programme.

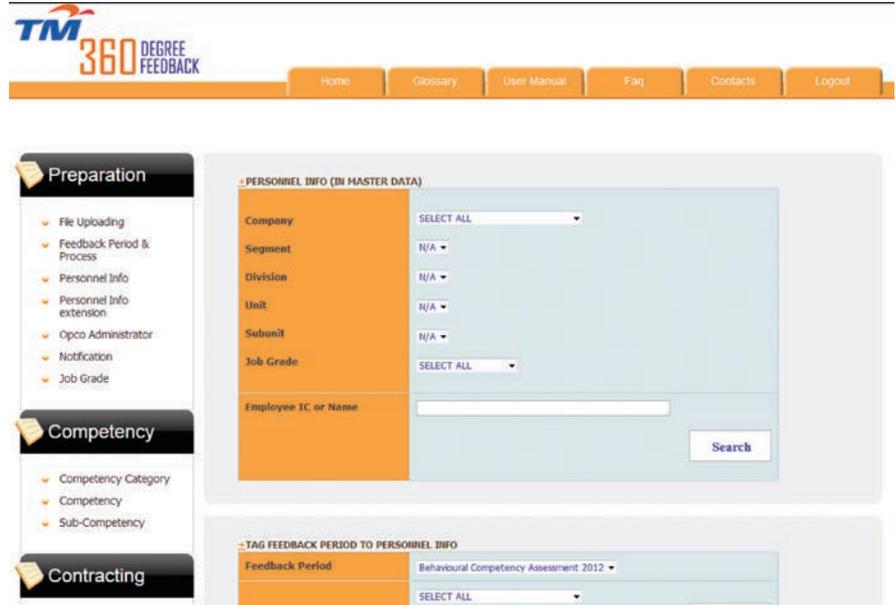
In order to identify potential leaders, TM also conducts a leadership assessment to measure executives' competencies and indicate their readiness for promotion to the next level of the corporate ladder. This Leadership Assessment measures competencies across five areas using defined tools and methodology. To date, a total of 2,106 executives and managers have taken the Leadership Assessment.



Behavioural Competency Assessment via 360° Feedback

TM introduced the Behavioural Assessment via a 360-degree online Feedback Assessment for our executives in 2004. It is survey-based and measures the behavioural competencies of executives through a set of questions derived from the Competency Framework for each job level. It is conducted annually in the last quarter of each year.

Initially, the assessment collected 180-degree feedback from only two parties – the employee and his supervisor. As use of the assessment has expanded to include all TM staff in every subsidiary, the number of feedback givers has also increased and now includes peers, subordinates and internal customers to reflect a well-rounded 360-degree working environment.



The 360-Degree Feedback Assessment website is available via TM's Local Access Network (LAN) as well as its Virtual Private Network (VPN)

The results are also used by the Management for an individual's KPI. They contribute 20.0% of the overall Individual's Performance Mix forms part of the Job Promotion criteria and Behavioural Training Needs Analysis (TNA) identification. In 2012, the Competency Index (CI) target was fixed at 85.0% across the Company.

TM Group Competency Index (CI) Statistics

Year	Total Executives	Target (%)	Actual (%)
2012	9,526	85.00	89.43
2011	9,290	84.00	85.20
2010	9,236	83.00	83.48
2009	8,607	83.00	80.31
2008	6,863	75.00	78.80
2007	8,259	75.00	75.41
2006	8,009	75.00	72.70



LEADERSHIP DEVELOPMENT

TM focuses on building the capabilities of its leaders and potential leaders to meet its functional requirements and also satisfy the behavioural skills needed to drive the Company to greater heights. This further ensures a consistent supply of leaders groomed from within the organisation. As of 2012, a total of 727 talents have been identified and are being given the necessary exposure to develop their professional and leadership skills.

Nurturing Leaders

TM has implemented a structured Fast Track Programme (FTP) to build the leadership skills and potential of identified executives. Up to 2012, the 24 participants of this programme have undergone several job rotations and assignments within TM Group. They have gained invaluable experience and exposure, and honed their strategic thinking skills. Talent Engagement Programmes are also delivered to provide younger talents the opportunity to engage with leaders, and be inspired by their success.

OCCUPATIONAL SAFETY, HEALTH AND ENVIRONMENT

TM complies with Occupational Safety and Health Act (OSHA) 1994 and its regulations in order to promote a safe and healthy work culture. Unfortunately, there were 98 accidents in 2012, a 38.1% increase from the previous year. This represents approximately 1.15 accidents per 1,000 employees. However, this is significantly less than the national average incident rate (IR) of 3.4 injuries per 1,000 workers (2009). Most of the accidents were falls from height.

While TM has achieved zero fatalities since 2010, our contractors recorded four fatal accidents among their workers in 2012, marking an increase of one case from 2011. Most of the accidents involved personnel working at heights such as on ladders, poles and roofs. These activities are classified as high-risk.

As part of our continuous efforts to improve work safety, we aim to ensure that all employees, contractors and subsidiaries comply fully with all legal requirements, are aware of the importance of safety and health at the workplace, and practice safety as part of their work culture.

Steering & State OSHE Committees

In 2012, we restructured the TM Group Occupational Safety, Health and Environment (OSHE) Steering Committee and State OSHE Committees. Providing a link from on-site committees to the Steering Committee encourages more effective communication. The Steering and State Committees met quarterly and complied with all the requirements of OSHA 1994 and Occupational Safety & Health (OSH) Committee Regulations 1996.

OSHE Promotion at Workplace

Continuous efforts are made to recognise OSHE in promoting a safe and healthy working culture.

• OSHE Posters

As outlined in the OSHA Act, 1994, a major responsibility of an employer is to provide adequate safety and health information to all employees. In 2011, we developed our own safety posters that depict our work environment and provide important information regarding proper conduct during high-risk activities. These posters stressed the importance of using Personal Protective Equipment (PPE) and introduced the 6S concept (Sort, Straighten, Sweep, Standardise, Sustain and Safety). In 2012, it was followed up with ergonomic workstation posters and incident reporting guidelines.

• OSH Campaign

This year, four states – Pahang, Sarawak, Sabah and Perak – organised OSH Campaigns to increase safety and health awareness among state employees and contractors' workers.

• Mentor-Mentee Programme With State DOSH

This programme is a collaboration between TM OSHE Unit and the Department of Occupational Safety and Health (DOSH). Its main objective is to enhance safety levels at TM by inculcating a safety culture in line with the DOSH policy and guidelines. Three states – Johor, Perak and Kelantan – implemented an OSHE mentor-mentee programme in collaboration with the respective state DOSH Departments.

• Training

Tremendous efforts are made to improve the OSHE knowledge, understanding and competency of our employees. This ensures OSHE becomes an important aspect of the work environment and is embraced as part of the work culture.

In 2012, we arranged various workshops to improve OSHE awareness in our subsidiaries. These included a gap analysis workshop held at TM Research & Development, Cyberjaya that highlighted legal requirements and determined areas of improvement in order to comply with OSHE laws and regulations such as OSHA, Factories and Machinery Act (FMA) 1967 and Environmental Quality Act (EQA) 1974.

Another workshop, held at TM Alor Setar, was on Notification of Accidents, Dangerous Occurrences, Occupational Poisoning and Occupational Disease (NADOPD). This workshop taught OSH personnel incident reporting formats for DOSH Malaysia according to NADOPD regulations.



Ensuring Safety for Contractors

Various programmes were held to improve our contractors' safety compliance and awareness, with the aim of achieving zero fatality.

- NIOSH-TM Safety Passport (NTMSP)**
 Since its inception in late 2006, an estimated 40,000 contractors' personnel have been trained under the joint programme between the National Institute of Occupational Safety and Health (NIOSH) and TM. TM is the only telco in Malaysia to enforce this customised OSHE induction programme for contractors' personnel.
- Confined Space Training**
 Employers are to provide related training for all employees and contractors directly involved with working in confined spaces. This is an important requirement of the Industry Code of Practice (ICOP) for Safe Working in a Confined Space 2010. This training ensures such personnel have the necessary knowledge, skills and understanding for safe performance.

This Confined Space Training is divided into two phases: the Authorised Entrant and Stand-by Person (AESP) Course, followed by the Authorised Gas Tester and Entry Supervisor Course. Once certified, all four categories [Authorised Entrant, Standby Person, Entry Supervisor and Authorised Gas Tester] of employees are required to undergo a refresher course every two years.

In collaboration with NIOSH, TM developed a customised Authorised Entrant and Stand-by Person (TM AESP) training module in 2011, which has been approved by DOSH. In 2012, NIOSH conducted 23 TM AESP training sessions nationwide for a total of 356 employees.

- TM Confined Space Medical Examination**

Under the latest ICOP for Confined Space, all personnel working in confined spaces must be declared medically fit. TM Confined Space Medical Examination (TM CSME) has been designed specifically to test the eligibility of our workers entering confined spaces. These medical examinations are performed by registered Occupational Health Doctors (OHDs) throughout Malaysia, and are valid for two years.

TM CSME was implemented in January 2012. A target was set to examine 1,432 personnel by December 2012. By the end of 2012, 1,311 personnel had undergone the medical examination: 1,090 were classified as 'Fit', 138 as 'Temporarily Unfit' and 83 as 'Not Fit'. 'Fit' personnel are issued with the TM CSME Authorised Entrant certificate; 'Temporarily Unfit' or 'Not Fit' personnel are advised to undergo further assessments or reassessments where applicable.

Other OSHE-Related Training

Similar to previous years, various other OSHE-related training was conducted externally or in-house. These included Basic Occupational First-Aid (BOFA) Train-the-Trainer, Ergonomics Awareness Training, OSHE Audit, OSHE Appreciation Course and OSHE Laws. Our OSH Managers were also called upon to give safety and health talks as part of the Supervisory Course and On-Boarding Programme.

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

In 2011, we developed an OSH Management System (OSH-MS) in response to the successful implementation of the HIRARC programme 2010. In the same year, the TM Group OSHE Steering

Committee made it compulsory for every TM Operating Company to implement the HIRARC programme. Our Property Operations (PO) Unit completed the programme, with assistance from the OSHE Unit, in the third quarter of 2012.

Another positive outcome of HIRARC activities was a review of the existing Safe Work Instructions, which was completed in the first quarter of 2012. Twenty separate Safety Work Instructions were developed as a result of the review, which involved experienced and specialised Network Operations employees. The instructions focused on high-risk areas of work and can be accessed at Network Operations' website. All employees and contractors working under Network Operations must adhere to these guidelines effective 1 January 2012.

- Ergonomics Training for Ergo Leaders**

In 2012, 31 Ergo Leaders were trained from TM headquarters and state branches. They also developed Ergonomics guidelines, which will be implemented nationwide in 2013.

- Audit Programme With DOSH**

The OSH audit programme is one of the most important components of the OSHA 1994 regulations. All state teams conduct audit programmes with DOSH representatives at least once a year to ensure our OSH practices are in accordance with the regulations.



Achievements

- **National OSH Excellence Award 2012**

In 2012, TM Pahang was selected to represent TM to compete for the prestigious National OSH Excellence Award 2012 organised by the National Council For Occupational Safety and Health (NaCOSH), under the Ministry of Human Resources. Yearly awards are presented to companies in various economic sectors which have shown exemplary safety and health practices. After a rigorous audit by the organiser, TM Pahang was announced as the winner in the Communications category. In previous years, Kelantan, Penang, Kedah & Perlis and Sarawak have won this award.

PROMOTING SOCIAL AWARENESS AMONG OUR PEOPLE

TM Welfare Fund

TM Welfare Fund is intended to help ease the burden of employees who have become victims of natural disasters such as floods, fire and landslides. It also helps employees in need to purchase vital medical equipment such as wheelchairs and hearing aids.

Since 1 December 2012, welfare aid can be applied for through the eClaim System online. This application has also been extended to TM subsidiaries.

PROMOTING ETHICAL BEHAVIOUR AT THE WORKPLACE

Integrity Awareness Programme

In on-going efforts to enhance organisational transparency and reduce, or if possible eliminate, corrupt practices, TM launched an Integrity Pact on 20 January 2012. To ensure the success of the pact, it scheduled Integrity Awareness Programmes (IAP) nationwide.

IAP initiatives include implementation of the TM Code of Business Ethics (CBE) in an e-Learning platform, signing of the Corporate Integrity Pledge & Anti-Corruption Principles, and becoming a *Rakan Integriti* (Integrity Partner) of the Malaysian Institute of Integrity (IIM). This is to ensure that all employees understand and embrace the spirit, values and principles of 'Uncompromising Integrity' in their day-to-day business dealings. TM rolled out the IAP at its headquarters and in all states throughout 2012.

In 2012, there was no incidence of corruption or of a business unit being investigated for corruption. There was no significant fine or non-monetary sanctions for non-compliance to anti-corruption policies issued to TM in 2012.

BAKIT

BAKIT was registered with the Registrar of Societies, Federal Territory of Kuala Lumpur on 17 December 1990. It helps Muslim employees develop their religious knowledge and perform religious activities and charity, and contributes to a productive, honest and trustworthy culture imbued with integrity. Article 4 of BAKIT states its objectives which include:

- Enhancing the image of Muslims within TM's workforce
- Strengthening solidarity among TM employees
- Carrying out humanitarian and in-kind activities with members
- Enhancing the image of TM

Activities organised by BAKIT in 2012 were participation in *Maulidur Rasul* and *Maal Hijrah* parades, coordination of *Qurban* and *Aqiqah* for the needy, contribution of donations for various causes such as *Tabung Gaza* Palestine, *Ziarah* programmes, and *Al Quran* classes for TM Muslim employees. BAKIT has 8,546 members and plans to achieve a minimum of 10,000 members in 2013.



BAKIT, one of TM's non-profit organisations, organises various events for Muslim employees to interact and share their spiritual aspirations.



STATEMENT ON COMPLIANCE

TM's operations are structured by the Malaysian Employment Act 1955 which prohibits exploitative labour practices; the Children and Young Persons (Employment) Act 1966 which prohibits the employment of children under the age of 14; and other international agreements preventing discrimination and child labour. There have been no reported incidents or infringement with regards to child labour, forced labour or freedom of association, nor any recorded violation against the rights of indigenous people at any time during the Company's history.

WORKPLACE DATA

	2010	2011	2012
Employees			
Total number	26,629	26,627	27,642
Executive	9,321	9,435	9,655
Non-Executive	17,308	17,192	17,987
Inside Malaysia	26,535	26,589	27,345
Outside Malaysia	94	38	297
Permanent Staff	22,070	24,358	24,581
Non-permanent staff	4,559	2,269	3,061
Female	9,586	9,721	10,431
Male	17,043	16,915	17,211
Union members	10,866	11,467	9,937
% of Union members from total number of employees	41	67	36
Non-Union members	15,763	15,160	17,705
Age group:			
←30	7,587	8,035	8,876
30-40	6,657	6,690	7,243
40-50	6,425	6,160	4,770
→50	5,960	5,742	6,753
Disabled Staff (%)	0.04	0.04	0.05
Diversity			
Malay	22,338	22,544	23,380
Chinese	1,332	1,253	1,201
Indian	1,065	1,083	1,046
Others	1,894	1,747	2,015
Employee Turnover Rates			
Global	1,555	1,563	1,528
In Malaysia	1,542	1,552	1,527
Outside Malaysia	13	11	1
Female	540	547	453
Male	1,015	1,016	1,075
Age Group:			
←30	622	464	253
30-40	284	248	198
40-50	136	101	68
→50	513	750	1,009



	2010	2011	2012
Women in Management			
% Women in management	5.21	4.71	6.08
% Women in top management	0.37	0.26	0.25
Training			
Employee participation in training	70,860	78,950	76,185
Average attendance per training programme	20	19	17
Average training budget per employee (RM)	2,954	2,806	2,489
Average total hours of training per employee	49	35	46
Performance Review			
% Employees who were formally appraised	95	95	95
Employee Engagement Index (EEI)	86.0%	89.0%	90.0%
Occupational Safety, Health and Environment (OSHE)			
Total recordable injury frequency rate	43	43	58
Absenteeism Rate (headcount)	N/A	73	68
Absenteeism Rate (in days)	N/A	1,436	794
Lost Time Injury Frequency Rate (No. of cases)	28	28	68
Fatal Accident Rate (No. of cases)	3	1	4



**OUR
COMMUNITY**



Facts at a Glance

17,806

lives touched by TM's School Adoption Programme

34,378

graduates produced by MMU since its inception

RM435.6 million

disbursed through YTM since 1994



As the largest integrated telecommunications provider in Malaysia and a leading communications company in Asia, we continue to create value for our stakeholders through sustainable operations. Through our 'Bridging the Digital Divide' strategy, TM aims to allocate information resources more equitably by developing effective communications networks in under-developed regions including rural communities, hence providing more people with access to communications and information systems. At the same time, we focus our activities on capacity building through education, nation-building and technology transfer in support of the Government's objective to advance the Information and Communications Technology (ICT) industry.

FOSTERING A KNOWLEDGE-BASED NATION THROUGH EDUCATION

Multimedia University

Multimedia University (MMU) is the first private university in Malaysia, pioneering a sustainable model for the subsequent establishment of other private universities in the country. Set up through Universiti Telekom Sdn Bhd (UTSB), MMU is a wholly-owned subsidiary of TM geared to supply the nation with a knowledge-based workforce specialising in Engineering, Information Technology (IT), Management and Multimedia Technology, as befitting the association with TM as a leader in ICT.

More than 90.0% of MMU graduates secure employment within six months of completing their studies. The University also supports national development via investments in research and development (R&D) and collaborations with undergraduate and postgraduate students as well as institutions from the Asia-Pacific, Africa and European regions in research, co-operation and community service. It further extends its function in developing and marketing innovations through its commercialisation arm, Unitele Multimedia Sdn Bhd (MMU Cnergy).



Since its inception 16 years ago, MMU has grown significantly and produced 34,378 graduates. It currently has 10,458 students in its Melaka campus, 8,310 in Cyberjaya and 363 students in the other branches. In 2012, 3,855 students graduated from MMU: 553 with Diplomas, 2,752 with Bachelors, 513 with Masters and 37 with PhDs. A total of 19,131 students registered in 2012 (compared to 20,179 in the previous year), 272 of whom were postgraduates. The students represented 77 countries; 16,364 students were local and 2,767 from other countries.

MMU continues to focus on the superiority of its academic programmes as part of its Academic Quality Assurance initiative. The Bachelor of Education in Teaching English as a Second Language (Honours) was approved by the Ministry of Higher Education (MOHE) in 2012, bringing the total number of MOHE-approved programmes to 117, 108 of which have also been accredited by the Malaysian Qualifications Agency (MQA). Three programmes in Cyberjaya were audited by the MQA and one by the Engineering Accreditation Council (EAC). MQA audited five programmes in Melaka and the EAC audited two.







On 13 December 2012, MMU further expanded its programme offerings with the introduction of the Cinematic Arts Programme (CAP) by the Faculty of Creative Multimedia with its first batch starting off in its Cyberjaya campus. CAP is designed and developed in collaboration with the University of Southern California. It will be fully delivered at MMU's latest purpose-built campus in Educity Iskandar, Johor by 2014. The new Bachelor of Education in Teaching English as a Second Language (Honours) is expected to be launched soon.

On 28 June 2012, MMU introduced a new Graduate School of Management (GSM). Formerly under the Faculty of Management, GSM will focus on developing and delivering postgraduate courses in business, management and administration. GSM is expected to contribute to Malaysia's long-term business management and entrepreneurial landscape.

During the year, MMU Cnergy signed 12 agreements with Malaysian companies, launched three commercialisation projects and completed 12 existing projects. Ten notable projects were carried out with third parties including Ho Chi Minh University (Vietnam), Shell Nigeria, the National University of Changwon (Korea), Kuwait Finance House, Ministry of Foreign Affairs, Basic Human Needs of Japan and Malaysia Airports Holdings Berhad (MAHB). MMU Cnergy generated RM5.5 million in revenue through training, short courses, commercialisation of products and services, consultancy and academic licensing.

MMU received a number of notable grants during the year, including one from Huawei, the leading global ICT solutions provider in China. A Huawei University Training Lab will be established on MMU's campus, complete with the equipment needed for research on next-generation ICT technologies such as cloud computing, long-term evolution (LTE) communication standards and fixed broadband.

The Malaysian Communications and Multimedia Commission (MCMC), meanwhile, awarded MMU the MCMC Grant for Innovative & Creative Contents & Applications (MaGICCA). RM1.0 million is to be channelled to selected undergraduate and postgraduate students to develop content with high potential for commercialisation.

Among its achievements, MMU was awarded three stars by the Malaysian Research Assessment (MyRA) conducted by MOHE for the year 2011. It was also awarded the prestigious Export Excellence Award 2011, which forms part of the Industry Excellence Awards by the Ministry of International Trade and Industry (MITI). In terms of ranking, on 2 November, the MQA announced its 2011 Malaysian Higher Education System Ratings (SETARA '11), in which MMU was ranked as a Tier-5 'Excellent' university. topuniversities.com listed MMU as a top 200 Asian university for the year, while MMU retains its top ranking as the best private university in Malaysia by QS.Com.





MMU Student Exchange Programme

In 2012, MMU expanded its Student Exchange Programme in response to an overwhelmingly positive response from students. No less than 77 outbound students and 63 inbound students participated in the programme, marking an increase from the previous year's participation. The exchange programme includes countries such as France, Belgium, South Korea, Germany, Thailand and Finland.

Multimedia College

Multimedia College (MMC) complements MMU by providing Diploma-level courses and vocational education. Founded in 1948, the college was initially responsible for providing training to employees of the Telecommunications Department. In 1997, it was reformed to offer tertiary education to TM employees and members of the public.

In November 2008, MMC was realigned as a subsidiary of MMU to strengthen and synchronise the education business. On 8 May 2009, MMC was registered as Multimedia College Sdn Bhd (MCSB).

MMC offers students an exceptional experience by coupling superior academic programmes with experiential learning within the TM environment. Students can take diploma programmes specialising in telecommunications, creative multimedia and business. After completing their two-and-a-half-year programmes, the graduates are presented with employment opportunities through the TM Group and its subsidiaries.



The 2012 cohort consisted of 1,806 students of whom 764 had enrolled in the year. 492 graduates received their diplomas at MMC's 16th convocation on 10 October 2012, increasing the total number of MMC graduates to 6,018 since 1997.

MMC has its main campus in Kuala Lumpur and four regional colleges (RCs) in Perak, Terengganu, Sabah and Sarawak. It currently offers the following eight Diploma programmes accredited by the MQA:

1. Diploma in Telecommunications Engineering
2. Diploma in Mobile & Wireless Communications
3. Diploma in Multimedia Technology

4. Diploma in Business Computing
5. Diploma in Marketing with Multimedia
6. Diploma in Management with Multimedia
7. Diploma in Accounting with Multimedia
8. Diploma in Creative New Media

MMC has begun offering a *Sijil Kemahiran Malaysia* (SKM) course in its Terengganu campus with the cooperation of *Jabatan Pembangunan Kemahiran* (JPK). This is to be eventually offered at all MMC RCs.



MMC Sabah has relocated its campus to a more spacious and prominent new location at Alamesra Plaza Permai, Kota Kinabalu to accommodate future growth. It has a capacity for 350 students compared to 150 at the old campus.

On 5 November 2012, MMC Kuala Lumpur became a disabled-friendly campus following an almost RM200,000 facelift to build two disabled-friendly dormitories and ramps to the classrooms, library, cafeteria and parking areas.

On 19 May 2012, MMC collaborated with Kuala Lumpur City Hall (DBKL), Malaysian Police Training Centre (PULAPOL), Bernama and *Majlis Belia Wilayah Persekutuan Malaysia* to organise the '1 Youth Minifest 2012 for Green'. The event, which supported the Kuala Lumpur Greening initiative, saw about 400 trees planted by participants from MMC and PULAPOL at the newly established Taman Kejiranan Air Panas, Kuala Lumpur. MMC also participated in various TM Earth Camps organised by TM throughout the year.

MMC plans to be more competitive in private higher education by enriching its industry-driven programmes through strategic collaborations with other organisations and institutes of tertiary education throughout the nation.

Yayasan TM

Yayasan TM (YTM) has dedicated significant resources to ensure students of all backgrounds, especially those less fortunate, have equal access to education.

Since its formation in 1994 until December 2012, no less than RM435.6 million has been disbursed by YTM for education, development programmes and various donations, benefiting 3,388 students, deserving individuals and organisations.

In 2012, RM15.3 million was allocated to YTM to conduct various programmes under four main categories, namely the Scholars Development Programme, YTM Scholarship Award, Donation Activities and its own Corporate Social Responsibility (CSR) programmes.

Scholars Development Programme

YTM organises programmes to enhance the professional development of its scholars and help them recognise their true potential. In 2012, the programmes focused on intellectual development, engagement, Emotional Quotient (EQ)/ leadership assessment, team building, motivation, career guidance and counselling. These were in addition to induction courses and orientation programmes. The programmes were delivered at various locations, benefitting 719 active scholars.

YTM Scholarship Award

On 31 May 2012, YTM awarded 516 scholarships to outstanding students to encourage them to continue their excellent performance at the secondary and tertiary levels. The table shows the breakdown of the scholarship distribution based on category.

YTM Scholarship Distribution in 2012

Category	Type of Programme	Scholarship Distribution
Overseas	Pre-U	6
	Degree	3
MMU/MMC	Pre-U	43
	Diploma	17
	Degree	39
IPTA	Diploma	-
	Degree	23
Minor	Form 1	194
	Form 4	191
Total		516



Donations

YTM hands out donations either directly to the underprivileged or to organisations that represent them in undertaking educational related activities and contributing to their basic needs, including medical aid. RM101,195.20 was disbursed to various beneficiaries in 2012.

CSR Programmes

YTM recently established a 'Broadband Brigade' to serve as a platform for its scholars to get involved in community service. Members of the Broadband Brigade support the needy by contributing their time and talent in various activities including tutoring at local community centres, assisting the elderly and organising fundraising events.

Working closely with Group Corporate Communications (GCC), YTM also supports TM's School Adoption Programme by financing examination seminars, teachers' motivational programmes and other relevant activities.

In addition, it collaborates with other foundations such as Yayasan Sofa, Yayasan Universiti Multimedia (YUM) and state-funded foundations.

School Adoption Programme

TM has been actively involved in opening up possibilities for underprivileged children to enjoy meaningful education via its School Adoption Programme. Working with various parties such as the Ministry of Information, Communications and Culture (KPKK) and PINTAR Foundation, we have adopted selected schools in rural areas nationwide, engaging not only with the schools, but also the surrounding communities in supporting the development of the children. We allocate RM200,000 to each school for three years, which is to be used for motivational and teambuilding programmes, and educational and academic support. Financial support is also given to capability and capacity-building, managing societal issues, and upgrading ICT facilities and resources.

As of 2012, TM had adopted 10 schools while extending benefits to their surrounding communities and even to nearby schools. Of these, six schools have successfully graduated, two were adopted in 2011 and another two in 2012. One of the most recently adopted schools, Sekolah Kebangsaan Pendidikan

Khas Pekan Tuaran (SK Pendidikan Khas Pekan Tuaran) in Sabah is for visually impaired students, making TM the first GLC to support a special needs school under the PINTAR programme. We also chose Sekolah Menengah Kebangsaan Chenderiang (SMK Chenderiang), Perak as our PINTAR school in 2012 for its significant Orang Asli student population in line with our aim to be more inclusive in our programmes.

Convinced of the need to promote safety awareness among children, in 2012, we introduced a special safety programme for the students at two of our PINTAR schools, namely SMK Chenderiang and Sekolah Kebangsaan Tembak (SK Tembak), Kuala Ketil, in Kedah. The focus was on self-preservation by being conscious of one's surroundings. Parents were enlightened on risky activities that they should warn their children against. Following positive response from the participants, we will be extending this programme to the rest of our PINTAR schools nationwide in 2013.



PINTAR – Promoting Intelligence, Nurturing Talent & Advocating Responsibility has been ingrained our engagements with the PINTAR schools, in line with our Kristal value of Respect and Care.



Although already graduated, SMK Pakan still receives significant attention from other parties due to its exposure as TM's adopted school.



The school adoption programme ran in collaboration with KPKK that started in 2009 came to an end in 2012. However, the schools involved – Sekolah Kebangsaan Teriang (SK Teriang), Sekolah Menengah Kebangsaan Pakan (SMK Pakan) and Sekolah Menengah Rendah Agama Repah (SMRA Repah) – continue to attract public and government attention as reflected in the provision of better school facilities and the upgrade of their infrastructure.

With these schools, we structured our programmes according to the modules set by the PINTAR Foundation. Our role in the adopted schools covers four core modules. These modules and examples of activities supported are summarised below.

Core Module I	Core Module II	Core Module III	Core Module IV
Motivational and Team Building Programme <ul style="list-style-type: none"> • Program Membaca • Museum TM's Outreach • Program Motivasi Pelajar 	Educational Support Programme <ul style="list-style-type: none"> • Bengkel PMR & SPM • Kelas Bimbingan Malam 	Capability and Capacity Building <ul style="list-style-type: none"> • Latihan Dalam Perkhidmatan (LADAP) • Mini Karnival Kemahiran Hidup • Visits to Menara TM 	Reducing Vulnerabilities and Societal Issues <ul style="list-style-type: none"> • TM Earth Camp • Program Keselamatan & Motivasi Sekolah PINTAR TM

School	Year of adoption
SMK Ayer Lanas, Kelantan	June 2003 - May 2006
SK Bukit Indera Muda, Penang	Jan 2007 - Dec 2009
SK Seri Penanti, Penang	Jan 2007 - Dec 2009
SK Teriang, Jelebu, Negeri Sembilan	June 2009 - May 2012
SMK Pakan, Sarikei, Sarawak	June 2009 - May 2012
SMRA Repah, Tampin, Negeri Sembilan	June 2009 - May 2012
SK Tembak, Kuala Ketil, Kedah	June 2010 - May 2013
SK Seri Bandan, Air Hitam, Johor	June 2010 - May 2013
SMK Chenderiang, Tapah, Perak	Jan 2011 - Dec 2014
SK Pendidikan Khas Pekan Tuaran, Sabah	Jan 2011 - Dec 2014



SK Pendidikan Khas Pekan Tuaran's student demonstrating the use of Closed Circuit Television (CCTV), a tool for those who are almost blind to read enlarged version of materials.



Teachers of TM's PINTAR schools also benefited from the golden opportunity for development through PINTAR Leadership Programme.



Highlights of our PINTAR events in 2012

<p>SMK Chenderiang, Perak & SK Tembak, Kedah</p>	<p>We introduced <i>Program Keselamatan dan Motivasi Sekolah PINTAR TM</i> in SMK Chenderiang on 15 September 2012 and SK Tembak on 6 October 2012, to improve children’s safety in light of recent crimes involving children. The event was attended by 530 students, teachers and parents at SMK Chenderiang, and 485 participants at SK Tembak.</p>
<p>SK Pendidikan Khas Pekan Tuaran, Sabah</p>	<p>TM is the first GLC to adopt a school with special needs. In 2012, we visited all visually impaired primary schools in Malaysia and observed their teaching facilities, learning conditions and support provided. We compared these criteria with SK Pendidikan Khas Pekan Tuaran to understand its needs and how we can provide meaningful assistance.</p>
<p>SK Seri Bandan, Johor & SK Tembak, Kedah</p>	<p>In 2012, we involved teachers from SK Seri Bandan and SK Tembak in the PINTAR Leadership programme. Headmasters and senior teachers were invited to a four-day leadership course held at the Malaysia Airlines Academy, coordinated by PINTAR Foundation.</p>

More than 10 schools have benefited directly or indirectly from our School Adoption Programme, which has touched 17,086 lives nationwide.



PINTAR programme has given vast self-development opportunities for many school children from rural area through the active involvement of GLCs, including TM.





Safety Awareness and Motivation at PINTAR Schools

TM has taken a proactive step to inculcate safety awareness among the children of our adopted schools under the PINTAR programme. With the rise in reported cases of abduction, accidents and death, the programme serves as a general guide not only for the students, but also for the teachers and parents in self-preservation against crime. The programme also serves to motivate the students to realise their true potential in life.

Program Keselamatan & Motivasi Sekolah PINTAR TM 2012 was conducted at two TM PINTAR Schools: SMK Chenderiang, Perak on 15 September 2012 and SK Tembak, Kedah on 6 October 2012. More than 300 students and parents attended the programme at each location.

The first part of the programme featured Dr Ruziah Ghazali, a motivator and entrepreneur who shared her experiences in capitalising on one's potential to achieve greater success, regardless of size. Although Dr Ruziah stands at barely one metre tall, her achievements shadow her physical stature. The participants enjoyed the games and activities she conducted during her session, and realised that nothing is impossible in life as long as we work hard for it.

In the second session, Rosni Saini shared her highs and lows in her journey to success as a blind person. Originating from Sabah, the former student of TM's PINTAR school, SK Pendidikan Khas Pekan Tuaran, lost her eyesight when she was three years old but that did not prevent her from completing a degree at the University of Malaya. She is currently a Deputy Director with the Department of Social Welfare in Putrajaya. She has proven that being less fortunate does not mean being totally dependent on others.

In the final session of the programme, Kamal Affendi, a celebrity crime analyst, demonstrated how one can prevent oneself from becoming a victim of crime, getting students to act out different crime scenarios. He also addressed ways to ensure safety on the Internet, especially for the teenagers. Parents, meanwhile, were advised on activities that can harm their children.

Based on the encouraging responses from those involved, we are planning to extend the programme to all our PINTAR schools nationwide in 2013.



Generating Social Value

We conducted a Social Return on Investment (SROI) calculation to measure the social value created as a result of the *Program Keselamatan & Motivasi Sekolah PINTAR TM 2012*. This calculation included the programme's social, environmental and economic costs and benefits. It also considered the financial proxy of each investment. The SROI for the programme was at least RM1.50; ie for every Malaysian Ringgit (RM) spent, RM1.50 of social value was created.

Kamal Affendi, the celebrity crime analyst especially invited for the safety awareness programme at TM's PINTAR schools, demonstrating ways to prevent oneself from being a crime victim.

COMMUNITY AND NATION-BUILDING INITIATIVES

Providing access to the underserved: Universal Service Provision (USP)

TM has always contributed to nation-building by providing telecommunications services to the people. We continue to support the Government's Universal Service Provision (USP) vision of achieving universal access, universal coverage and universal service through a public-private partnership framework. This framework stimulates economic and social development, private sector investment and market-based provision of basic affordable and quality ICT infrastructure and services to unserved and underserved areas, communities and populations. As the national broadband champion, and as part of our concerted efforts to propel the nation's ICT development, we commissioned the following initiatives to achieve the National Broadband Initiative (NBI) target of 75.0% household penetration by 2015.

TM's Initiative	Progress to date
Community Broadband Centre (CBC)/ <i>Pusat Internet 1Malaysia</i> (PI1M) and Community Broadband Libraries (CBL)	<ul style="list-style-type: none"> • Providing Collective Broadband Access to underserved areas via the USP Fund • Various IT/Multimedia skill-based programmes offered at PI1Ms to increase IT literacy level among the community members by trained PI1M supervisors • Each PI1M is equipped with 14 to 20 computers and broadband Internet connected at 4Mbps • In 2012, 274 PI1M and 98 CBLs have been awarded to TM for deployment via the USP Fund • Bringing the reach of CBCs nearer to home under the CBC-to-Home project
<i>Kampung Tanpa Wayar</i>	<ul style="list-style-type: none"> • <i>Kampung Tanpa Wayar</i> leverages on internet connectivity via wireless access from a PI1M within 5km radius from the centre, extending and adding more value to the nearby communities • 1,572 <i>Kampung Tanpa Wayar</i> sites have been entrusted for TM to manage and 960 were completed in 2012, utilising the USP fund
Soft Skills Training for Communities	<ul style="list-style-type: none"> • Also known as 1Malaysia Human Capital & Development (1MHCD) • Equipping rural communities with IT literacy and soft skills • Five modules offered – managing PC hardware, software, content, applications and troubleshooting • Available for students, school leavers and adults • 150,000 participants have been trained by TM via this programme



Before



After



Before



After

TM helped the single mother families by rehabilitating their homes to provide a more comfortable and safer place to live.

Program Sejahtera

Program Sejahtera was launched in 2009 as a platform for GLCs to contribute towards poverty alleviation and provide a sustainable livelihood for the less fortunate. Starting with the first phase in Pahang, three single mothers were selected as pioneers of the programme, all of them with more than five dependants to take care of. The first three months of the programme saw the mothers being equipped with entrepreneurial knowledge and additional skills in expanding the business of their choice to increase their monthly income as the sole breadwinner of the family. As a result, the income of the single mothers has increased threefold, from roughly RM500 to approximately RM1,500 per month. The conditions of their residences were also improved to provide a comfortable and safe homes for their families, which include upgrading of their workspaces in order to support the expansion of their small enterprises.

Meanwhile, the children were also taken care of in terms of their school expenses and some of them were also given opportunities to continue their studies at Multimedia College (MMC). In 2012, two of the children involved in this programme, namely Nik Nurhidayat and Liyana Izzati graduated with flying colours, bringing the hard-earned Diplomas back home to their mothers, which were made possible by TM. To ensure the sustained benefits from the programme for the families, TM took another step further by offering permanent positions to the two of them in TM, marking the success of the families in creating a brighter future for themselves.

In 2012, we launched into the second phase of the programme, and decided to collaborate with Yayasan Sejahtera in extending its existing programme in Kelantan. Three single mothers with

more than three children each and monthly incomes of less than RM500 were selected. Two of them were enrolled in the '1Family 1Enterprise' programme under Yayasan Pendidikan dan Vokasional Wanita Malaysia (YPVWM), given a sewing machine each and taught small business enterprise skills. The third single mother has newly opened a mini market with a loan from Amanah Ikhtiar. TM contributed a new freezer to enable her to sell frozen food products as opposed to only dry goods.

We also donated a desktop and printer to each family and provided them with Streamyx. One son from one of the families had scored 8As in his *Sijil Pelajaran Malaysia* (SPM) examination and was given a full scholarship to MMU. All three single mothers now earn more income as a result of their new skills and aid from TM and our partners, which is to be further enhanced in 2013.

Quantifying Social Value

An SROI calculation on Program Sejahtera Phase 2, incorporating its social, environmental and economic costs and benefits, indicated a value of at least RM4.00; ie for every RM spent, RM4.00 of social value was created.



Although Liyana's mother was unable to attend the graduation ceremony, Nik shared her mother's love and pride with Liyana - another strong bond created through TM's Programme Sejahtera.



OTHER COMMUNITY INITIATIVES

Humanitarian Contributions

TM also contributes to various humanitarian causes, and in 2012, our beneficiaries included the Society of the Blind Malaysia, National Cancer Society Malaysia and Malaysian Armed Forces.

Meanwhile, our Disaster Recovery Call Centre (DRCC) continues to ensure timely and effective delivery of support to affected communities. TM is proud to be able to assist in executing speedy communication with relevant authorities such as Public Works Department (JKR) in times of crisis.

Contributing to the Well Being of Urban Communities

To contribute to the communities closest to where we operate, a number of programmes were held around the Lembah Pantai area, adjacent to our headquarters. One programme that the children look forward to every year end, is our annual 'Jom Balik Ke Sekolah', which supports the call from the Minister of Federal Territories & Urban Well-being, Dato' Raja Nong Chik Dato' Raja Zainal Abidin to provide assistance to the urban poor. In 2012, we invited 500 selected students to Menara TM and handed out school bags, stationery sets and exercise books valued at about RM35,000 to them.

KL Rat Race 2012

TM joined forces with 80 other companies for the 13th KL Rat Race 2012, organised by The Edge and Bursa Malaysia by entering two teams. This year saw our best performance yet with one of our teams finishing in fourth place, just a few seconds behind the top three teams. The race formed part of our initiatives to encourage the spirit of sportsmanship among our employees and support the nation by helping those in need. TM contributed more than RM30,000 through the participation fees. Proceeds from the race were distributed to 26 beneficiaries selected by Yayasan Bursa Malaysia.



TM runners had always been participating in many charitable runs, including the annual KL Rat Race.



Brightly-coloured bags, new exercise books and stationery sets were given away to school children in Lembah Pantai to help ease their parents' burden.

Appreciating Culture and Heritage in TM

Muzium Telekom not only preserves Malaysia's telecommunications history but, through its Outreach Programme, also promotes the joys of learning history and connecting it with the present and future. During this two-day programme, including one night's stay at the museum itself, children are introduced to the development of telecommunications in the country while also taking part in teambuilding activities and a guided trek through the Bukit Nanas forest reserve. A highlight is going up to the observation deck in Menara Kuala Lumpur. To date, more than 300 schools have participated in the programme.



Supporting Human Rights and Peace

In 2012, we contributed RM50,000 to Gaza, Palestine through the *Tabung Kemanusiaan Palestin Media Prima*. Funds raised were channelled towards rebuilding the economy after years of oppression by the Israeli regime. A cheque presentation ceremony was held at Plaza Alam Sentral, Shah Alam on 29 November 2012, and was aired live on TV3.

In exchange of the generous contribution by TM for the Humanitarian Fund for Palestine, Malaysian rock star, Faizal Tahir sacrificed his beloved trophy as a token of appreciation for the RM50,000 donation from TM.



Cable Theft Prevention Campaign

In support of the Government's National Key Results Area (NKRA) to reduce crime, TM has launched a nationwide campaign to reduce and ultimately prevent cable theft. Cable theft, which in the past was shrugged off as negligence, jeopardises national security and infringes on the right of Malaysians to enjoy the full benefits of telecommunications technologies to connect, communicate and collaborate. Addressing the situation internally and

externally, we worked with third parties such as the PDRM in this endeavour, meanwhile a special internal task force with dedicated officers nominated in every state was established to monitor all related activities. A series of public service advertisements and announcements on television and radio were released to support the ground activities and also as a call for action from the public. Apart from regular patrols by TM's security team and the enforcement agencies, an i-Watch

system was installed to alert the nearest response team of illegal cable cuts. An official pledge to fight cable theft was formalised on 19 October 2012. TM reiterated its commitment to work with the Police and all other enforcement agencies to put a stop to cable theft at a 'Majlis Penghargaan Pencegahan Kejurian Kabel' organised at the TM Convention Centre. Our efforts have proven effective, as seen in a decrease in number of cable thefts from 11,539 in 2011 to 10,209 in 2012.



Connecting the cables in preventing crime: TM and PDRM joined forces in the fight against cable theft, together with other enforcement agencies.



The call for action for all Malaysians to prevent cable theft released in first quarter of 2012.



PUBLIC POLICY DEVELOPMENT AND LOBBYING

At TM, we provide our views and feedback to safeguard and benefit our business either through Industry Working Groups, Public Inquiries or Public Consultation Papers on subjects such as the USP. The Company cannot make any political contributions as stipulated in the Corporate Integrity Pact. TM complies with Chapter 4 – Rate Regulation and Section 197 – 201 of the Communications and Multimedia Act (CMA) 1998, which states, among others, that: 1) a provider of a service may set rates in accordance with market rates; and 2) the rates shall be established on the following principles:

- They must be competitive and fair
- They should be cost oriented
- They should not contain unreasonable or anti-competitive discounts
- They should be structured to attract investments
- They should consider regulations and recommendations of international organisations of which Malaysia is a member

TM coordinates the preparation of quarterly updates on published retail rates for submission to MCMC.

ANTI-COMPETITION

TM believes in competing fairly to ensure all parties benefit from fair, free and open markets. We compete strictly on the merits of our products and services and make no attempt to restrain or limit trade. All employees are required to adhere to local competition laws and also the competition laws of the countries in which the Company's business is conducted.

MCMC has published the following two competition guidelines:

- Guidelines on Substantial Lessening of Competition in a Communications Market
- Guidelines on Dominant Position in a Communications Market

The Competition Act 2010 regulates all commercial activities, both within and outside Malaysia that has an effect on competition in any market in the country. However, commercial activities of the telecommunications sector are already being regulated by the CMA 1998 (Act 588). As such, TM's commercial activities do not fall under the Competition Act 2010 and will continue to be under the supervision of MCMC.

However, TM, via our Legal Division, has proactively conducted a series of briefings and awareness sessions on the Competition Act internally to ensure compliance by non-telecommunications activities of the Group including our subsidiaries.

COMPLIANCE

We are pleased to confirm that no legal action has been taken against TM for anti-competitive behaviour, anti-trust or monopolistic practices throughout 2012.



OUR ENVIRONMENT



Facts at a Glance

RM1.38 million

estimated savings from energy-efficiency initiatives in 2012

3,845

participated in TM Earth Camp since 2010

RM32,000

a year for the adoption of two tapirs at Zoo Negara



Over the years, we intensified our efforts to protect the environment and minimise the environmental impact of our operations. Our initiatives go beyond energy, waste, water and noise management to integrating sustainability into our core business as well as educating others. We are committed to studying the environmental impact of our products and services and reducing this as far as possible. To create further value, we focus on developing more innovative solutions for an even better environmental perspective in the future.

ENVIRONMENTAL MANAGEMENT SYSTEM – ISO 14001:2004 (EMS)

At TM, various initiatives have been implemented to reduce the environmental footprint of our day-to-day operations. One of these is having our operations ISO 14001:2004 (EMS) certified. Towards this end, Property Operations (PO) aims to equip the more than 1,000 buildings nationwide which fall under its care with environment-friendly Mechanical & Electrical (M&E) systems. To date, four buildings have been certified, namely:

1. Menara TM
2. TM Complex/Internet Data Centre (IDC) Cyberjaya
3. TM Alor Setar Complex/Exchange
4. TM Bukit Timbalan Exchange

Menara TM was awarded the ISO 14001:2004 (EMS) by SIRIM QAS International Sdn Bhd in 2008; the other three buildings were certified in 2012.

'GREEN' POWERED BY ICT

We have identified two main areas that consume large amounts of energy, namely Building Facilities and Network Elements. The latter can be further subdivided into core, aggregation, access, operations and Information Technology (IT).

While we strive continuously to provide the best service to our customers, we are conscious of the need to minimise emissions that contribute to global warming. This has led to TM Research & Development (TM R&D), a wholly-owned subsidiary of TM, being awarded with 1 star rating – gold standard from ASEAN Energy Management Scheme (AEMAS). The Energy Management Gold Standard requires companies to establish energy management systems according to ISO 50001 and demonstrate that their Energy Efficiency Index improves against an established baseline.



The term 'green' powered by ICT' includes reducing CO₂ emissions through energy-efficient systems, equipment, devices and architecture. The goal is to deploy power-efficient telecommunications networks with smaller ratios of Watt per Gbps and Watt per user.

TM's Green Infrastructure

One of TM's key green initiatives for Network Elements is the migration of our legacy Public Switched Telephone Network (PSTN) to the Next Generation

Network (NGN). NGN components are more power-efficient and the switches much smaller in size. A 70.0% reduction in space is achieved for a similar sized PSTN switch. The NGN significantly reduces network elements, which frees up physical space while reducing energy consumption and heat dissipation, all of which contribute to a reduction in CO₂ emissions. We forecast that upon completion of the NGN migration, the number of exchange sites will be reduced by 23.0%.

As of end 2012, about two years into the migration, 32.0% of TM exchanges had been migrated to NGN. This eliminates approximately 2 kilotonnes (kT) of CO₂ emissions.

In terms of fixed lines, fibre, instead of copper, is being aggressively deployed especially at the access network to support high bandwidth requirements at the last mile.

Why Fibre?

- Fibre is extracted from silica or sand and is basically a type of pure glass.
- Optical fibre cables, sharing similar properties as glass, can theoretically last a lifetime with no oxidation or decomposition.
- Optical fibre is not affected by electromagnetic interference from electrical cables or lightning strikes, making it very safe to use.
- It can transport huge amounts of data (Tbps) using only a small number of network elements.
- Fibre optic communications can be transported over long distances, making it an efficient signal transporter. In current practice, data can be transported over 100km without any active device or repeater.

Through the High Speed Broadband (HSBB) project, we have leveraged on Fibre-to-the-Home (FTTH) technology and employed the green element of fibre to over 1.377 million premises passed by the end of 2012.

FTTH technology is greener because the access network can carry data for up to 20km, needing no active devices in between the exchange building and customer premises.

Comparison: Previous First Mile Technology vs. FTTH		
Comparison	Previous First Mile Technology	FTTH
Technology	xDSL	Passive Optical Network (PON)
Distance from exchange to customer	5km radius	20km radius
Active Devices	Required	Not Required
Power consumption (Watt per Mbps)	High	Low



Enabling Green Practices through Cloud

Cloud computing is globally acknowledged to be a greener alternative to traditional computing infrastructure. It comprises a pool of managed, highly scalable infrastructure capable of hosting end customer (normal and businesses) applications and infrastructure, and is now available in Malaysia through VADS, a wholly-owned subsidiary of TM.

Cloud computing links businesses, customers and users to a virtual data centre. With infrastructure, network and platform as a service, resources, computing power, network infrastructure, platform, operation and management are shared virtually. By subscribing to cloud services, businesses of all sizes would emit less CO₂ as running their own servers would require more power. With cloud services, therefore, customers not only save on capital and operating expenditure but also reduce their carbon footprint.

Cloud services are also beneficial to end users by helping to optimise resources and possibly reduce physical travelling, which further reduces CO₂ emissions. With approximately 28,000 TM WiFi sites at shopping malls, transport hubs, universities, colleges and crowded urban areas, subscribers can browse the Internet while on the go, access their cloud files, perform on-line banking and pay bills, thus embracing a green lifestyle.

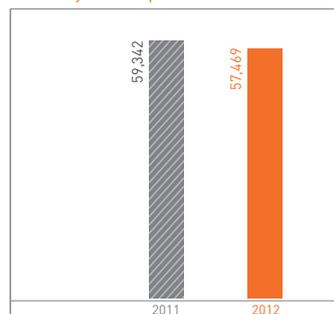
MONITORING OUR ENVIRONMENTAL IMPACT

TM's Environmental Programme and Action Plan contains a policy to reduce our energy consumption, to manage waste, water and also greenhouse gas (GHG) emissions. For consistency, we will continue to report the said indicators to reflect the environmental performance of our buildings under Commercial Building Central, namely Menara TM, TM Annexe, Menara Celcom Semarak, Wisma TM Taman Desa and TM Cyberjaya. 2011 figures are used as the baseline as TM's Carbon Management Plan (CMP) was first announced in this year.

Energy Management

Energy consumption in TM is currently being monitored mainly at its commercial buildings, as well as exchanges and cabins. The buildings under Commercial Building Central were monitored in terms of energy management. The energy consumed at these sites from 2011 to 2012 is presented below.

Electricity Consumption from 2011 & 2012 (MWh)



We are pleased that the energy consumption in these buildings reduced in 2012 from the 2011 baseline. A significant 20.5% reduction has also been seen in total electricity used for the chilled water pumping system at Menara TM, from 662,849 kWh in 2011 to 526,711 kWh in 2012.

Temperature optimisation for cabin sites

In monitoring energy use in the exchanges, it was found that air conditioning is the major contributor to our total energy consumption. We therefore rearranged our equipment and increased the temperature in selected areas, bearing in mind the sensitivity of some equipment to changes in temperature. This initiative was piloted in 45 cabins, data centres and other less critical areas beginning in 2010, and has since been extended to another 383 cabins.

As a result of adjusting the room temperature of the selected cabins, we managed to save more than RM1.3 million in 2012. A breakdown of the savings by location is as presented below:

Electricity Savings by Region

Region	No. of cabins (2011-2012)	Estimated Monthly Electricity Savings (RM)	Estimated Annual Electricity Savings for 2012 (RM)
Central	32	300	115,200
Southern	133	300	478,800
Northern	48	300	172,800
Eastern	90	300	324,000
Sabah	29	300	104,400
Sarawak	51	300	183,600
TOTAL	383		1,378,800



Replacing Harmful & Ozone-Depleting Gases with Alternatives

Apart from monitoring energy usage, we are also concerned about ozone-depleting substances resulting from our operations, especially from the use of air-conditioners.

We have started to replace the R-22 (Feon) refrigerant with R-410A and R-407C, and have completed this migration in the following five buildings:

- TM Jalan Raja Chulan
- TM Kelana Jaya
- TM Brickfields
- IDC Cyberjaya
- TM Cyberjaya 2

We also recognise that Halon 1301 in fire extinguishing systems is harmful to the ozone layer, hence we have been actively replacing the gas with Pyrogen, FM200, Hi-Fog and, most recently, Novec, which has been proven to be even more environmentally friendly than the first three alternatives. Details of Halon 1301 replacement in 2009 to 2012 are as follows:

Region	Quantity of Halon 1301 Replaced (kg)
Eastern	5,655
Sarawak	230
Central	6,725
Southern	704.6
Northern	3,427.4
Sabah	0
TOTAL	16,742



Replacement of harmful and ozone-depleting substances with more environmental-friendly ones is a continuous effort to reduce our negative impact to the environment.

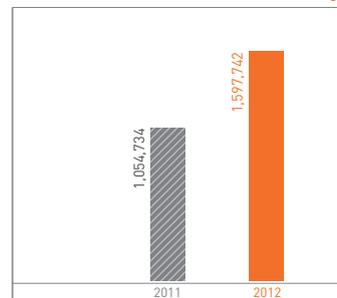
Waste Management

TM's waste management procedures contain provision to manage and ensure proper waste generation disposal. We aim to achieve 100% on-time waste disposal.

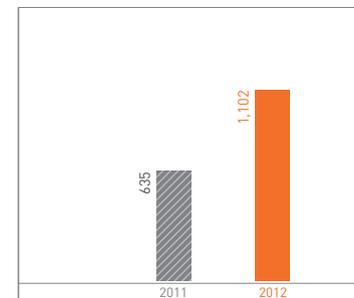
The two main types of wastes identified at TM are:

- Solid waste which consists of office paper and food waste
- Scheduled waste resulting from maintenance and non-maintenance activities (fluorescent bulbs, oil waste, rags, discarded batteries, aerosol cans) in accordance with First Schedule, Part 1 and 2. EQA 1974 Regulations (Schedule Wastes) 2005

Solid Waste Generated from 2011 & 2012 (kg)



Scheduled Waste Generated in 2011 & 2012 (kg)



Solid waste data is for buildings under Commercial Building Central. Scheduled waste is only for Menara TM.

TM has devised strategic procedures for the storage of scheduled waste such as assigning dedicated storage areas. Incompatible scheduled waste are stored in separate containers and placed in secondary containment areas. Scheduled waste is clearly labelled and disposed by the Department of Environment's (DOE) licensed contractors. No penalties were imposed by the DOE for scheduled waste generation in 2012.



Noise Monitoring

Noise levels at Menara TM as the center of TM's operations were measured for 24 hours at 15 minute intervals, by a third party accredited laboratory. The Department of Environment (DOE) has set night time boundary noise level at 70dBA and daytime at 65dBA.

Location	Average Noise Levels (dBA)		Maximum Permissible Sound Level (dBA)	
	Daytime	Night time	Daytime	Night time
N1 – Vehicular movement within Menara TM area and the main road	64.5	60.4	68.8*	65.0*
N2 – Vehicular movement within the Menara TM area and at the Federal Highway	68.1	67.9		
N3 – Vehicular movement at the Federal Highway and LRT Station area and within Menara TM Area	65.9	60.6		
N4 – Vehicular movement at the Federal Highway and LRT Station area, within Menara TM area, sound from blower	60.6	56.3		

* Day time and night time recommended noise level is derived based on the results of baseline measurement in November 2008 monitoring.

The average noise levels recorded during daytime and night time at locations N1, N3 and N4 were lower than the respective maximum permissible sound levels of 68.8dBA (daytime) and 65.0dBA (night time) which based on Schedule 3 in the 'Planning Guidelines for Environmental Noise Limits and Control', DOE, 2004. As for location N2, the average daytime energy averaging (LAeq) recorded was well below the said limit but the night time average reading has exceeded the said limit.

Noise sources observed at these locations were generally from vehicular movements along the Federal Highway, Light Rail Transit (LRT) movements as well as vehicular movements within Menara TM area.

Dust Monitoring

We measure the concentration of dust particulates in the stack flue gases from our generator sets according to the Environmental Quality (Clean Air) Regulations 1978. Volume of dark smoke emitted from these stacks was also recorded. The averaging dust particulate concentrations in the flue gases of the three stacks determined by isokinetic sampling technique are summarised and tabulated as follows:

Stacks	Source Description	Average Dust Concentration (gm/Nm ³)
Stack 1	Generator Set No. 1	0.0126
Stack 2	Generator Set No. 2	0.0830
Stack 3	Generator Set No. 3	0.0110

All of the dust concentrations recorded were lower than the limit of 0.4 gm/Nm³ stipulated in the Environmental Quality (Clean Air) Regulations 1978.

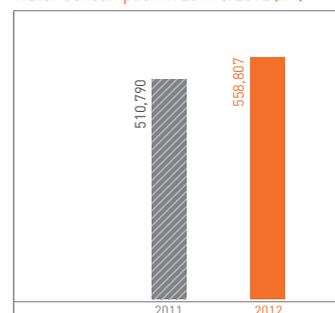
Dark smoke observations carried out for the three stacks showed that the shade of emission from three stacks did not exceed the Ringlemann Chart No.1, thus complied with the requirements under the Environmental Quality (Clean Air) Regulations 1978.

Water Management

We are committed in reducing, reusing and recycling water, in recognition of it being a scarce resource that needs to be well managed. The water consumption at Menara TM in 2012 has shown an increase compared to 2011 due to the higher use of water in daily housekeeping activities, including general cleaning and upkeep of Menara TM as the headquarters of TM's overall operations, which involved several upgrades to the common facilities. The newly-opened TM Convention Centre (TMCC) also added to the higher consumption based on the usage of the facilities provided. Various initiatives are already in place and strengthened further in reiterating the commitment such as general campaigns in using water wisely, continued support to *BumiKu* internal environmental awareness programmes and activities, and adequate care and maintenance of water systems in our buildings, especially Menara TM.

We have also consciously increased the use of recycled water where able, by introducing a water recycling irrigation project, which reuses waste water for landscaping and watering the plants around Menara TM. This decreases the diversion of water from sensitive ecosystems. It also helps prevent pollution by reducing the nutrient loads of wastewater discharge into waterways.

Water Consumption in 2011 & 2012 (m³)





Climate Change and GHG Emissions

In 2012, we continued the efforts in carbon management, measurement and reporting as part of our Carbon Management Plan. This is the second year we are reporting our greenhouse gas (GHG) emissions.

TM's emissions accounting is based on the GHG Protocol classification of direct and indirect emissions. The GHG Protocol defines them as follows:

- Direct GHG emissions are emissions from sources that are owned or controlled by the reporting entity.

- Indirect GHG emissions are emissions that are a consequence of the activities of the reporting entity, but occur at sources owned or controlled by another entity.

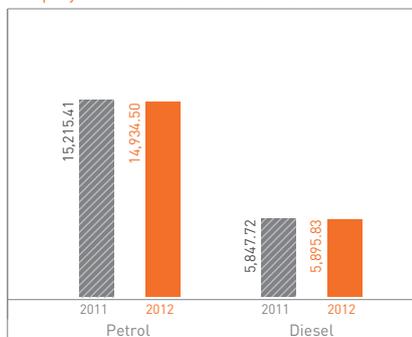
These direct and indirect emissions are further categorised into three broad scopes, based on the source of emissions. This helps establish conceivable emissions reduction goals for Scope 1, 2 and 3 type emissions.

Emissions Scope	Category	TM's Emission
Scope 1	Direct GHG Emissions	• Company-owned vehicles
Scope 2	Indirect GHG Emissions	• Electricity
Scope 3	Other Indirect GHG Emissions	• Air travel

Scope 1

GHG emissions from company-owned vehicles are calculated from all fuel purchases made for company-owned vehicles including passenger cars, 4-wheel drives (4WDs), vans and trucks. Separate calculations were performed for petrol and diesel. The CO₂ emissions for the consumption of fuel were derived from the emission factor published by the Intergovernmental Panel on Climate Change (IPCC) Guidelines for National Greenhouse Gas Inventories.

CO₂ Emissions (MT) from Company-Owned Vehicles in 2011 & 2012

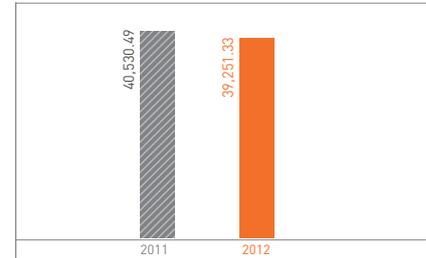




Scope 2

Emissions resulting from electricity consumption were calculated for our Commercial Building Central to ensure consistency and a fair performance comparison against the 2011 baseline. The CO₂ emissions from the use of electricity were derived using the emission factor published by the Malaysian Green Technology Corporation for the Peninsular grid.

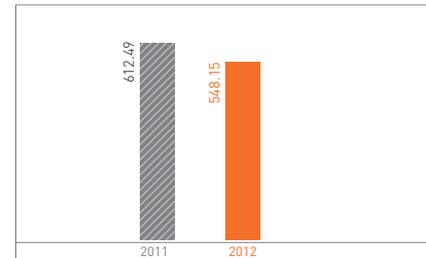
CO₂ emissions (MT) electricity usage at TM Commercial Building Central in 2011 & 2012



Scope 3

GHG emissions resulting from air travel were measured from point-to-point including the number of employees on board, distance and flight class. All short and long-haul flights were included in the GHG calculations. Online tools derived from the World Resource Institute (WRI) Greenhouse Gas Protocol have been used to estimate the CO₂ emissions from air travel.

CO₂ emissions (MT) from Air Travel in 2011 & 2012



The more we have learnt about GHG emissions at the Group level, the more we have discovered about other measures that could further reduce our carbon footprint, namely:

1. Better network planning
2. Infrastructure sharing – universal IP Platform
3. Adoption of energy efficient equipment and innovative technologies
4. Use of renewable energy sources
5. Network grooming
6. Reduction of standby power consumption at the customers' premise equipment (CPE)

We plan to expand the scope of our GHG emissions reporting to cover our nationwide operations in Malaysia soon to gauge emissions from our core network operations and to measure the effectiveness of the various initiatives and approaches that have been implemented.



TM Annexe (left) and Menara TM (right) are part of TM's Commercial Building Central, currently being monitored in terms of environmental performance indicators, including CO₂ emissions from both buildings.



ENVIRONMENTAL AWARENESS PROGRAMMES

BumiKu

BumiKu is an employee awareness programme launched in October 2009, which educates employees on environmental practices, increasing awareness of climate change and encouraging energy savings at work and at home. Riding on the crest of heightened environmental awareness, a *BumiKu* Camp was organised in collaboration with Malaysian Nature Society (MNS) in 2012.

Activities organised under our *BumiKu* campaign in 2012:

<i>BumiKu</i> Fun Run	The 1.5km <i>BumiKu</i> Fun Run was held on 30 September, hosted by TM Melaka. More than 80 employees attended nationwide. Participants were challenged to be creative in reflecting environmental elements through their attire, and had to wear at least one recycled garment.
TM <i>BumiKu</i> Survival Camp 2012	The <i>BumiKu</i> Survival Camp 2012 was designed to establish a network of employees able to drive our green efforts at our respective offices. Some 120 participants shared their knowledge and ideas during this experiential learning camp held at the Sedim Rainforest Resort, Kedah from 5 to 7 October. Sungai Sedim Rainforest was an ideal location for this camp as it is a world-famous water rafting destination, ranked top five in Asia Pacific. It has 17 kilometres of non-stop rapids graded from one to four. Participants were exposed to the wonders of nature through activities such as jungle trekking, night walk, flora and fauna study, and nature hunt. In addition, Sungai Sedim Rainforest is also famous for its Tree Top Walk, known to be among the longest in the world at 925 metres. A walk through the park allows our participants to have a closer look of our country's own heritage. Participants learned the importance of protecting the rainforest and river from the threat of water contamination and pollution.
<i>Gotong Royong 1TM</i>	In 2012, we assisted local communities to clean up and conserve their surrounding environment through an inaugural nationwide programme called ' <i>Gotong-Royong 1TM</i> ', which was conducted simultaneously by all TM states with their respective local communities in true 1TM and 1Malaysia spirit. More than 1,600 TM employees participated in ' <i>Gotong-Royong 1TM</i> '.
<i>BumiKu</i> Share-A-Ride 2012	We introduced the 'Share-A-Ride' Car Pool Drive to reduce carbon emissions, road traffic congestion and alleviate problems caused by limited parking at our office. TM has dedicated 40 parking bays at its Headquarters for drivers with Share-A-Ride passes. Each pass holder must carry a minimum of three passengers to be allowed access to the allocated bays. 1,920 employees utilise the 40 parking bays yearly in support of this programme.
<i>BumiKu</i> Green Week	We strengthened our green efforts via a ' <i>BumiKu</i> Green Week' campaign which ran from 16 to 24 April. Activities organised – including tree planting, a photography contest, a green attire photo contest, a forest walk and nature hunt – were well received. The 'Green Shirt with Pledge' photography contest, for example, attracted 90 submissions.

Kelab Pencinta Alam TM (KPA TM) & Kelab Pencinta Alam MMC (KPA MMC)

Taking the cue from the *BumiKu* campaign, TM employees went one step further to establish the *Kelab Pencinta Alam TM* (KPA TM), also known as *Tapir Malaya* (TM), on 5 March 2011. Its aim is to provide employees with an opportunity to explore nature through workshops, seminars and activities such as nature camps and field trips. It is hoped that KPA TM will lead future activities to reduce our carbon footprint. TM was complimented by MNS for being the first company to introduce its own nature club. This was followed by the establishment of KPA MMC in 2012, further evidence of the effectiveness of the *BumiKu* campaign in spreading the message of environmental conservation throughout the organisation. With an initial member count of 40, KPA MMC plans to do more for the environment in 2013.





TM Earth Camp

TM Earth Camp was launched in March 2010 in partnership with MNS to increase students' awareness of Malaysia's rich biodiversity via carefully organised three-day nature camps. Since the camp was introduced in 2010, more than 3,845 individuals have benefitted from it. This includes the 1,509 students, teachers, TM volunteers and their children and members of the local communities who took part in the programme in 2012. The camps were held in the six zones – Central, Eastern, Southern, Sarawak and Sabah – focusing on Putrajaya Wetlands, Kuala Tahan National Park, Batu Maloi Caves, Borneo Tropical Rainforest and Tawau Hill Park respectively. Each camp will feature a prominent theme highlighting the unique nature elements or characteristics at the respective camp locations, such as earth, water, air (climate change), fire (energy) and human, representing the vital components of the environment.

The involvement of government agencies and other organisations add value to the camps. These include the Ministry of Education, Ministry of Natural Resources and Environment, the Sabah Forestry Department and the local communities. In addition to providing input on how the nature camps can be improved, the ministries and agencies also extend logistics assistance to ensure more effective and efficient coordination of the programmes.

Evaluations held at the end of the camps in 2012 showed that 94.3% of the participants were happy with the contents of the programmes.

Participation	2010	2011	2012	Total
Students	511	602	692	1,805
Teachers	100	110	94	304
TM Volunteers	34	46	43	123
Community	323	610	680	1,613
TOTAL	968	1,368	1,509	3,845
No. of schools	185	189	196	
No. of TM Kids	43	50	47	



The spirited TM volunteers dedicated themselves to help the younger generation to appreciate and preserve Mother Nature, TM-style



Zone	Date/Theme	Activities
Central Location: Putrajaya Wetland	13 - 15 April 2012 Theme: Water	<ul style="list-style-type: none"> • Astronomy and stargazing • Visits to bamboo, rubber, coffee and oil palm plantations • Visits to frozen food and crackers factories • Marine exploration • Water quality study
Eastern Location: Kuala Tahan National Park, Pahang	27 - 29 April 2012 Theme: Human	<ul style="list-style-type: none"> • Visit to the National Park, canopy walk • Wildlife observation • Flora and fauna exploration • Studying the culture of Orang Asli
Southern Location: Batu Maloi Caves, Negeri Sembilan	25 - 27 May 2012 Theme: Earth	<ul style="list-style-type: none"> • Night walk • Nature Explorer • Briefing on the customs and traditions of Negeri Sembilan • Visit to a sustainable vegetable farm
Borneo (Sarawak) Location: Borneo Tropical Rainforest Resort, Miri	22 - 24 June 2012 Theme: Climate Change (Air)	<ul style="list-style-type: none"> • Night walk • Water quality study • Visit to SK Entulang and Sg Entulang Longhouse to learn about the Iban community • Study on the impact of GHG on Mother Earth
Borneo (Sabah) Location: Tawau Hill Park	6 - 8 July 2012 Theme: Energy (Fire)	<ul style="list-style-type: none"> • Night walk • Botanical garden visit • Environmental Hunt • Solar experiments, paper recycling art • Community service at Kg Sg Imam
Northern Location: Perlis State Park	7 - 9 September 2012 Theme: Earth	<ul style="list-style-type: none"> • Night walk • Caving • Paper recycling • Studying cultures of the local community at Kampung Wang Kelian

We plan to improve TM Earth Camp 2013 by, for example, holding the camps in cross-states/zones, focusing more on recycling practices and involving local schools at the camp locations as centres for environmental education.



TM Earth Camp is no ordinary nature camp, enriched with heightened sense of cultural diversity, unity and effort in ensuring a sustainable livelihood for everyone.



CONSERVATION OF BIODIVERSITY

Getting to know 'Tapir Malaya'

Interest in the Malayan tapir (*Tapirus Indicus*) or 'Tapir Malaya' in Malay which can be abbreviated to TM, was sparked during the first *BumiKu* Camp organised at Awana Genting Highlands in October 2010. KPA TM nicknamed themselves as 'Tapir Malaya' in appreciation of the endangered species, which is currently on the IUCN Red List, classified as Endangered A2cd. This spurred TM to adopt the cause of the tapir, and the Company has since 2011 been supporting two tapirs at Zoo Negara Malaysia, contributing RM32,000 a year for their maintenance. We also planned the TM Earth Camp 2012 at Kuala Tahan, Pahang, to coincide with the World Tapir Day which is celebrated on 27 April every year. The celebration took on an extra special meaning for the participants, who had the once-in-a-lifetime experience of getting up close with a pair of tapirs during their night walk activity.



ENVIRONMENTAL COMPLIANCE

TM complies with all environmental guidelines, legislation and best practice including:

- Environmental Quality Act 1974 (Act 127)
- Environmental Quality (Clean Air) Regulations 1978
- Environmental Quality (Industrial Effluent) Regulations 2009
- Environmental Quality (Sewage) Regulations 2009
- Environmental Quality (Motor Vehicle Noise) Regulations 1987
- Environmental Quality (Scheduled Waste) Regulations 2005
- Environmental Quality (Halon Management) Regulations 1999
- Environmental Quality (Refrigerant Management) Regulations 1999
- Environmental Quality (Declared Activities) (Open Burning) Order 2003
- Local Government Act 1976
- Occupational Safety and Health Act 1994
- Fire Services Act 1988 (Act 341)

There were no significant penalties for environmental non-compliance or violations of laws and regulations in 2012.

ENVIRONMENTAL EXPENDITURE

Our yearly expenditure for environmental initiatives from 2010 – 2012:

2010	2011	2012
RM749,400	RM748,500	RM1,236,793

Breakdowns of our environmental expenditure for 2012 are as follows:

Participation	Environmental Expenditure (RM)
Environmental Activities	784,198
Environmental Monitoring Activities	40,000
Tapir Conservation	32,000
Waste Disposal	164,840
Reporting Activities	188,809
Others	26,946
TOTAL	1,236,793



GRI G3.1 CONTENT INDEX TABLE

Application : C – Core; A – Additional

Status : ● Fully Reported; □ Partially Reported; ✕ Not Reported; N/A: Not Applicable

STANDARD DISCLOSURES PART I: PROFILE DISCLOSURES				
Profile Disclosure	Disclosure	Level of reporting	Location of disclosure	Partially reported/Omission: Reason & Explanation
1.	Strategy and Analysis			
1.1	Statement from the most senior decision-maker of the organisation	●	P4-13	
1.2	Description of key impacts, risks, and opportunities	●	P4-13	
2.	Organisational Profile			
2.1	Name of the organisation	●	P2	
2.2	Primary brands, products, and/or services	●	P16-19	
2.3	Operational structure of the organisation, including main divisions, operating companies, subsidiaries, and joint ventures	●	P26-27	
2.4	Location of organisation's headquarters	●	P16	
2.5	Number of countries where the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	●	P20-23	
2.6	Nature of ownership and legal form	●	P16	
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	●	P20-23, P26	
2.8	Scale of the reporting organisation	●	P24-26	
2.9	Significant changes during the reporting period regarding size, structure, or ownership	●	P4-13	
2.10	Awards received in the reporting period	●	P28-29	
3.	Report Parameters			
3.1	Reporting period (e.g., fiscal/calendar year) for information provided	●	P3	
3.2	Date of most recent previous report (if any)	●	P3	
3.3	Reporting cycle (annual, biennial, etc.)	●	P3	



Profile Disclosure	Disclosure	Level of reporting	Location of disclosure	Partially reported/ Omission: Reason & Explanation
3.4	Contact point for questions regarding the report or its contents	●	P3	
3.5	Process for defining report content	●	P3, P35-41	
3.6	Boundary of the report	●	P3	
3.7	State any specific limitations on the scope or boundary of the report	●	P3	
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organisations	●	P3, P26-27	
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report	●	P81, P92	
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement	●	P4-13	
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	●	P4-13	
3.12	Table identifying the location of the Standard Disclosures in the report	●	GRI G3.1 Content Index: P98-113	
3.13	Policy and current practice with regard to seeking external assurance for the report	●	Assurance Statement: P114-116	
4.	Governance, Commitments and Engagements			
4.1	Governance structure of the organisation, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight	●	P30-34	
4.2	Indicate whether the Chair of the highest governance body is also an executive officer	●	P33	
4.3	For organisations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members	●	P31-32	
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	●	P34	
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives, and the organisation's performance	●	P34	



Profile Disclosure	Disclosure	Level of reporting	Location of disclosure	Partially reported/ Omission: Reason & Explanation
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	●	P34	
4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity	●	P32	
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental and social performance and the status of their implementation	●	P34	
4.9	Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles	●	P65	
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance	●	P33	
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organisation	●	P31-41	
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses	●	P87	
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organisations	●	P2-3	
4.14	List of stakeholder groups engaged by the organisation	●	P36	
4.15	Basis for identification and selection of stakeholders with whom to engage	●	P36	
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	●	P36	
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting	●	P39-41	



STANDARD DISCLOSURES PART II: DISCLOSURES ON MANAGEMENT APPROACH (DMA)			
G3.1 DMA	Disclosure	Level of reporting	Location of disclosure
DMA EC	Disclosure on Management Approach: EC (Economic)		
Aspects	Economic Performance	●	P4-18
	Market Presence	●	P16-29
	Indirect Economic Inputs	●	P25
DMS EN	Disclosure on Management Approach: EN (Environment)		
Aspects	Materials	●	P86-98
	Energy	●	
	Water	●	
	Biodiversity	●	
	Emissions, effluents and waste	●	
	Products and services	●	
	Compliance	●	
	Transport	●	
	Overall	●	
DMA LA	Disclosure on Management Approach: LA (Labour Practices and Decent Work)		
Aspects	Employment	●	P54-69
	Labor/Management relations	●	
	Occupational health and safety	●	
	Training and education	●	
	Diversity and equal opportunity	●	
	Equal remuneration for women and men	●	



G3.1 DMA	Disclosure	Level of reporting	Location of disclosure
DMA HR	Disclosure on Management Approach: HR (Human Rights)		
Aspects	Investment and procurement practices	●	P50-53
	Non-discrimination	●	P68
	Freedom of association and collective bargaining	●	
	Child labour	●	
	Prevention of forced and compulsory labour	●	
	Security practices	●	
	Indigenous rights	●	
	Assessment	●	
	Remediation	●	
DMS S0	Disclosure on Management Approach: S0 (Society)		
Aspects	Local communities	●	P70-85
	Corruption	●	
	Public Policy	●	
	Anti-competitive behaviour	●	
	Compliance	●	
DMA PR	Disclosure on Management Approach: PR (Product Responsibility)		
Aspects	Customer health and safety	●	P42-53
	Product and service labelling	●	
	Marketing communications	●	
	Customer privacy	●	
	Compliance	●	



STANDARD DISCLOSURES PART III: PERFORMANCE INDICATORS				
Indicator	GRI Indicator Description	Level of reporting	Location of disclosure	Partially reported/Omission: Reason, explanation & future plan on reporting
Economic				
Economic Performance				
EC1	Direct economic value generated and distributed	●	P24	
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change	●	P87-88, P92	
EC3	Coverage of the organisation's defined benefit plan obligations	●	P58	
EC4	Significant financial assistance received from government	●	P49	
Market Presence				
EC5	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operations	●	P58	
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation	●	P51	
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation	●	P51, P63	
Indirect Economic Impacts				
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	●	P81-82	
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts	●	P81-83	



Indicator	GRI Indicator Description	Level of reporting	Location of disclosure	Partially reported/Omission: Reason, explanation & future plan on reporting
Social: Society				
Local Communities				
S01	Percentage of operations with implemented local community engagement, impact assessments, and development programs	●	P82	
S09	Operations with significant potential or actual negative impacts on local communities	●	P81-82	
S010	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities	●	P77-78	
Corruption				
S02	Percentage and total number of business units analysed for risks related to corruption	✘	–	We are in the process of improving our data collection. We hope to have this indicator available in our upcoming Report. To be reported in 2014.
S03	Percentage of employees trained in organisation's anti-corruption policies and procedures	□	P34, P41, P53	The training on anti-corruption polices and procedures were reported but percentages were omitted. To be reported in 2014.
S04	Actions taken in response to incidents of corruption	✘	–	We are in the process of improving our data collection. We hope to have this indicator available in our upcoming Report. To be reported in 2014.
Public Policy				
S05	Public policy positions and participation in public policy development and lobbying	●	P85	
S06	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country	●	P85	
Anti-competitive behaviour				
S07	Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes	●	P85	
Compliance				
S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	●	P85	



Indicator	GRI Indicator Description	Level of reporting	Location of disclosure	Partially reported/Omission: Reason, explanation & future plan on reporting
Social: Product Responsibility				
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	●	P49-50	
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	●	P49-50	
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	●	P47	
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	●	P47	
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	●	P47	
Marketing communications				
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	●	P45, P48	
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes	●	P45, P48	
Customer privacy				
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	●	P48	
Compliance				
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	●	P53	



Indicator	GRI Indicator Description	Level of reporting	Location of disclosure	Partially reported/Omission: Reason, explanation & future plan on reporting
Environmental				
Materials				
EN1	Materials used by weight or volume	□	P88	Materials used were identified but not reported in terms of weight or volume. To be reported in 2014.
EN2	Percentage of materials used that are recycled input materials	✘	-	We are in the process of improving our data collection. We hope to have this indicator available in our upcoming Report. To be reported in 2014.
Energy				
EN3	Direct energy consumption by primary energy source	●	P89	
EN4	Indirect energy consumption by primary source	●	P89	
EN5	Energy saved due to conservation and efficiency improvements	●	P89	
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives	●	P87-89	
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	●	P89	
Water				
EN8	Total water withdrawal by source	□	P91	Total water withdrawn is disclosed but is not being broken down by source. To be reported in 2014.
EN9	Water sources significantly affected by withdrawal of water	●	P91	
EN10	Percentage and total volume of water recycled and reused	✘	-	We are in the process of improving our data collection. We hope to have this indicator available in our upcoming Report. To be reported in 2014.



Indicator	GRI Indicator Description	Level of reporting	Location of disclosure	Partially reported/Omission: Reason, explanation & future plan on reporting
Biodiversity				
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	●	P95-97	
EN12	Description of significant impacts of activities, products, and services on biodiversity	●	P95-97	
EN13	Habitats protected or restored	●	P95-97	
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity	●	P95-97	
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	●	P97	
Emissions, effluents and waste				
EN16	Total direct and indirect greenhouse gas emissions by weight	●	P92	
EN17	Other relevant indirect greenhouse gas emissions by weight	●	P92-93	
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	●	P89	
EN19	Emissions of ozone-depleting substances by weight	●	P90	
EN20	NO, SO, and other significant air emissions by type and weight	✘	-	We are in the process of improving our data collection. We hope to have this indicator available in our upcoming Report. To be reported in 2014.
EN21	Total water discharge by quality and destination	□	P91	Total water discharged is disclosed but is not specified by quality and destination. To be reported in 2014.
EN22	Total weight of waste by type and disposal method	□	P90	Total waste disposed is disclosed but it is not specified by type and disposal method. To be reported in 2014.
EN23	Total number and volume of significant spills	N/A	-	This indicator is not applicable due to the nature of our operation as a telecommunication service provider.



Indicator	GRI Indicator Description	Level of reporting	Location of disclosure	Partially reported/Omission: Reason, explanation & future plan on reporting
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III and VIII, and percentage of transported waste shipped internationally	X	–	We are in the process of improving our data collection. We hope to have this indicator available in our upcoming Report. To be reported in 2014.
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organisation's discharges of water and runoff	X	–	We are in the process of improving our data collection. We hope to have this indicator available in our upcoming Report. To be reported in 2014.
Emissions, effluents and waste				
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	●	P87-89	
EN27	Percentage of products sold and their packaging materials that are reclaimed by category	N/A	–	This indicator is not applicable due to the nature of our operation as a telecommunication service provider.
Compliance				
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	●	P97	
Transport				
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations	●	P92-93	
Overall				
EN30	Total environmental protection expenditures and investments by type	●	P97	



Indicator	GRI Indicator Description	Level of reporting	Location of disclosure	Partially reported/Omission: Reason, explanation & future plan on reporting
Social: Labor Practices and Decent Work				
Employment				
LA1	Total workforce by employment type, employment contract, and region, broken down by gender	●	P56	
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region	●	P68	
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	●	P58	
LA15	Return to work and retention rates after parental leave, by gender	✘	-	We are in the process of improving our data collection. We hope to have this indicator available in our upcoming Report. To be reported in 2014.
Labour/management relations				
LA4	Percentage of employees covered by collective bargaining agreements	●	P62, P68	
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements	●	P60	
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 programs	●	P65	
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender	●	P68-69	
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	●	P65-66	
LA9	Health and safety topics covered in formal agreements with trade unions	●	P62	



Indicator	GRI Indicator Description	Level of reporting	Location of disclosure	Partially reported/Omission: Reason, explanation & future plan on reporting
Training and education				
LA10	Average hours of training per year per employee by gender, and by employee category	●	P62	
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	●	P62	
LA12	Percentage of employees receiving regular performance and career development reviews, by gender	●	P69	
Diversity and equal opportunity				
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	●	P68-69	
Equal remuneration for women and men				
LA14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	●	P58, P68	

Indicator	GRI Indicator Description	Level of reporting	Location of disclosure	Partially reported/Omission: Reason, explanation & future plan on reporting
Social: Human Rights				
Investment and procurement practices				
HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening	□	P68	This information is disclosed in the Report but percentages are omitted. To be reported in 2014.
HR2	Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken	□	P68	This information is disclosed in the Report but percentages are omitted. To be reported in 2014.
HR3	Total hours of employee training or policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	●	P68	



Indicator	GRI Indicator Description	Level of reporting	Location of disclosure	Partially reported/Omission: Reason, explanation & future plan on reporting
Non-discrimination				
HR4	Total number of incidents of discrimination and corrective actions taken	●	P68	
Freedom of association and collective bargaining				
HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights	●	P62, P68	
Child labour				
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour	●	P68	
Prevention of forced and compulsory labour				
HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of all forms of forced or compulsory labour	●	P68	
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	●	P68	
Indigenous rights				
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken	●	P68	
Assessment				
HR10	Percentage and total number of operations that have been subject to human rights reviews/impact assessments	□	P68	This information is disclosed in the Report but percentages are omitted. To be reported in 2014.
Remediation				
HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms	●	P68	



GRI PILOT VERSION: TELECOMMUNICATIONS SECTOR SUPPLEMENTS

GRI Ref.	GRI Indicator Description	Reported	Pages/ Cross-Reference/ Explanation
I01	Capital investment in telecommunication network infrastructure broken down by country/region	●	P49
I03	Practices to ensure health and safety of field personnel involved in the installation, operation and maintenance of masts, base stations, laying cables and other outside plant. Related health and safety issues working at heights, electric shock, exposure to EMF and radio frequency fields, and exposure to hazardous chemicals	●	P65-66
PA1	Policies and practices to enable the deployment of telecommunications infrastructure and access to telecommunications products and services in remote and low population density areas	●	P81
PA2	Policies and practices to overcome barriers for access and use of telecommunication products and services including: language, culture, illiteracy, and lack of education, income, disabilities, and age	●	P81
PA3	Policies and practices to ensure availability and reliability of telecommunications products and services and quantify, where possible, for specified time periods and locations of down time	●	P81
PA4	Quantify the level of availability of telecommunications products and services in areas where the organisation operates	●	P81
PA5	Number and types of telecommunication products and services provided to and used by low and no income sectors of the population	●	P81
PA6	Programmes to provide and maintain telecommunication products and services in emergency situations and for disaster relief	●	P83
PA7	Policies and practices to manage human rights issues relating to access and use of telecommunications products and services. Explain how such policies and practices are adapted and applied in different countries	●	P48
PA10	Initiatives to ensure clarity of charges and tariffs	●	P53, P85
TA1	Provide examples of the resource efficiency of telecommunication products and services delivered	●	P88
TA2	Provide examples of telecommunication products, services and applications that have the potential to replace physical objects	●	P88-89
TA3	Disclose any measures of transport and/or resource changes of customer use of the telecommunication products and services listed above	●	P87-89



10 UNITED NATIONS GLOBAL COMPACT (UNGC) PRINCIPLES

Principle	Description	Page Reference
HUMAN RIGHTS		
Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights; and	P3, P68
Principle 2	make sure that they are not complicit in human rights abuses.	P68
LABOUR		
Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	P62
Principle 4	the elimination of all forms of forced and compulsory labour;	P68
Principle 5	the effective abolition of child labour; and	P68
Principle 6	the elimination of discrimination in respect of employment and occupation.	P56, P68
ENVIRONMENT		
Principle 7	Businesses should support a precautionary approach to environmental challenges;	P87
Principle 8	undertake initiatives to promote greater environmental responsibility; and	P87
Principle 9	encourage the development and diffusion of environmentally friendly technologies.	P87-89
ANTI-CORRUPTION		
Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.	P34



SIRIM QAS INTERNATIONAL SDN. BHD. (410334-X)

SIRIM Complex,
1, Persiaran Dato' Menteri, Section 2,
40911 Shah Alam, Selangor Darul Ehsan.
Tel : 603-5544 6400 Fax : 603-5544 6810
www.sirim-qas.com.my

Independent Verification Statement

Scope and Objective

SIRIM QAS International Sdn. Bhd., a third party Conformity Assessment Body in Malaysia, with extensive expertise and experience in the provision of sustainability-related assurance services, was engaged by Telekom Malaysia Berhad (TM) to perform an independent verification of its 2012 Sustainability Report. The main objective of the verification process is to provide TM and its stakeholders with an independent opinion of the accuracy of the information presented in the report. This was confirmed through checking and verifying claims made in the report. The verification audit by SIRIM QAS International audit covered all sustainability related activities which had been included in the 2012 Sustainability Report. The report was also assessed against the G3.1 Global Reporting Initiatives (GRI) Sustainability Reporting Guidelines.

The information in this report is the responsibility of the management of TM. The objectivity and impartiality of this verification statement is assured as no member of the verification team and no other employee of SIRIM QAS International was involved in the preparation of any part of the report.

Verification team:

The verification team from SIRIM QAS International consisted of:

- 1) Ms. Aminah Ang - Team Leader
- 2) Mr. Mohd Hafiz Hamzah - Team member

Methodology

The verification process was carried out by SIRIM QAS International in March 2013. It involved the following activities:

- Reviewing and verifying the accuracy of the data collected from various sources that are presented in the report;



074





- Reviewing of internal and external documentation and displays such as awards, reports, newsletters, etc., and
- Interviewing of key personnel responsible for collating and writing various parts of the report in order to substantiate the veracity of the claims.

During the verification process, issues were raised and clarifications were sought from the management of TM relating to the accuracy of some of the data and statements contained in the report. The report was reviewed and revised by TM as a result of the findings of the verification team. It can be confirmed that changes have been incorporated into the final version of the report to satisfactorily address the issues raised.

The verification process was subject to the following limitations:

- The scope of work did not involve verification of financial data, other than that relating to expenses for environmental related activities;
- Only the corporate office was visited as part of this assurance engagement; and
- Contractor and third party data was not reviewed in detail.

Conclusion

Based on the scope of the verification process, the following represents SIRIM QAS International's opinion:

- The TM 2012 Sustainability Report is in accordance with the A+ Application Level of the GRI G3.1 Sustainability Reporting Framework;
- The TM 2012 Sustainability Report represents a true and fair representation of the organization and its activities in compliance with G3.1 reporting criteria of the GRI;
- The level of accuracy of data included in the report was found to be acceptable;
- The information has been presented in an appropriate manner;
- Data trails were easily identifiable and traceable;
- The personnel responsible were able to reliably demonstrate the origin(s) and interpretation of data;
- TM has satisfactorily addressed, in the final version of the report, all issues that had been raised during the verification audit;
- The report provides a reasonable and balanced presentation of the sustainability performance of TM.



Area for Improvement

In the preparation of reports in the future, it is recommended that improvements should be made in the following areas:

- better traceability of data and reduction in data transfer error

Prepared by:

AMINAH ANG
Verification Team Leader
Sustainability Certification Section
Management System Certification Department
SIRIM QAS International Sdn. Bhd.
Date : 12 April 2013

Approved by:

PARAMA ISWARA SUBRAMANIAM
Senior General Manager
Management System Certification
Department
SIRIM QAS International Sdn. Bhd.
Date : 12 April 2013

Statement GRI Application Level Check

GRI hereby states that **Telekom Malaysia Berhad** has presented its report “Telekom Malaysia Sustainability Report 2012” to GRI’s Report Services which have concluded that the report fulfills the requirement of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines. For methodology, see www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 22 April 2013



Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative



The “+” has been added to this Application Level because Telekom Malaysia Berhad has submitted (part of) this report for external assurance. GRI accepts the reporter’s own criteria for choosing the relevant assurance provider.

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world’s most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 1 April 2013. GRI explicitly excludes the statement being applied to any later changes to such material.



This report is printed on environment friendly material

GROUP CORPORATE COMMUNICATIONS

TELEKOM MALAYSIA BERHAD

(128740-P)

Level 8 (South Wing), Menara TM, Jalan Pantai Baharu,
50672 Kuala Lumpur, Malaysia

www.tm.com.my

